

**2013**

# **ANNUAL REPORT**

รายงานประจำปี 2556

บริษัท กันกุลเอ็นจิเนียริง จำกัด (มหาชน)

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED



Smart Energy in Action



พลังงานสร้างสรรค์ คิดล้ำ ทำจริง



## Vision & Mission

*“To become Thailand’s number one manufacturer and provider of equipment for electrical systems and renewable energy systems that meet and satisfy customers’ need and concurrently maximize stakeholders’ return”*

1. **Renewable Energy Business Development** : Establish renewable energy power plants
2. **Sales** : Not only offer existing product, but also procure new products from around the world to meet customer needs and gain customer satisfaction; concurrently emphasize on brand building to increase commercial value. Provide full-option services with regard to renewable energy systems, offering a wider range of product lines and equipment set-up services at project sites
3. **Return** : Maximize shareholders’ and stakeholders’ value and profitability;
4. **Technology** : Develop manufacturing techniques and adopt new production technology to improve productivity and reduce production costs Increase capability and adopt Information technology to respond promptly to fast-moving business environment
5. **Personal** : Increase employees’ capability to enhance the Company’s competitiveness on a global scale and retain talent employees
6. **Management Framework** : Create a strong management framework based on principles of good corporate governance.





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# 1. Message from the Chairman

To: Shareholders of Gunkul Engineering Public Company Limited

As for Thai economy in the previous year, Thai government endeavored to stimulate economy through adopting series of measures to increase national income, encourage spending, and reduce corporate tax that is aimed at boosting domestic investments. In the meantime, the government is well aware of the continuous rise in energy demand to support the economic growth target, as seen from the government's actions to promote and maintain the policies that motivate private sector to invest in renewable energy power plants such as wind and biomass, together with the investment in solar energy power plants.

Another through-provoking topic to which various government and private entities paid special attention is organizational preparation for the launch of the ASEAN Economic Community (AEC). Gunkul Engineering Public Company Limited is one of the companies that recognize the favorable business opportunity from this forthcoming change. At present, we are in the process of seeking for opportunities to expand our business presence and investments in ASEAN countries, coupled with our great focus on human resource development in order for us to stay competitive and achieve sustainable growth. Furthermore, in order to support the changing circumstances, we have developed our corporate vision to be concise, modern as well as reflect great care for environment. The language "Smart Energy" means the smart generation of power that also helps preserving the environment. Thus, the phrase "***Smart Energy in Action!***" that is our new corporate slogan means our intention and commitment to take all necessary steps required to assume the leadership position in the renewable energy space. We will continue our participation in generating power from renewable energy resources, coupled with the participation in developing electrical systems both in Thailand and nearby countries





As the Chairman of the Board of Directors of Gunkul Engineering Public Company Limited, I would like to represent the Company in extending thanks to shareholders, investors, financial institutions, business partners customers, and all stakeholders for constant confidence, trust and support. Appreciation also goes to the management and all employees who work devotedly, honestly and prudently toward the Company's success as desired. We are committed to undertake business with good corporate governance for the interest of all stakeholders, society and the environment to attain the corporate vision of "becoming Thailand's number one manufacturer and provider of equipment for electrical systems and renewable energy systems that meet and satisfy customers' need and concurrently maximize stakeholders' return."

Best Regards,

(Mr.Gunkul Dhumrongpiyawut)

Chairman of the Board

22<sup>nd</sup> February 2014



## 2. Board of Director



Mr.Gunkul Dhumrongpiyawut  
Chairman of the Board



Mr.Sathaporn Kotheeranurak  
Independent Directors  
Chairman of the Audit Committee  
Member of the Risk Management Committee



Mr.Sombat Santijaree  
Independent Directors  
Chairman of the Good Corporate  
Governance Committee  
Member of the Audit Committee



Pol. Maj. Gen. Visit Sukarasep  
Independent Directors  
Chairman of the Nomination and Remuneration Committee  
Member of the Audit Committee



Miss Sopacha Dhumrongpiyawut  
Director/ Chief Executive Officer  
Member of the Risk Management Committee



Mr. Somboon Aueatchasai  
Director/ Executive Committee/  
Managing Director



Miss Naruechon Dhumrongpiyawut  
Director/ Executive Committee



Mr. Chaloepon Sricharoen  
Director/ Executive Committee



Mrs. Areewan Roonpraphan  
Director/ Executive Committee



### 3. Audit Committee



Mr.Sathaporn Kotheeranurak  
Chairman of the Audit Committee



Pol. Maj. Gen. Visit Sukarasep  
Member of the Audit Committee



Mr.Sombat Santijaree  
Member of the Audit Committee



Mr.Worathep Luangsirapornchai  
Secretary of the Audit Committee



## 4. Risk Management Committee



AVM. Dr. Pian Totarong  
Chairman of the Risk Management Committee



Mr. Sathaporn Kotheeranurak  
Member of the Risk Management Committee



Miss Sopacha Dhumrongpiyawut  
Member of the Risk Management Committee



Mr. Papangkorn Sakulvorakarn  
Member of the Risk Management Committee & Secretary



## 5. Nomination and Remuneration Committee



Pol. Maj. Gen. Visit Sukarasep  
Chairman of the Nomination and  
Remuneration Committee



Mr. Decha Chooligorn  
Member of the Nomination and  
Remuneration Committee



Mr. Charan Lerththeerapoj  
Member of the Nomination and  
Remuneration Committee



Mrs. Somluk Kanuenghet  
Member of the Nomination and  
Remuneration Committee & Secretary

## 6. Good The Corporate Governance Committee



Mr.Sombat Santijaree  
Chairman of the Good Corporate  
Governance Committee



Mr.Phongthep Thitapan  
Member of the Good Corporate  
Governance Committee



Mr.Somchai Trairatanapirom  
Member of the Good Corporate  
Governance Committee



## 7. Executive Committee



Miss Sopacha Dhumrongpiyawut  
Chief Executive Officer



Mr. Somboon Aueatchasai  
Executive Director



Miss Naruechon Dhumrongpiyawut  
Executive Director



Mr. Chaloenphon Sricharoen  
Executive Director



Mrs. Areewan Roonpraphan  
Executive Director

## 8. Managements Team



Miss Sopacha Dhumrongpiyawut  
Chief Executive Officer



Mr. Somboon Aueatchasai  
Managing Director



Mrs. Areewan Roonpraphan  
Senior Vice President, Factory



Mrs. Somluk Kanuenghet  
Senior Vice President, Executive Officer



Mr. Papangkorn Sakulvorakarn  
Senior Vice President,  
System Development & Control



Mr. Worathep Luangsirapornchai  
Senior Vice President, Internal Audit





Mr. Thamrong Chankraithong  
Senior Vice President, Sales & Marketing



Mr. Phongsakorn Damnoen  
Senior Vice President, Business Development &  
Special Project



Mr. Thitipong Techaratanayuenyong  
Senior Vice President, Business Support



Mr. Phudis Triwilaskul  
Vice President, Logistics



Miss Naruechon Dhumrongpiyawut  
Vice President, Strategic Planning &  
Investment



Mr. Nivej Boonwichai  
Vice President,  
Technical and Project Control



Miss Suttirat Tangnorakul  
Account Manager

## 9. Financial Highlights

Unit : Baht

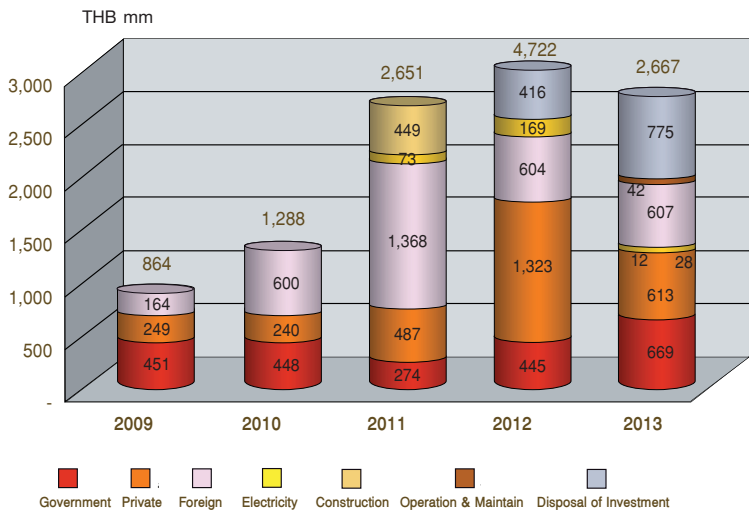
	31 Dec	31 Dec	31 Dec	31 Dec.	31 Dec
	2013*	2012*	2011*	2010*	2009*
Total Assets	4,579,609,369.54	7,197,341,291.45	5,539,779,609.30	1,789,712,321.23	856,998,776.50
Total Liabilities	1,458,877,791.45	4,983,900,640.31	4,356,175,992.80	657,506,962.85	351,789,417.26
Shareholders Equity	3,120,731,578.09	2,213,440,651.14	1,183,603,616.50	1,132,205,358.38	505,209,359.24
Paid up Share Capital	659,999,929.00	439,999,984.00	400,000,000.00	400,000,000.00	300,000,000.00
Revenue	2,855,718,799.84	4,763,886,359.16	2,668,698,269.54	1,298,071,881.11	873,001,715.66
Net Profit/ Loss	883,054,885.14	778,289,335.00	89,524,765.12	123,175,999.14	53,660,741.73
Net Profit/ Assets (%)	19.28	10.81	1.62	6.88	6.26
Net Profit/ Shaeholders Equity (%)	28.30	35.16	7.56	10.88	10.62
Net Profit Margin (%)	30.92	16.34	3.35	9.49	6.15

Remarks \* Consolidated Financial Statements

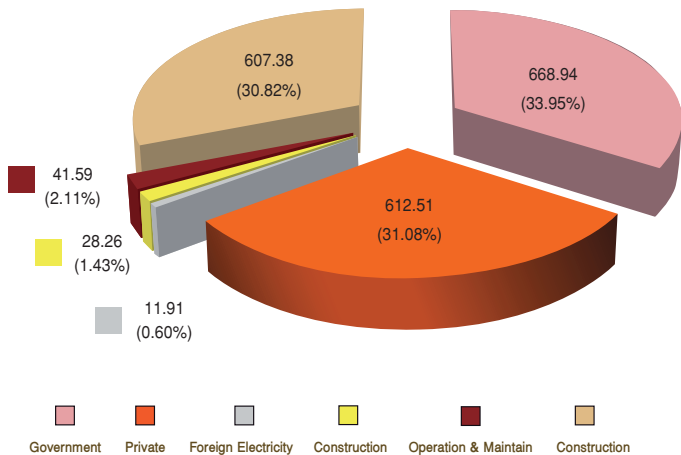


Governance and Private and segments have been taking turns as a major contributor to GUNKUL's revenue

Revenue Breakdown by Customer Type

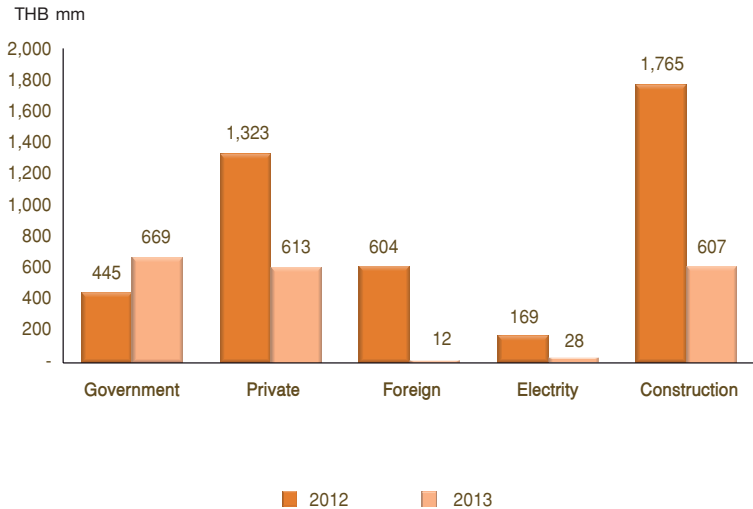


% Revenus Breakdown by Customer by Customer Type

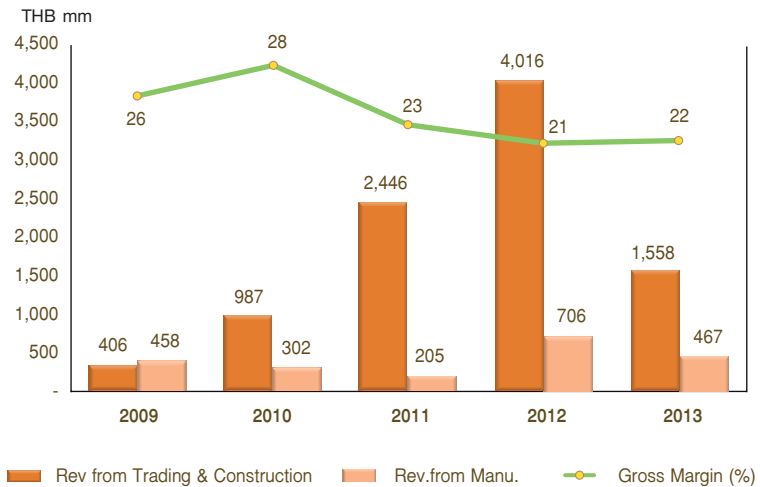




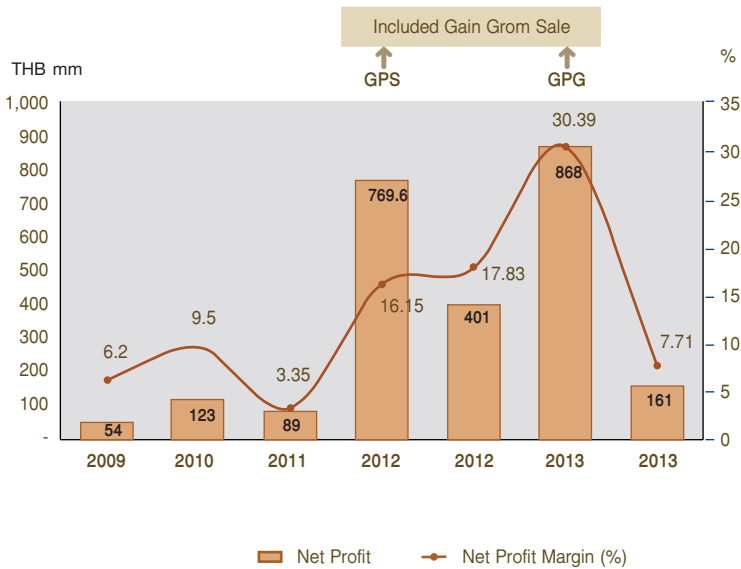
## Comparison revenue in 2012 and 2013



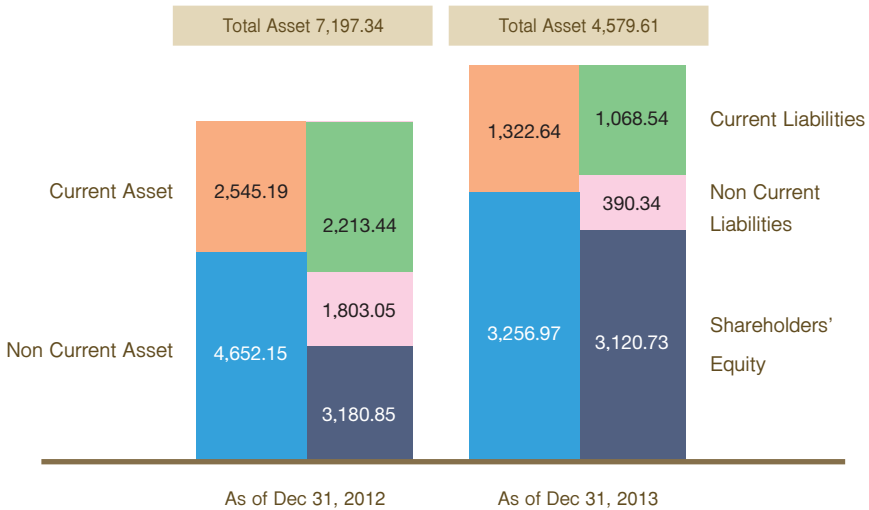
## Revenue vs. Overall Gross Margin



## Net Profit vs. Net Profit Margin



## Balance Sheet



## 10. Corporate Social Responsibility

The Company is committed to placing social responsibility at the core of its business. It aims to become a leader as both a generator and provider of renewable energy systems that meet and satisfy customers' need and stakeholders to the fullest possible extent. Additionally, the Company firmly believes that business success is underpinned by on not only management and human resources development but also the right balance with regard to corporate social responsibility in 3 aspects: economic, social and environment. These aspects are abided to corporate governance through disclosing information pertaining to corporate social responsibility to its stakeholders, thereby leading business sustainability and well-being of the Thai society.

1. Adopt a business policy with a view of social and environment responsibility, including strict compliance to applicable environmental laws and regulations.
  - 1.1 The Company is complied with laws, standards and regulations pertaining to environment.
  - 1.2 The Company will prevent and reduce pollution that may be caused by its operation.
  - 1.3 The Company will develop and improve its business operation procedure to reduce impact and be environment-friendly.
2. Promote co-existence between the Company and the community through "Good Neighbor" around friendliness and assistance with a view to developing and strengthening the life quality of the community in a sustainable way.
3. Encourage community participation to seek feedback and build mutual understanding. Monitor progress and management impact that might be caused by the Company's operation.
4. Promote and focus on continuous information exchange and experience sharing among staff and departments on environment improvement as appropriate.

### Community and Social Development

In 2013, the Company regularly organized projects and activities that benefit the society. It realized that it is the Company's duty to the society which is a key stakeholder in its business operation. Activities undertaken during the past year were as follows.



Social and environment policies of the Company promote community participation focusing on education, sports and co-existence with the community in a “good neighbor” way. In addition, the Company undertook projects related to well-being, sustainability, development and strength of the community, cultural conservation and restoration, local festivals and conservation and restoration of environment so that balance in nature and life is achieved.



### Scholarship for Schools in the Community and Employee’s Children

The Company offered scholarship to 50 students in kindergarten to grade 6 level attending Wat Sawatvareesimaram school and 20 students in grade 7 to 12 attending Wat Noinoppakun. The scholarship is awarded to student with good academic record and merits and needing financial support annual in May. The Company also regularly grants scholarships to its employee’s children. The Company aims to upgrade educational standard and life quality of the young in the community and company. The scholarship has granted since 2003.

Additionally, the Company endeavors to strengthen robotics industry in Thailand. Robotics is crucial to productivity of many Thai industries. Robotics is also one of the five technologies that will shape the future world. Thai students are ranked among the top of the world in this field. The Company has contributed financial support to research and studies under the “build the nation with technology” project managed by Institute of Field Robotics, King Mongkut Institute of Technology Thonburi. This financial support will contribute to human resources development in science and technology for the advancement of the country in the future.





## Financial Support for School and Community Buildings

The Company recognized the needs for improving schools to enhance learning and living experience. The Company offered 32 sets of electric wire and electric fan which are installed in classrooms of kindergarten to grade 6 levels. The Company also installed curtain in all teacher rooms. To foster relationship between students and teachers, the Company supported shirts for sports day for students and teachers at Wat Sawatvareesimaram School.

The Company offered water filtering machine for Bantonmaprao School in Kanchanaburi province so that students and the local community have access to pure water. It provided financial support for Sotasuka school for students with hearing and intellectual disabilities in Prachinburi province. It granted financial support to build fence around school and lunch for Bannoipattana school in Nakornrachasima. It sponsored outfits for Samsen police station's futsal team in "Against Drug Futsal" competition, a project organized by the Crown Property Bureau and Suan Oi community.





## Buddhism and Cultural Heritage Preservation

The Company promoted and restored local cultural heritage and contributed to Buddhist activities with the local community, including Mahavetsandon chanting, ritual offer for the celebration of His Majesty the King's birthday, Mahachat chanting (one of the most important cultural heritage) at Wat Bangkrainai, merit making to the late abbot, ordination and merit making at Wat Sawatvareesimaram.

On 6 September 2013 at 12:30 hrs, the Company organized an event where Buddha's relics were taken from Wat Noinoppakun to Wat Sawatsimaram, the eighth out of 13 temples in Dusit district, jointly with Dusit District Office, Mr. Visut Thamviriyawong, Head of Dusit district and the management of Dusit district office, the management of Wat Sawatvareesimaram School, members of Dusit district council, government officials, police, army and Buddhists in the community. The Company also sponsored white clothes for students and teachers of Wat Sawatvareesimaram school in "Viteebuddha" project as well as printing of chanting books in celebration of Buddha Chayantee 2600 years of the Buddha's enlightenment organized by the Division of Religions, Ministry of Cultural Affairs.







### Gifts on Children's Day for the Community

Wat Sawatvareesimaram School, Wat Sawatvareesimaram Community, Watkae Community, Nakornchaisri Community, Samsen Police Station and Army District 11 are families communities in the neighborhood of the Company. The Company offered gifts on Children's Day for the surrounding community since its founding for happiness enjoyment of the youth of the country.



### Social Responsibility Awareness

In 2013, the Company continues to promote participation of employees in social work on a voluntary basis. The employees participated in "Employee's Social Responsibility Awareness" program. They have together offered morning alms on after Buddhist lent ends and cleaned floor and bathrooms on the final day of Buddhist lent period at Wat Sawatvareesimaram as an offer to the general public and those who take part in morning alms since 2007.



In addition, the Company participated in activities with its stakeholders. Activities included lunch offer to children at Baan Rachavadee and activities that raised social awareness among employees that aims to foster relationship, mutual understanding and unity among the Company's employees, including offering necessities and listening to the teachings of the Buddha from senior monks, donation to those who suffered from Typhoon Haiyan, the most devastating typhoon in 2013 that swept the central part of the Philippines, donation to the HIV infected at Wat Prabhatnampoo.

### Community Participation Promotion.



### Stakeholder Activity Participation and Income Supplementations to Community.

Gunkul gives importance to environmental management in all operational periods and steps from the period prior to the Project construction, during the construction and the alternative electric energy generating under the scope of the law, government policy international management standard system in order to prevent, control and correct the alternative electric energy generating process from causing the environmental impact as well as to revive and conserve natural resources and environments by creating knowledge and understanding of the community through the following activities.

### Period prior to the beginning of Solar Energy Power Plant Project Construction.

1. Conducting study on basic details of both the technical aspect and economic, social, customs and way of life.
2. Making the Community Participation Plan and various data for communications, and understanding on the matter relating the Company's Project.
3. Organizing activities to build up understanding on the Project and participating in the meeting for hearing opinions of the community on various matters under the scope of the law and government policy.



### Period during the Construction.

1. Creating job employments, incomes and body of knowledge to the community by accepting job applications for labors from the community to enhance the people for participations in every steps of the operations; creating understanding and educating them on the operations and operational policy of the Company with the community continuously.
2. Providing channels for hearing recommendations, complaints, (if any), by having obviously express organization to be responsible for, which can be responsive to the complaints.

### Period during the Alternative Electric Energy Generating.

1. Conducting follow-ups on the operations in accordance with the measures on social and environmental protection and correction, social and environmental impact reduction as specified under Environmental Impact Analysis (EIA) Report.
2. Organizing venue for hearing recommendations for use in the development and improvement of various activities in conformance with the needs of the community.

On the solar energy power plant, there has been a Notification on the appointment of the “Environmental Responsible Committee” having duties as follows:

1. Participating in mapping out policy and operations in the organization no matter what it will be work administration, service providing and environmental system management both within and out of the organization.
2. Prescribing environmental operation to be a basis on employee performance evaluation and the Company Regulation including the passing of knowledge to employees on the matter of the environmental problem in the responsible area.
3. Causing the communications on the advantages and determinations in making the environmental management system made to all levels of staffs and employees.
4. Making follow-ups and reviewing the effectiveness of environmental management system operations.

### Award of the Pride and Development Network Towards Sustainability.





1. Khun Gunkul Dhumrongpiyawut, President of Gunkul Engineering Public Co., Ltd., received “Trophy of Honor for Useful Dedication to Education of Schools Under Dusit Area Office” in the Meeting of Teachers and Educational Personnel of Bangkok Metropolitan Administration under Dusit Area Office for 2013.
2. The Management of Gunkul Group received CSR-DIW for Beginner Award 2013 in the Seminar Concluding Result of Project Operations and the Presentation of the Awards to Industrial Factories Passing the Judgment of the Committee of Department of Industrial Works, Ministry of Industry, at Grand Diamond Ballroom, Impact Product Exhibition and Meeting Center, Muang Thong Thani, on September 11, 2013.
3. Khun Sopacha Dhumrongpiyawut, Chief Executive Officer (CEO), Gunkul Engineering Public Co., Ltd., received “Outstanding Listed Company on Investor Relations Award 2013” in Stock Exchange of Thailand (SET) Awards 2013 Fair on November 20, 2013, at Aksara Theater, King Power.
4. On December 13, 2013, Khun Chalermpon Sricharoen, Company Director representing Board of Directors Chairman, to receive Certificate of Achievement and the Pin of Honor for Useful Dedication to Bangkok Metropolitan Administration as the person providing supports on academic scholarships and expenses in organizing educational activities to Wat Sawatwaree Simaram School to mark the 42<sup>nd</sup> year foundation anniversary of Bangkok Metropolitan Administration.

## Development Network Towards Sustainability

### CSR Club

of company listed in the Stock Exchange



Gunkul joined and became network on Corporate Social Responsibility of Listed Company in the Stock Exchange of Thailand by receiving support from Listed Company of Thailand Association, Office of Securities Exchange Commission (SEC) and Stock Exchange of Thailand by firmly determining to encourage organization members of the Listed Company Association to be aware of the importance of the business operations with social responsibility and heedful attention; looking after and maintain the society and environments under the Code of Ethics and good corporate governance.

Responsibility Network of Entrepreneurs in 2012 and 2013.

Department of Industrial Works,  
Ministry of Industry  
(CSR-DIW Network)



Gunkul Engineering Public Co., Ltd., received Trophy and CSR-DIW for Beginner Award 2013 which is the basis in line with ISO 26000 in adopting related standard and the creation of sustainability for application. In this connection, the CSR-DIW for Beginner is applied for use in electrical equipment manufacturing factory and various branches of the alternative energy power plants of Gunkul Group.

## Human Rights.

In respect of the Company's past practical implementations on the aspect of human rights, provisions of the Constitution, related Law: such as; Labor Law and the Company Code of Ethics that give importance to the respects in the fundamental rights and liberties of the stakeholders including the equal and fair treatments. The Company has executed such practical performances in carrying out business operations continuously.

Practically, guidelines stipulated under variously related Laws, Company Code of Ethics, Value, Organizational Culture and Principle of Good Corporate Governance which the Company had upheld for executions in the past included the Principle of Human Rights, as well. The Company's practical implementations which promote the Principle of Human Rights for use as guidelines in treating employees, trade counterparts, suppliers, partners and stakeholders can be summarized as follows:



1. Respecting human dignity, fundamental right and liberty in accordance with the provisions of the Constitution including the security in life and property of the Company's stakeholders.
2. Promoting the equality, treating labors with equity and all employees shall have the rights to grow and progress in their careers. The Company provides the employees with remunerations and welfares, suitably and competitively, in the same industry. In addition, Key Performance Indicators (KPIs) system is adopted for use in the performance evaluation which can measure in numeric figures and values. Employees are given the opportunities for training, development and promotions on the progress in their duties and employments equitably.
3. Respecting the different opinions; freedom in having faith in the religion, belief, tradition, customs and culture of each related party including the privacy and/or keeping confidential information of related persons.
4. Conducting Human Resource Administration righteously without discriminations by, at least, complying with the law as the minimum: such as; work employment (prohibition on child and forced labors) including the anti-sexual violation, verbally, mannerly and actions which, in this respect, the Company has expressly stipulated the Penalty Provision.



5. Arranging to have direct channel for communications with the stakeholders and channel for complaints and/or grievances including process on solving problems of complaints and grievances, efficiently and fairly, with all parties in order that the operations can be checked and carried on with transparency:

- Telephone No. 02 242 5834 which is specified in the Delivery Invoice,
  - Good Acceptance Bill and Tax Invoice;
- Website : [www.gunkul.com](http://www.gunkul.com)
- Business Control Committee;
- Investors Relations : [ir@gunkul.com](mailto:ir@gunkul.com)
- Intranet, Highest Executive Meets Employees Activities, Morning Talk and Employee Suggestion Boxes;
- Shareholders Annual Ordinary Meeting;
- Shareholders Business Visits.





6. Strictly adhering to righteousness, morality and professionalism in carrying on business operations of the company.
7. Looking after the environments by implementing manufacturing process and carrying on environmental impact management system to be efficient in accordance with the prescribed standard to prevent the environments from being polluted and hazardous to health and the livelihoods of the communities and societies.

Such way of the practical performances have been adhered to and adopted as guidelines in carrying out business operations. The Company Board of Directors and the Management have prescribed such executions as the basic responsibilities for practicing in treating the Company's stakeholders and assigned Work Line of the Managing Director Office to monitor controls and overseeing to ensure the compliance therewith are strictly adhered to in order to build confidence and trust to the shareholders, employees, partners, trade counterparts, customers, communities and societies and bring about good reputation and image of the Company continuously.

### **Ties With Employees and Developments.**

Gunkul gives the importance to personnel developments continuously with firm belief that the foundation of driving power for the Organization's success comes from human resource developments and the developments of the Organization to step forward in line with the business way. Human resource and the Organization developments would encourage Gunkul's employees to join hands in creating work outputs and initiating actions on self-developments in conjunction with the Organization continuously and suitably. All these can positively ensure that Gunkul will have manpower being good people possessing knowledge, abilities and skills sufficient for carrying on business of the Organization.

The Company personnel development policy thoroughly covers all levels and positions both on the technical and occupational aspects and create the increasingly good attitudes to enhance Gunkul's employees to perform duties with efficiency and with happiness in working as well as having the opportunities for progressing their works; better their quality of life and developing their careers continuously.



## Employees' Data:

On the scope of employees' data, Gunkul Engineering Public Co., Ltd., Group employs employees to perform duties in the following companies:

- Gunkul Engineering Public Co., Ltd., GKE
- K. N. P. Supply Co., Ltd., KPN
- Gunkul Subu Powergen Co., Ltd., GCPG
- G-Power Source Co., Ltd., GPS
- G. K. Assembly Co., Ltd., GKA
- G. K. Power Products Co., Ltd., GKP

Employee Category Classified by Company and Year	2011	2012	2013
Total Employees:	436	457	483
➤ Monthly Employees	328	352	375
➤ Daily Employees	108	105	108
Employee Number Classified by Company:			
GKE	148	156	194
➤ Monthly Employees	145	155	193
➤ Daily Employees	3	1	1
KNP	10	12	13
➤ Monthly Employees	9	9	11
➤ Daily Employees	1	3	2
GCPG	8	8	3
➤ Monthly Employees	8	8	3
➤ Daily Employees	0	0	0
GPS	0	0	0
➤ Monthly Employees	0	0	0
➤ Daily Employees	0	0	0
GKA	204	216	206
➤ Monthly Employees	122	136	124
➤ Daily Employees	82	80	82
GKP	66	65	67
➤ Monthly Employees	44	44	44
➤ Daily Employees	22	21	23



Employee Category	2011	2012	2013
Number of Employees under Employment Service Agreement			
➤ Permanent Employees	432	433	455
➤ Employees under Employment Service Agreement	4	24	28
Number of Staffs by Position Level			
➤ High level Management	12	13	13
➤ Department Manager	26	28	29
➤ Section/Unit Chief/Professionals	71	67	70
➤ Primary-Intermediate Level Staffs	137	143	161
➤ Operational Level Staffs	190	206	210
Number of Employees, Male/Female:			
➤ Male	242	262	282
➤ Female	194	195	201
Number of Employees classified by age range			
➤ 50 years and over	14	13	18
➤ 30-50 years	276	293	308
➤ Lower than 30 years	146	151	157
Number of Employees Tendering Resignations per year	116	121	41
% of Employees tendering resignations per month	2.22	2.21	0.71
% of Employees tendering resignations per year	26.61	26.48	8.49

When taking the total number of employees into consideration, it is apparent that the number is increasing and the percentage rate of resignation is decreasing. This is because of the reason that the Company has given importance to and attention on the livelihood of the employees; improvements and developments of working environments; promoting quality of life of employees; which, in 2013, the Company has participated in the White Factory Project in order to guarantee that Gunkul employees have stayed away from narcotics in the business establishment; Project on Raising Children with Mothers' Breast Milk in Business Establishment in order to encourage employees with child delivery to feed their children with mother's breast milk to create love strings in the family including the improvements on the working place and increasing the number of parking spaces for the employees.

Creating ties between the Management and employees as if they are people within the same "Gunkul Family" through the following activities: Activity on Lustral Water Pouring Ceremony for Blessings from the Management on the occasion of Songkran (Traditional Water Festival);



Activity for Blessings through the giving of the Auspicious Oranges according to Chinese tradition during Chinese New Year's Celebration where the giving of the oranges to each another would signify the giving of auspiciously good things to the Management as if they are senior relatives of Gunkul employees.

Other than the environmental conditions improved by the Company and various activities organized to create ties between the Management and employees and the addition to the happiness and quality of life to employees, the Company has foreseen and given the importance in adding up the economic quality of life by improving and developing the remuneration and welfare system to the employees in 2013. Percentage of the contributions to the Provident Fund from, originally, 2% up to 4% has been increased and the increase in welfares on the costs of medical treatment both in the case of in-out patients to the employees other than accident group insurance and costs of medical treatments in the case of the accident provided by the Company and the welfare and privilege provided by government sector in the case of sickness which are to be drawn on social security insurance, has been made to the employees in order to relieve the hardships of the employees and help the employees save reasonable amount of moneys after their retirements. Such is the preparation for manpower and create working motivations on the employees with high degree of competency ready to back up the currently existing operated business which is continuously expanding. Furthermore, the Company's move is to launch a campaign to the staffs and employees of all levels to be aware of, to have the understandings on and to take into consideration for practical implementations on the value which is a basically important foundation in bringing about a change in the Organization culture in order to back up the business expansion; creating a pride and ties to the employees including promoting a good image of the Organization.

## **Personnel Development.**

The design on the Company's Personnel Development Course is connected to and in compatibility with the Competency Evaluation and KPIs in duty performances of all levels of personnel and is used as the analysis database for making the Personnel Development Course in order to respond to the mission, vision and strategic direction of the Company and be the key strength in consolidating the overall forces to drive the Company towards further steady and sustainable growth.

Gunkul organized various courses to back up main competency of the Organization and sent the employees to attend trainings in the interesting courses held by prominent institutes and instructors. In 2013, staffs and employees attended various training courses which accounted for the average hours that could be classified in groups and levels as follows:





- Operational level employees accounting for an average of approximately 10 hours/employee; example of the course were such as New Employee Orientations, English for Communications, Correct Method of Driving and Safety Driving, Simulated Fire Evacuation Exercise, etc.
- Primary-Intermediate level staffs accounting for an average of approximately 24 hours/employee; example of the course were such as New Employee Orientations, English for Communications, Document Filings, Expense Account In-dept Study, The National Anti-Corruption Commission, The Revenue Department, Procurement Work Negotiation and Positive Thinking etc.
- Section/Unit Chief level staffs accounting for an average of approximately 28 hours/employee; example of the course were such as New Staff Orientations, Building Lightning and Electromagnetic Prevention, English for Communications, Training Session Conducting, Proficient Work Teaching and Efficient Time Administration, Positive Thinking, Security Staff of Supervisor level etc.
- Staffs in Assistant Manager and Sales Manager level accounting for an average of a pproximately 44 hours/employee; example of the course were such as New Staff Orientations, Leadership Potential Increase and Development, Accountancy for Executives, Preparation of Strategic Plan and Prescription of KPIs, Entrepreneur Awareness with Hearty Leadership, etc.
- Staffs in high level Management accounting for an average of approximately 13 hours/employee; example of the course were such as New Staff Orientations, Role of Accountant in the Next Decade, Audit Actions for Internal Auditor, Leadership Potential Increase and Development, Accountancy for Executives, Preparation of Strategic Plan and Prescription of KPIs, Entrepreneur Awareness with Hearty Leadership, etc.

Hence, the Company had placed the emphasis on the education to enable the Executives to possess knowledge and competency and adhere to the Corporate Governance Principle in carrying on work administration of the Company for sustainability, the following Executives were sent for studying at Prapokklao Institute, a leading Academic Institute that holds the teaching course in pushing forward for the excellence in Democratic and Corporate Governance Development for sustainable happiness of the people.

Name of Executive	Position	Course Studied
Khun Somboon Uar-Atchaisai	Managing Director	Diploma, Political and Government in Democratic System for High Level Executive Course. Class 17, Academic Year: 2013.
Khun Chalermpon Sricharoen	Company Director	Diploma, Public Economic Administration for High Level Executive Course. Class 12, Academic Year: 2013.

Other than the development to back up the business, the Company provides the Course, "Investment Planning for Tax Benefits and Money Saving for Use at Retirement Age," in order to enable the employees to have a good balance of life before the retirement age which is the preparation to back up the employees whose employments with the Company will come to an end. It is an advanced readiness preparation prior to the retirement age which the employees can lay out the plans in their lives, their health, asset management in order to make their after retirement lives on the platform of equilibrium.

## Safety, Occupational Health and Environmental Standard.





Operational standard internationally acceptable is the thing which the companies in Gunkul Engineering Public Co., Ltd., Group have encouraged to use in carrying out the operations. On the aspect of the environments in connection with the solar power plant, G Power Source Co., Ltd., and Gunkul Subu Powergen Co., Ltd., began to adopt Environmental Standard ISO 14001 for applications in continuously making follow-ups, checks/verifications on the system in accordance with the international standard. There is a plan to carry out operations from August 2013 to February 2014 which the ISO 14001 is anticipated to be certified in 2014. The Company also joined CSR Club of listed companies in the Stock Exchange of Thailand (SET). In this respect, SET in conjunction with Thaipat Institute implemented a Project so called, "Developing Listed Company on the aspect of making report on iCSR Project." The Company was 1 among 19 listed companies selected to participate in such Project in 2013.

In addition, in 2013, Gunkul Engineering Public Co., Ltd., Group participated in CSR-DIW for Beginner Project on the aspect of trash separations by separating the trashes into 3 categories which are general trashes, trashes for recycle and papers and plastic bottles including the improvements of landscapes around 3 company power plans with a total of 12 Branches as follows:

1. Gunkul Subu Powergen Co., Ltd.,	Ban Kluay Branch 1	3-88-63/53 พช
	Ban Kluay Branch 1	3-88-96/54 พช
	Bueng Sampan Branch	3-88-49/56 พช
	Bueng Sampan Branch	3-88-6/56 พจ
	Sri Chula Branch	3-88-18/56 นย
	Vichienburi Branch	3-88-7/56 พช
2. G Power Source Co. Ltd.,	Bueng Sampan Branch	3-88-1/56 พช
	Dongkhon Branch 1	3-88-5/55 ชน
	Dongkhon Branch 2	3-88-4/55 ชน
	Takheed Branch	3-88-99/54 นว
	Tasang Branch	3-88-94/54 นว
3. G. K. Assembly Co., Ltd.		จ.3-74(3)-1/35 นป.

Other than paying attention to ensure the good livelihoods of the employees and their families by providing them the welfares and various financial aids, the Company has promoted and supported the employees to have good physical health by placing the emphasis on passing knowledge, advices and looking after their physical health regularly by communicating with them through a variety of communication channels: such as; Status Notice Board, E-mail, Line Voice, Morning Talk as well as arranging for the annual physical competency and strength tests every year through annual physical examinations and sports activities with hope for employees to look after themselves by own self even more; promote health on various aspects, bodily and mentally, in accordance with the employees' interests through various activities: such as; Warehouse and Factory Futsal Activity, Chair Ball Tournament Activity, Aerobic Dance Activity, etc.

On the aspect of the Occupational Health, the Company organized the activities through 5 Sor. Activity, Environmental Committee, Safety Committee including communications through the activity of Morning Talk on Job Safety Analyst (JSA), Work Analysis before commencing work for the safety in accordance with the Principle of Plan-Do-Check-Act (PDCA) with the objective to improve working environments to be in an orderly, safety manner and meeting sanitary standard including creating good working atmosphere with the participations of all levels of staffs and employees and operations carried on continuously to the extent of making the practices becoming the Organization's culture. Activities on Work Contests of each company that complies with the Principle of 5 Sor. including the rotation of Audit Committee for considerations of 5 Sor. in the Company Group to enable employees in the Company Group to express their points of view both within and outside the Organization in the sustainable improvement of 5 Sor. are organized for the benefits of both employees and the Organization.

The Company believes that the Safety, Occupational Health and Working Environments of the employees are one of the important factors which could be of assistance in causing the rising of working with efficiency and in attaining the effectiveness. Therefore, management, occupational health as well as working environment are developed to conform with the law, international standard and other requirements in order to create working safety to the employees and people coming in for contacts or to work in the Company. In this connection, Safety Week Exhibition to display the factory working safety in the Company Group is organized in order to launch campaign over the employees to have the awareness, recognition and participation by all levels on the aspect of the management, safety, occupational health to arise continuously and sustainably.



## Safety Operational Result

Company	Safety Indicator	Category	2010	2011	2012	2013
GKA	1. Working Hours (Hours)	Mont Employee	259,404	257,032	311,895	295,640
		Dail Employee	257,638	204,428	235,206	214,240
	2. Number of accidents to the extent of taking leave (Day)	Mont Employee	34	0	28	210.5
		Dail Employee	2	9	0	40
	3. Number of job-related injury (case)	Mont Employee	6	3	4	4
		Dail Employee	8	9	9	11
	4. Number of Death	Mont Employee	0	0	0	0
		Dail Employee	0	0	0	0

Company	Safety Indicator	Category	2010	2011	2012	2013
GKP	1. Working Hours (Hours)	Mont Employee	87,058	70,080	82,537	8,3426
		Dail Employee	65,189	54,300	66,526	59,177
	2. Number of accidents to the extent of taking leave (Day)	Mont Employee	0	0	0	45
		Dail Employee	0	3	0	0
	3. Number of job-related injury (case)	Mont Employee	1	1	2	1
		Dail Employee	1	1	4	0
	4. Number of Death	Mont Employee	0	0	0	0
		Dail Employee	0	0	0	0

## Calculation Formula:

1. Number of working hours = Total working hours plus all year overtime work (hours).
2. Number of accidents to the extent of taking leave. = Leave days taken because of job-related accident (day)
3. Number of injuries because of job-related accident. = Number of injuries because of job-related accident (case)
4. The number of 200,000 derived from the calculation of the working hours compared with the number of the full-time employees of 100 persons on the base the there are 50 weeks in a year, 5 days a week, 8 hours a day [ $100 \times 50 \times 5 \times 8 = 200,000$ ].
5. Number of deaths. = The number of work-related deaths.



## Operations and Responses to the Needs of Stakeholders:

The Company has foreseen the importance of the operations by taking into account and deeming that the stakeholders is a person, a group of persons or an organization which can create an impact and/or receive the impact and benefit including the compelled responsibility from the consequences in carrying out business operations or activities relating to the Organization (Company) by creating the acceptance upon the Stakeholders and gaining their participations for the attainment of the business consequences whether directly and indirectly.

The Company has, therefore, specified the express mission in carrying out the operations to respond to the demands of the stakeholders of the Organization in 6 main missions as follows:

1. Power generation from alternative energy : Constructing alternative energy power plants up to the standard with the maximum efficiency by giving importance to the societies and environments,
2. Sales : Procuring equipments for electrical system and finding sales channels including providing services correspondingly meeting the demands of the customers in a complete cycle,
3. Technology : Developing information system including the application of new technology for use in manufacturing and management in order to increase working efficiency and reducing the costs.
4. Returns : Creating the maximum returns to shareholders and all participating parties,
5. Personnel : Developing personnel potentials in order to increase their knowledge and competitiveness capability to meet international level,
6. Management : Organizing the structure and management by applying the Principle of good Corporate Governance,

by having inter communications with the participations in diversified forms and compatible with each group of the stakeholders in order to perceive the expectations and demands of the stakeholders so that their demands can be properly responded to and the participations with one another can be truly created.



stakeholders	Demands/Issues	Process Used/ Communication Channel	Practical Guidelines/Demand Response
1. Employee	<ul style="list-style-type: none"> <li>➤ Fair returns and welfare other than prescribed by law.</li> <li>➤ Equal competency development opportunity.</li> <li>➤ Progress and job security promotion.</li> <li>➤ Good environmental working condition.</li> </ul>	<ul style="list-style-type: none"> <li>➤ HR Committee Meeting</li> <li>➤ Gunkul Training Plan</li> <li>➤ Surveying employees' opinions.</li> <li>➤ Opinion and recommendation receiving channels.</li> <li>➤ Suggestion Committee</li> <li>➤ Intranet, Bulletin Board.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Fairly treating employees by prescribing the rules of evaluation fairly and being evaluable.</li> <li>➤ Developing/improving pattern on the allocation of suitable labor welfare.</li> <li>➤ Taking into account the human rights, looking after health and safety in working.</li> <li>➤ Developing potentials, maintaining and preserving excellent employees continuously including promoting employees' ethics.</li> </ul>
2. Business Counterpart.	<ul style="list-style-type: none"> <li>➤ Suitable price by checking the price against the official government set price.</li> <li>➤ Be fair and equitable on the procurement and tender.</li> <li>➤ Transferring and exchanging technology and experience.</li> <li>➤ Managing resources in jointly carrying out the operations .</li> <li>➤ Respecting the rights and intellectual property of related persons.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Holding meetings/ discussions for the attainment as agreed upon and goal as jointly set.</li> <li>➤ Passing academic knowledge in specific field of the business by experts and the Company's Working Team.</li> <li>➤ Visiting Company's business counterparts together with hearing their opinions and recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Treating business counterparts with equity, fairness and equality.</li> <li>➤ Strictly adhering to the agreements in the contracts and business ethics.</li> <li>➤ Communicating to business counterparts to make them know and understand on the regulations in respect of money payments, purchase/procurement, selection and assessment procedures by making Report on the Audit, Follow-up and Operational Result Conclusion as information to related parties.</li> <li>➤ Making control system to protect business secrets of business counterparts from being disclosed or used in carrying out illegal business.</li> </ul>



stakeholders	Demands/Issues	Process Used/ Communication Channel	Practical Guidelines/Demand Response
3. Customer	<ul style="list-style-type: none"> <li>➤ Products and services with quality, safety according to the standard and fair and competitive price.</li> <li>➤ Product and service delivery under prescribed conditions and times.</li> <li>➤ Rendering of before sales service: such as; procedures/ steps on the use of products including after sales service, providing suitable advices and assistances.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Surveying and assessing the satisfactions</li> <li>➤ Visiting customers.</li> <li>➤ Making data website: <a href="http://www.gunkul.com">www.gunkul.com</a></li> <li>➤ Hearing opinions and receiving complaints.</li> <li>➤ Giving product data and services through product labels or organizing seminars for customers on a specific matter as needed.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Introducing quality and safe products and services which are reversibly verifiable, at the suitable and competitive prices.</li> <li>➤ Making Quality Warranty System and Supply Chain from upstream to downstream point of sales to customers.</li> <li>➤ Checking and controlling product manufacturing and rendering of services to ensure the compliance with the standard for which the Company has been certified adopted for applications.</li> <li>➤ Conducting research and developments continuously by controlling the quality, safety to meet the standard and competitive price.</li> <li>➤ Communicating and strictly complying with the agreements given to customers: such as; product delivery, rendering of services and others under the mutual agreements.</li> </ul>
4. Rivals	<ul style="list-style-type: none"> <li>➤ Carrying out business with transparency, honesty and ethical practice.</li> <li>➤ Fair competition and legally in accordance with the law.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Receiving information data from media and public venues.</li> <li>➤ Becoming a member of related Central Business Organization.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Treating rivals with fairness by taking into the account the ethics and law.</li> </ul>
5. Creditors	<ul style="list-style-type: none"> <li>➤ Paying debts in accordance with the prescribed schedule together with the returns mutually agreed and assented upon.</li> <li>➤ Carrying out suitable risk management.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Organizing meeting to mutually find resolution conclusion.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Implementing control system and strictly complying with the obligations having with the creditors by taking into account the Company's reputation as the significant matter.</li> </ul>



stakeholders	Demands/Issues	Process Used/ Communication Channel	Practical Guidelines/Demand Response
6. Community/ Society.	<ul style="list-style-type: none"> <li>➤ Heedfully looking after the community in respect of the environmental impact and safety of the community.</li> <li>➤ Jointly taking part in community economic, social and environmental development.</li> <li>➤ Supporting community activities.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Organizing public hearing meeting jointly with the community before commencing the business operations in order that the body of knowledge can be passed on the impact including how the running of business operations can peacefully live with the community together with surveying the satisfactions of the community in respect of the business operations.</li> <li>➤ Accepting for hearing the opinions, recommendations and complaints.</li> <li>➤ Supporting activities for community development continuously.</li> <li>➤ Cooperating with state sector in complying with the Rules, Regulations and Laws including the carrying out of operations and activities for various public interests.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Carrying out business under the morality.</li> <li>➤ Participating with the community in carrying out the Project for the Community continuously on the aspect of the educations, cultures and customs.</li> <li>➤ Making follow-ups on and looking after the environmental conditions and safety continuously.</li> <li>➤ Encouraging staffs and employees to share their knowledge and skills to the community; such as; becoming volunteers in giving knowledge on electricity and participating in community relations activities.</li> </ul>

In 2013, the Company took into considerations and made the assessment on the issue of corporate social responsibility for sustainable development as the significant substance which was the main mutual issue to which the stakeholders have given importance and posed a trend to create impact on the Company's operations. In order that the issues on the opportunity and the risks which are materially significant to the economic, social and environmental aspects including the compatibility with the direction in carrying out the Company's business operations both at the present and in the future can be thoroughly identified, the following actions have been undertaken:

- Carrying out actions on the seminars with the communities around the business establishment.
- Organizing meetings with Company Board of Directors and the Management.
- Considerations made from the main issue which the companies carrying out the same industry have given the importance on.

Smart Energy in Action



# 11. Policy and overall business operations

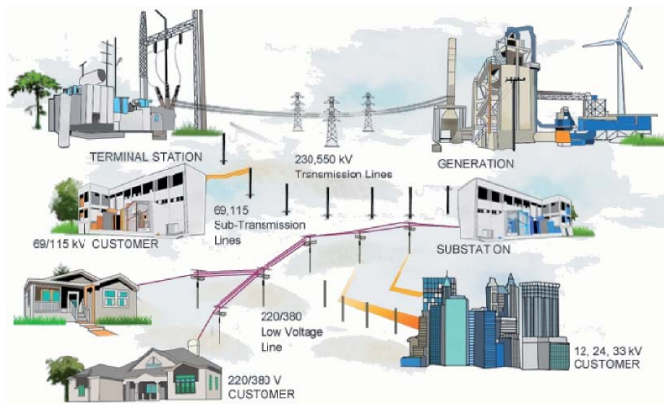
## Perspective of the group business structure

The Thai power system consists of two main components:

1. Electricity Production
2. Transmission and distribution

The transmission of electricity from power plants to consumers must go through the various sub-systems including the high voltage grid, power station system, the distribution system, and underground cables, as shown in the diagram below.

Diagram show electric transmission and distribution system of Thailand



Business of the group of companies and be classified as follows :

1. Business to produce, supply and sell equipment for electrical system in domestic and international.
2. Business to produce and distribute electricity from renewable energy resources
  - 2.1 Solar Farm
  - 2.2 Wind Farm
  - 2.3 Solar PV Rooftop
3. Business to construct alternative energy power plant
4. Business to operation and maintenance

Details of the business operations of the Company and its subsidiaries as follows.

Company	Type of Business
1. Gunkul Engineering PLC. (GUNKUL)	<ul style="list-style-type: none"> <li>- Providing and distributing equipment for electrical systems and related systems, including accessories for power generation from renewable energy, for distribution to the group of customers of the company. The products that the company distributes are manufactured both by the Group and produced by other operators, both locally and abroad.</li> <li>- Business to produce and distribute electricity from renewable energy resources</li> <li>- Business to construct alternative energy power plant</li> <li>- Business to operation and maintenance</li> </ul>
2. G.K. Assembly Co., Ltd. (GKA)	Production of street lighting equipment and accessories such as handling transmission lines (Preformed), cable spacers, and hardware Including production of Mounting Structure for the solar plant under the different brands of the Group, GUNKUL, GK, ZIMLUG, PIGMAN, TOPWELD and ZIMTAP. To distribute to Gunkul Engineering Public Company Limited and K.N.P. Supply Co., Ltd.
3. G.K. Power Products Co., Ltd. (GKP)	Production of equipment and control systems for power transmission and distribution lines under the Group's brands "GUNKUL" and "GK". By focusing on the safety equipment and joining systems such as electrical wiring, fuses and switches to distribute to Gunkul Engineering Public Company Limited and K.N.P. Supply Co., Ltd.
4. K.N.P. Supply Co., Ltd. (KNP)	Distribution of electrical system equipment and other systems related to public sector customers directly. Acting as a contactor and participating in the bidding for the procurement of the various customer segments. The main customers being the PEA and MEA.
5. Wind Energy Development Co., Ltd. (WED)	Production and generating of electricity from renewable energy using renewable solar energy amount 60 MW by generating to the EGAT and PEA.
6. NK Power Solar Co., Ltd. (NKP) <sup>(1)</sup>	Production and generating of electricity from renewable energy in the capacity of 1 MW by generating to the EGAT and PEA.
7. Gunkul Solar Roof 1 Co., Ltd. (GSR-1)	Production and generating of electricity from Solar PV Rooftop by generating to the PEA and MEA.
8. Gunkul Solar Roof 2 Co., Ltd. (GSR-2)	Production and distribution of electricity from Solar PV Rooftop by generating to the PEA and MEA.
9. Solar Energy Society Co., Ltd. (SES)	Production and distribution of electricity from Solar PV Rooftop by generating to the PEA and MEA.



Company	Type of Business
10. Bright Green Power Co., Ltd. (BGP)	Production and distribution of electricity from Solar PV Rooftop by generating to the PEA and MEA.
11. Gunkul Power Development Co., Ltd. (GPD)	Production and distribution of electricity from Solar PV Rooftop by generating to the PEA and MEA including business of EPC and supply of equipment for electrical systems and related systems
12. Gunkul Solar Power 1 Co., Ltd. (GSP-1)	Production and distribution of electricity from Solar PV Rooftop by generating to the PEA and MEA.
13. Gunkul Solar Power 2 Co., Ltd. (GSP-2)	Production and distribution of electricity from Solar PV Rooftop by generating to the PEA and MEA.
14. Siam Wind Energy Co., Ltd. (SWE)	Production and generating of electricity from renewable energy using renewable solar energy amount 60 MW by generating to the EGAT and PEA.
15. Gunkul International (Mauritius) (GIM) <sup>(2)</sup>	Oversea Investment
16. Gunkul Investment (Singapore) Pte. Ltd. (GIS) <sup>(2)</sup>	Oversea Investment
17. Gunkul Myanmar Power (Hlawga) Pte. Ltd. (GMP) <sup>(2)</sup>	Oversea Investment

<sup>(1)</sup> GUNKUL is one of shareholder of N.K. Power Solar Co., Ltd. by holding 9,799 common shares and 2,940 preferred shares. The right of voting for common share is one share per one vote and preferred share is one share per 20 votes.

<sup>(2)</sup> GUNKUL is shareholder of GIM by holding 100.00 percent of shares and GIM holds in GIS at 100.00 percent of shares and GIS hold in GIM at 100.00 percent of shares.

### 11.1 Business Goals.

In 2014, the Company aims to conduct business defined as follows.

1. Retain key customers, including the Provincial Electricity Authority, Metropolitan Electricity Authority, Electricity Generating Authority of Thailand, Private businesses, both domestically and internationally with the Power Authority of the Union of Myanmar, Lao People's Democratic Republic, Malaysia and Vietnam.
2. Expand customer base, both domestic and internationally to increase market share.
3. Provide new products to meet customer needs.



4. Expansion of renewable energy, including the acquisition of the power purchase agreement, joint ventures with other operators who have contracts to supply electricity or renewable energy consultation.
5. The construction of power plants and wind power, both within and outside the country.
6. The study and construction of power plants, biomass and biogas of Napier grass in Thailand and its neighbors.
7. Implementation of renewable energy investments in neighboring countries.
8. Add business partners to enhance business security.
9. Enhanced functionality to support the expansion of business by the introduction of advanced technology applications such as networking in the enterprise information system, through video conferencing.
10. Develop staff ability to keep pace with the growth of the company.
11. Increase the Corporate Social Responsibility (CSR) of the company.

### **Business Goals in 3-5 years**

Industrial power systems, both at home and abroad are likely to increase due to the recovery after the economic crisis. With awareness about renewable energy which is supported by investment from the private sector and government agencies involved in the industry including the Ministry of Energy and the Electricity Generating Authority of Thailand and the Provincial Electricity Authority. For this reason the company has a policy to expand the use of renewable energy to meet the government's budget, focusing on renewable energy, solar energy and wind power as the main types. In addition to this, increasing the readiness of the company, its finances, reliability and its potential. After being a company listed on the Stock Exchange of Thailand, the company has received interest from several investors. Management's policy is to keep the plants within the company, developing new products for the electrical equipment under its own brand, Gunkul, to increase its competitiveness in the market for high voltage equipment. The company also has a policy of expanding the market to supply electricity to other countries. Our main focus is to supply quality products from the factories under the company brand GUNKUL that will be tested in accordance with international standards. The company's goal is to build the brand GUNKUL to be accepted in other countries as having products of good quality, reliable and cost-effective. In order to avoid price competition with products from other countries where potential costs and wages in manufacturing are lower, such as China, India or Vietnam, the implementation of these policies will be implemented in conjunction with the development of human resources, taking into account the principles of good governance and social responsibility as being highly important.



## 11.2 Changes and Development of the Company and its subsidiaries are as follows:

Year 1982	- Gunkul Engineering Co., Ltd. founded with registered capital of 1.00 million baht. (Current registered capital : 659,999,984 baht)
Year 1992	- Establishment of G.K. Assembly Co., Ltd with registered capital of 2.00 million baht (Current registered capital : 200 million baht)
	- Establishment of G.K. Power Product Co., Ltd. (formerly known as Kerney (Thailand) Co., Ltd.), with registered capital of 2.60 million baht. (Current registered capital : 100 million baht)
Year 1993	- Establishment of K.N.P. Supply Co., Ltd. with registered capital of 1.00 million baht. (Current registered capital : 50 million baht)
Year 2009	- The companies restructured as a group holding company with the Gunkul Engineering Company Limited acquiring 99.99% of shares in G.K. Power Product Co., Ltd., G.K. Assembly Co., Ltd., and K.N.P. Supply Co., Ltd.
	- Gunkul Engineering Co., Ltd. increased its registered capital from 300 million baht to 400 million baht and changed the par value of ordinary shares from 100 baht per share to 1 baht per share.
	- The company transformed into a public company and changed its name to "Gunkul Engineering Public Company Limited (PCL)".
	- On 11 December 2009, Establishment of Gunkul Powergen Co., Ltd. With registered capital of 100 million baht to produce and sell electricity from renewable energy. (Current registered capital : 992 million baht)
	- The Company was appointed by the Shanghai Electric Wind Power Equipment Company Limited as the sole distributor of wind turbines in Thailand, Myanmar and Laos.
Year 2010	- On 11-13 October 2010, the company opened to the public for share sales (Initial Public Offering) of 100,000,000 shares representing 25.00 percent of the total number of 400,000,000 ordinary shares with par value of Baht 1 per share sale price, sold at 5.40 baht per share.
	- On October 15, 2010, The Stock Exchange of Thailand added GUNKUL securities as new securities on the Stock Exchange of Thailand.
	- On October 19, 2010, GUNKUL securities traded on the Stock Exchange for the first day (First Day Trade).
	- On November 19, 2010 the Company acquired the common stock of G-Power Source Co., Ltd., which operates in the production and distribution of electricity from solar energy and is a party to the Provincial Electricity Authority (PEA). The company has power purchase agreements of four contracts for a total of 26 MW and has received support from the electrical section (Adder) 8 baht per unit, by the Company to purchasing ordinary shares of 9,898 shares at 6,500 baht per share totally 64,337,000 baht, or 98.98 percent stake of the registered share capital 1 million baht (Current registered capital : 930 million baht)





- Gunkul Powergen Co., Ltd. signed 5 contracts of power purchasing agreements with the Provincial Electricity Authority for the solar power system, totally the size of 30.9 MW for a period of 25 years. The project will benefit from the sale of electricity while gaining the additional cost from power purchase (Adder) from the Provincial Electricity Authority of 8 baht per unit for a period of 10 years, including such projects to benefit the investment promotion agency of the Board of Investment (BOI), with the project details as follows.

Project	Size (MW)	Place of project (Where applied for permit) .	Expected to distribute electricity
1.	3.0	A. Chondaen, Phetchaboon	January 2011
	4.4	A. Chondaen, Phetchaboon	October 2011
2.	8.0	A. Srichula, Nakhon Nayok	June 2013
3.	8.0	A. Wichianburi, Phetchaboon	March 2013
4.	4.5	A.Noen Po, Phichit	March 2013
5.	3.0	A.Buengsampun, Phetchaboon	November 2013

- Year 2011
- On 1 March 2011, Gunkul Powergen Co., Ltd.. increased its capital from 100.00 million baht to 400.00 million baht.
  - On March 25, 2011, the Company signed a letter of intent to begin construction of 8 MW solar power plants. Supplying solar panels as the foundation, selection of appropriate technology and installation of all systems that will supply electricity to the system (To produce electricity from solar energy in the Suphan Buri Province), with Solarta Co., Ltd. (a joint venture between Yanhee Solar Power Co., Ltd, and Ratchaburi Electricity Generating Holding Public Company Limited with the contract value of approximately 752 million baht.
  - On May 4 2011, G-Power Sources Co., Ltd. increased its capital from 1.00 million baht to 750.00 million baht.
  - On June 13, 2011, the company signed the Solar Power Plant construction contract of 8 MW (consisting of 5 MW contract, 2 MW contract and 1 MW contract) with Solarta Co., Ltd. With the contract value as above mentioned Letter of Intent signed on March 25, 2011
  - On September 1, 2011, the Company signed a letter of intent to begin construction of 8 MW solar power plant, to supply solar panels to the foundation, selection of appropriate technology and installation of all systems that can supply electricity to the system (solar power generation projects in the province of Buri Ram) with the Company, C.K. and Sun Energy (Thailand) Ltd., a contract value about 752 million baht.
  - On June 6, 2011, G-Power Source Co., Ltd. supported a credit line from Tisco Bank Limited, amounting to 4,403.60 million baht for the construction of a 26 MW solar power plant.
  - September 22, 2011 Gunkul Powergen Co., Ltd. received support for the facility from Siam Commercial Bank Public Company Limited for the amount of 2.4358 billion baht for the construction of a 30.9 MW solar power plant.



- On November 2, 2011 the Company signed a Memorandum of Understanding on the 1000 MW Development of Wind Energy with the Department of Energy Myanmar. Study location in Mon State, Kayin State and Taninthayi State in Myanmar.
- G-Power Source Co., Ltd., which has a power purchase agreement with the Provincial Electricity Authority including four contracts, totaling 26 MW, has completed four projects with details as follows:

Project	Size (MW)	Place of project (Where applied for permit) .	Expected to distribute electricity
1.	6.5	A.Banphot Phisai, Nakhon Sawan	March 2012
2.	6.5	A.Banphot Phisai, Nakhon Sawan	March 2012
3.	6.5	A. Sankhaburi, Chai Nat	March 2012
4.	6.5	A.Buengsampon, Phetchaboon	February 2013

Year 2012	<ul style="list-style-type: none"> <li>- On March 30, 2012, the Company sold 4,500,000 common shares of G-Power Sources Co., Ltd., to Electricity Generation PCL., for an amount of 629.92 million baht, or equal to 60% of 750.00 million baht registered capital (Current registered capital : 930 million baht). G-Power Sources undertakes business of producing and selling solar-based electricity is a contractual party of 4 electricity sale agreements with the Provincial Electricity Agency, total capacity of 26 mw, and eligible for an adder subsidy of 8 baht kWh (Current registered capital : 930 million baht).</li> </ul>
	<ul style="list-style-type: none"> <li>- On May 2, 2012, G-Power Sources Co., Ltd. increased its capital from 750.00 million baht to 930.00 million baht.</li> </ul>
	<ul style="list-style-type: none"> <li>- On May 15, 2012, the Company bought 5,460,000 common shares of Wind Energy Development Co., Ltd. from Impact Energy Asia Ltd. at the price of 95.60 baht/share, totaling 522.00 million baht, equivalent to 70.00% of the then 78.00 million baht registered capital (current registered capital is 179.90 million baht). Wind Energy Development undertakes business of producing and selling wind-based electricity, is a contractual party of 3 electricity sale agreements with the Provincial Electricity Agency, total capacity of 60 mw, and eligible for an adder subsidy of 3.5 baht kWh (Current registered capital : 1,552.1 million baht).</li> </ul>
	<ul style="list-style-type: none"> <li>- On May 29, 2012, Gunkul Powergen Co., Ltd. increased its capital from 400.00 million baht to 660.00 million baht.</li> </ul>
	<ul style="list-style-type: none"> <li>- In July 2012, the Company launched Napier grass demonstration plot for energy utilization, focusing on attaining maximum benefit from the land of its wind energy project as well as generating income for farmers around the project. This activity also supported the government policy concerning Napier grass planting in Thailand.</li> </ul>
	<ul style="list-style-type: none"> <li>- On July 11, 2012, Gunkul Powergen Co., Ltd. increased its capital from 660.00 million baht to 785.00 million baht.</li> </ul>
	<ul style="list-style-type: none"> <li>- On July 30, 2012, Gunkul Powergen Co., Ltd. increased its capital from 785.00 million baht to 880.00 million baht.</li> </ul>



	<ul style="list-style-type: none"> <li>- On September 28, 2012, Wind Energy Development Co., Ltd. increased its capital from 78.00 million baht to 179.90 million baht.</li> </ul>
	<ul style="list-style-type: none"> <li>- On December 17, 2012, Gunkul Powergen Co., Ltd. increased its capital from 880.00 million baht to 992.00 million baht.</li> </ul>
Year 2013	<ul style="list-style-type: none"> <li>- On 31 January 2013, the Company acquired a stake of 49.00% in NK Power Sola Co., Ltd. which operates solar power generation and distribution business. NK Power Sola, currently having a registered capital of 2,600,000 baht, is a contractual party of a 1-MW electricity sale agreement with the Provincial Electricity Authority.</li> <li>- On 25 February 2013, the Company disposed of common shares in Gunkul Powergen Co., Ltd., which operates solar power generation and distribution business and is a contractual party of 5 electricity sale agreements with the Provincial Electricity Authority, with a total capacity of 30.9 MW and adder rate of 8.00 baht per unit. In this regard, 4,860,800 common shares, equivalent to 49.00% of the 992,000,000-baht registered capital, were disposed to Chubu Electric Power Gem B.V., Japan.</li> <li>- On March 27, 2013, Wind Energy Development Co., Ltd. increased its capital from 179.90 million baht to 339.90 million baht.</li> <li>- On 13 June 2013, Siam Wind Energy Co., Ltd. was established to operate renewable-based, particularly wind-based, power generation and distribution business. The Company held a stake of 40.00% of the 1,000,000-baht registered capital (the current registered capital).</li> <li>- For the purpose of international investment expansion, the Company registered the establishment of Gunkul International (Mauritius) ("GIM") in the Republic of Mauritius, and Gunkul International (Singapore) Pte. Ltd. ("GIS") and Gunkul Myanmar Power (Hlawga) Pte. Ltd. in Singapore. In this regard, the Company held a stake of 100% of the 12,000-USD registered capital in GIM (the current capital is 200,000 U.S. dollar); GIM held a stake of 100% of the 28,000-SGD registered capital in GIS (the current capital is 200,000 Singapore dollar), and GIS held a stake of 100% of the 14,000-SGD registered capital in Gunkul Myanmar Power (the current capital is 150,000 Singapore dollar).</li> <li>- On 1 July 2013, Gunkul Powergen Co., Ltd. changed its name to Gunkul Chubu Powergen Co., Ltd.</li> <li>- On 26 August 2013, SCG Cement - Building Materials Co., Ltd. jointly established Siam Gunkul Solar Energy Co., Ltd., in which the Company held a stake of 49.97% of the 1,000,000-baht registered capital (the current capital is 1,000,000 baht), to operate solar rooftop power generation and distribution business for supplying to the Provincial Electricity Authority and the Metropolitan Electricity Authority.</li> <li>- In August 2013, the Company signed a letter of intent with TPI Polene PCL, for installation of electrical system and supply of relevant equipment for TPI Cement Plant no. 4 located at Mittraparp Road, Tambol Tubkwang, Amphoe Kangkhoy, Saraburi. The contract value was approximately 367,270,000 baht.</li> <li>- In August 2013, the Company established Gunkul Solar Roof 1 Co., Ltd. (GSR-1), Gunkul Solar Roof 2 Co., Ltd. (GSR-2), Gunkul Solar Power 1 Co., Ltd. (GSP-1), Gunkul Solar Power 2 Co., Ltd. (GSP-2), Bright Green Power Co., Ltd. (BGP) and Solar Energy Society Co., Ltd. (SES) to operate solar rooftop power generation and distribution business for supplying to the Provincial Electricity Authority and the</li> </ul>

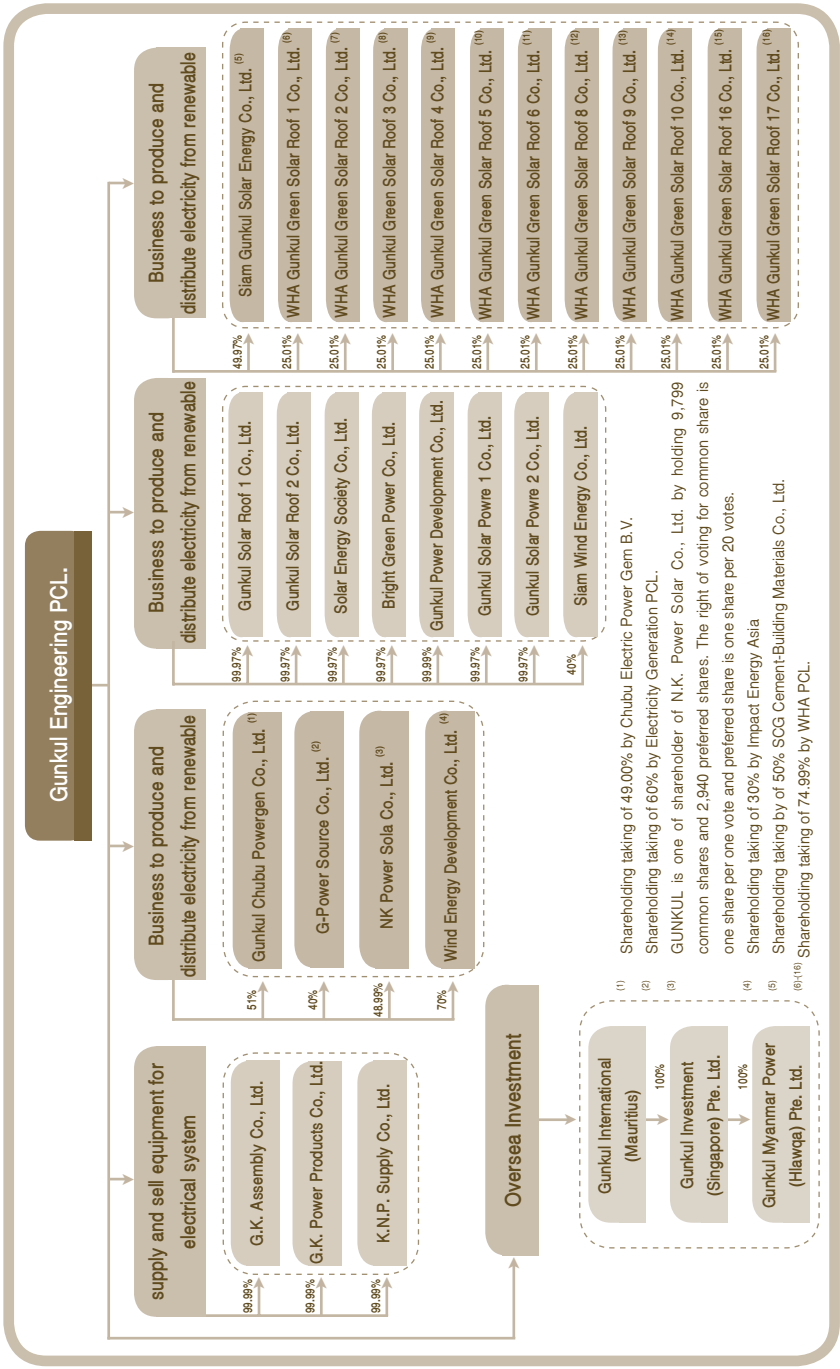


Metropolitan Electricity Authority. The Company held stakes of 99.99% of their respective 1,000,000-baht registered capitals (current registered capitals of GSR-1, GSR-2, GSP-1, BGP and SES are 1,000,000 baht, and of GSP-2 is 16,000,000 baht).

- In August 2013, the Company established Gunkul Power Development Co., Ltd. to operate solar rooftop power generation and distribution for supplying to the Provincial Electricity Authority and the Metropolitan Electricity Authority, as well as to operate businesses of constructing power plant and distributing equipment for electrical and other systems related to power plant construction. The Company held a stake of 99.97% of the 1,000,000-baht registered capital (current capital is 15,000,000 baht).
- In August 2013, WHA Corporation PCL established WHA Gunkul Green Solar Roof 1 Co., Ltd., WHA Gunkul Green Solar Roof 2 Co., Ltd., WHA Gunkul Green Solar Roof 3 Co., Ltd., WHA Gunkul Green Solar Roof 4 Co., Ltd., WHA Gunkul Green Solar Roof 5 Co., Ltd., and WHA Gunkul Green Solar Roof 6 Co., Ltd., in which the Company had stakes of 25.01% of their respective 1,000,000-baht registered capitals, to operate solar rooftop power generation and distribution business for supplying to the Provincial Electricity Authority and the Metropolitan Electricity Authority.
- In September 2013, WHA Corporation PCL established WHA Gunkul Green Solar Roof 8 Co., Ltd., WHA Gunkul Green Solar Roof 9 Co., Ltd., WHA Gunkul Green Solar Roof 10 Co., Ltd., WHA Gunkul Green Solar Roof 16 Co., Ltd., and WHA Gunkul Green Solar Roof 17 Co., Ltd., in which the Company had stakes of 25.01% of their respective 100,000-baht registered capitals, to operate solar rooftop power generation and distribution business for supplying to the Provincial Electricity Authority and the Metropolitan Electricity Authority.
- On September 18, 2013, Wind Energy Development Co., Ltd. increased its capital from 339.90 million baht to 1,052.10 million baht.
- Subsidiaries obtained contracts for solar rooftop power generation and distribution from the Provincial Electricity Authority and the Metropolitan Electricity Authority, and also obtain letters of intent and contracts for rooftop power plant construction. (details in Section 2. Nature of Business).
- In September 2013, Gunkul Consortium, a joint venture of the Company and Trina Solar Energy Development Pte., Ltd., obtained letters of intent from Bangchak Solar Energy (Chaiyaphum) Co., Ltd. and Bangchak Solar Energy (Nakhon Ratchasima) Co., Ltd. for their solar farm construction projects, with a total capacity of 25 MW and 1,215,000 baht in value. The Company's scope of works amounted to 58% of the total project value.
- On November 4, 2013, Gunkul Power Development Co., Ltd. increased its capital from 1.00 million baht to 10.00 million baht.
- On December 24, 2013, Gunkul Power Development Co., Ltd. increased its capital from 10.00 million baht to 15.00 million baht.
- On February 17, 2013, Gunkul Solar Power 2 Co., Ltd. increased its capital from 1.00 million baht to 16.00 million baht.



11.3 The shareholding structure of the Group



## 12. Nature of Business

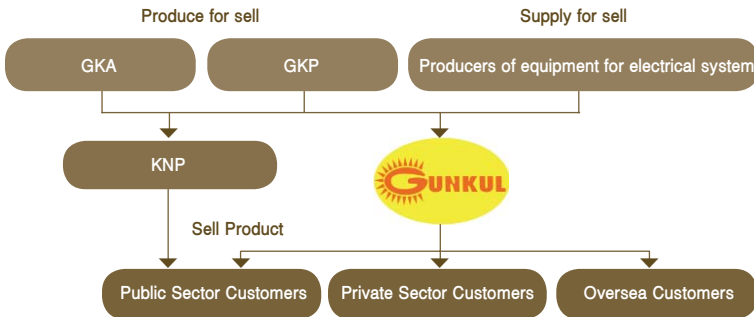
### 12.1 Nature of Product and Service

Details of the business operations of the Company and its subsidiaries as follows:

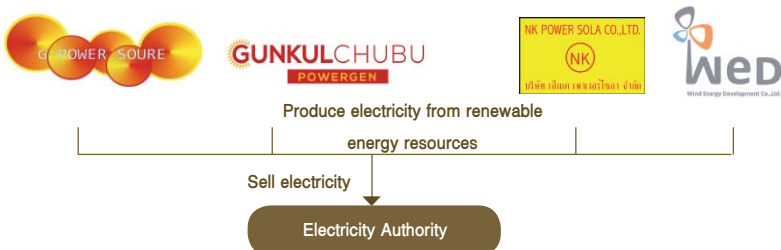
1. Business to produce, supply and sell equipment for electrical system in domestic and international.
2. Business to produce and distribute electricity from renewable energy resources
  - 2.1 Solar Farm
  - 2.2 Wind Farm
  - 2.3 Solar PV Rooftop
3. Business to construct alternative energy power plant
4. Business to operation and maintenance

Diagram shows business conduct structure of the group of companies

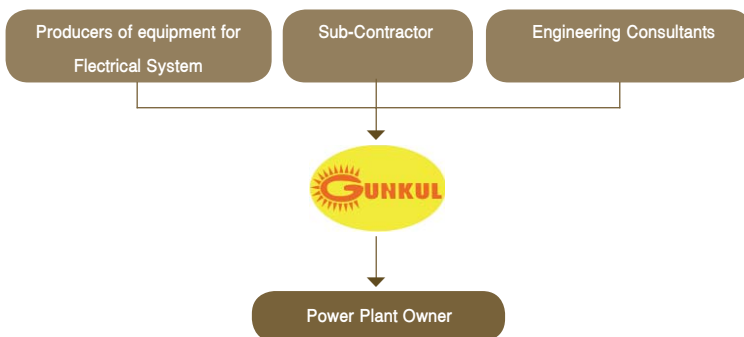
- 1) Business to produce, supply and sell equipment for electrical system in domestic and international



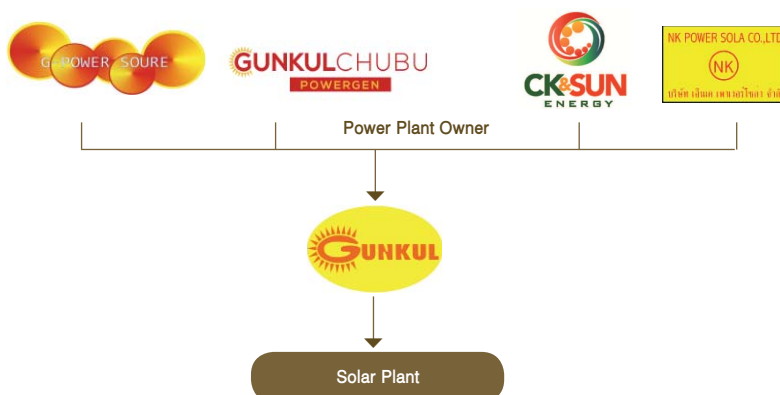
- 2) Business to produce and distribute electricity from renewable energy resources



### 3) Business to construct alternative energy power plant



### 4) Business to operation and maintenance



## 1. Business to produce, supply and sell equipment for electrical system in domestic and international.

Gunkul Engineering Co., Ltd Group (PCL), the leading supplier of equipment for power systems and renewable energy systems, covering in all stages of transmission and distribution of electricity from power plants to consumers with goods. More than 5,000 items to meet the needs and characteristics of the different customer groups and both the household level to the macro level of government, the Group has expanded its business into the manufacture and sale of electricity from renewable energy as well. All kind of goods which are produced from the subsidiaries and/or supplying by producers in Thailand and overseas who are acceptable on goods' quality and standard such as USA, Germany, Sweden, Japan, China and etc.



The company's products can be classified into five categories based on the usage as follows:

- 1) Protection and transmission system control equipment and distribution lines including power cut switch (Disconnecting Switch), load break switches, gas switches (SF6 Gas Load Break Switch), and air brake switch, transformer fuse cut-out, Surge Arrester, Live part cover and Grounding system.
- 2) Transmission and distribution lines equipment including cables (Cable), to hold the line pieces (Preformed) cable spacers (Cable Spacer), connector device (Connector), device on the cable (Cable Termination), a cable connection (Cable Splicing), electrical insulators (Insulator).
- 3) Tools and equipment including safety belts, electrical rubber gloves, industrial gloves, helmets, instrumentation and testing equipment.
- 4) Street lighting equipment, including street lamps, control switches (Photo Control Switch) and a street light control relays (Street Lighting Control Relay).
- 5) Group of equipment for the system of renewable energy, including wind turbines, solar energy equipment and solar cells, hydro turbine, generator, transformer, control equipment etc.

## **2. Business of Generating and Distributing Power from Renewable Energy Sources**

### **2.1 Solar Farm**

The Group operates a business of generating and distributing power from renewable energy sources (RES) for supplying to government sector in response to the state policies to promote renewable energy power generation and consumption.

Foreseeing that the business related to renewable energy carries a good opportunity for development and investment for reasons of high growth potential, low risk as well as steady and sustainable profitability, the Group has expanded its scope of business from the supply and distribution of renewable energy equipment to the generation and distribution of RES power. The new business is undertaken by Gunkul Chubu Powergen Co., Ltd. and G-Power Source Co., Ltd., its joint ventures, and by NK Power sola Co., Ltd., a subsidiary.

The Group entered the RES power generation and distribution business by investing in solar farms and applying for sale of electricity output to the Provincial Electricity Authority (PEA) under the PEA projects to purchase electricity from producers with a maximum capacity of 10 MW, aka very small power plants (VSPP). The Company has then signed power purchase agreements (PPA) with the PEA for 10 projects with a combined capacity of 57.9 MW and adder subsidy rate for VSPP of RES production of 8 baht per kWh for a term of 10 years since





the commencement of sale.

Details of the Group's solar farm projects offered to the PEA could be summarized as follows:-

Project	Capacity (MW)	Project Site (according to application)	Commencement of Output Sale
---------	------------------	--	--------------------------------

Gunkul Chubu Powergen Co., Ltd. (51% stake held by the Company)

1	3.0	Amphoe Chondaen, Phetchabun province	January 2011
	4.4	Amphoe Chondaen, Phetchabun province	October 2011
2	8.0	Amphoe Sichula, Nakhon Nayok province	June 2013
3	8.0	Amphoe Wichianburi, Phetchabun province	March 2013
4	4.5	Amphoe Sam-ngam, Phichit province	March 2013
5	3.0	Amphoe Buengsamphan, Phetchabun province	May 2013

G-Power Source Co., Ltd. (40% stake held by the Company)

6	6.5	Amphoe Banphotphisai, Nakhon Sawan province	March 2012
7	6.5	Amphoe Banphotphisai, Nakhon Sawan province	March 2012
8	6.5	Amphoe Sankhaburi, Chainat province	March 2012
9	6.5	Amphoe Buengsamphan, Phetchabun province	February 2013

NK Powersola Co., Ltd. <sup>(1)</sup> (48.99% stake held by the Company)

10	1.0	Amphoe Bo-phloi, Kanchanaburi province	November 2013
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<sup>(1)</sup> The Company holds 9,799 common shares and 2,940 preferred shares in NK Powersola Co., Ltd., the voting rights of which are 1 vote for 1 common share and 20 votes for 1 preferred share.

The above projects have obtained investment promotion certificates from the Board of Investment, in the form of an exemption of corporate income tax on net operating profit for 8 years since the date of sale income recorded. After the expiry date of the aforesaid corporate income tax exemption, the Company is still granted an allowance of 50% of the normal rate of corporate income tax for 5 years. The tax rates could be summarized as follows:-

Year	Tax Rate	
	Tax Exemption	Corporate Income Tax Payment
1 <sup>st</sup> - 8 <sup>th</sup> years	100%	0%
9 <sup>th</sup> - 13 <sup>th</sup> years	50%	15%
13 <sup>th</sup> year onward	0%	30%



## 2.2 Wind Farm

Changes in national energy policy and economic situations could significantly affect demand for electricity and the power generation sector itself. To enable a clearer goal of energy supply, Thailand Power Development Plan for 2012-2030 (PDP2010, 3<sup>rd</sup> revision) has therefore been revised, with main focus on the use of alternative energy in place of fossil fuels as directed by the Alternative Energy Development Plan (AEDP) for 2012-2021 (which is 25% within 10 years).

Accordingly, alternative energy would substitute for fossil fuels in the power generation by at least 25% in 10 years' time, thereby some of power plants dependant on fossil fuels, e.g. coals and natural gas, would be replaced by renewable energy power plants. On 16 July 2013, the National Energy Policy Council had considered the national integrated strategic plan and approved to increase the use of alternative energy in electricity production, according to the AEDP's 25% target, by 4,726 MW to the total target of 13,927 MW. In this regard, the target for wind energy has adjusted from 1,200 MW to 1,800 MW, higher by 600 MW.

Recognizing the government policy to strengthen the national energy security alongside the green growth strategy, the Company sees itself as being a supportive part in the development of alternative energy power generation and thus contributing to Thailand's electricity security. It is therefore committed to develop wind-based power generation projects. Details of the wind farm projects and supply of power output applied for sale to the Provincial Electricity Authority (PEA) and the Metropolitan Electricity (MEA) could be summarized as follows:-

Project	Capacity (MW)	Project Site (according to application)	Scheduled Date of Commercial Sale under the PPA
Wind Energy Development Co., Ltd. (70% stake held by the Company)			
1	2.0	Amphoe Dankhunhot Nakhon Ratchasima province	November 2015
	8.0	Amphoe Dankhunhot Nakhon Ratchasima province	November 2015
2	50.0	Amphoe Dankhunhot Nakhon Ratchasima province	December 2015
Greenovation Power Co., Ltd. (100% stake held by the Company) <sup>(1)</sup>			
1	60.0	Amphoe Dankhunhot Nakhon Ratchasima province	September 2016

<sup>(1)</sup> The Company acquired 100% of common shares in Greenovation Power Co., Ltd. on 13 February 2014.



## 2.3 Solar PV Rooftop

At the meeting on 13 August 2013, the cabinet acknowledged the National Energy Policy Council's resolution dated 16 July 2013 approving the program on power purchase from rooftop PV system at a quantity generated at the overall installed capacity of photovoltaic panels of 200 MWp, 100 MWp of which for resident-type buildings and another 100 MWp for industrial and factory buildings. The commercial sale to the power network connection system is scheduled to commence within 2013, under a Feed-in Tariff allowance for a term of 25 years.

Joining the program, Gunkul Engineering PCL has invested in projects in various provinces across the country. Gunkul Power Development Co., Ltd. was then established to support the construction of solar PV rooftop. Details of investments and projects by area of state responsibility are as follows:-

### Solar PV Rooftop Projects with the Provincial Electricity Authority

No.	Applicant	Installed Capacity (kWp)	Type of Business
1.	Gunkul Solar Power 2 Co., Ltd.	538.56	100% owned by the Company
2.	WHA Gunkul Green Solar Roof 17 Co., Ltd.	997.56	25.01% owned by the Company
3.	Solar Society Co., Ltd. (Saraburi)	224.64	100% owned by the Company
4.	Green Line Energy Co., Ltd.	997.56	Power plant construction
5.	Siam Gunkul Solar Energy Co., Ltd.	998.40	49.97% owned by the Company
Total		3,756.72	

### Solar PV Rooftop Projects with the Metropolitan Electricity Authority

No.	Applicant	Installed Capacity (kWp)	Type of Business
6.	WHA Gunkul Green Solar Roof 1 Co., Ltd.	636.48	25.01% owned by the Company
7.	WHA Gunkul Green Solar Roof 3 Co., Ltd.	832.32	25.01% owned by the Company
8.	WHA Gunkul Green Solar Roof 6 Co., Ltd.	832.32	25.01% owned by the Company
9.	WHA Gunkul Green Solar Roof 10 Co., Ltd.	979.20	25.01% owned by the Company
10.	Solar Society Co., Ltd. (Phranakhon Nuea 1)	499.20	100% owned by the Company
11.	Siam Gunkul Solar Energy Co., Ltd. (Donmueang)	873.60	49.97% owned by the Company
12.	T S Power Energy Co., Ltd.	416.16	Power plant construction
13.	T S Power Energy Co., Ltd.	997.56	Power plant construction
14.	Gunkul Solar Roof 1 Co., Ltd.	241.92	100% owned by the Company
15.	Gunkul Solar Roof 1 Co., Ltd.	22.40	100% owned by the Company
16.	Mon RM Co., Ltd.	948.48	Power plant construction
Total		7,279.64	



### 3. Power Plant Construction Business

The government policy to promote power generation from alternative energy together with the Company's capabilities in the production of alternative energy power, the distribution of products related to power plant operations and the engineering services provide the Company a firm step into the business of constructing alternative energy power plants.

Due to active promotion of alternative energy utilization by government agencies in effort to reduce global warming, the Group views that businesses related to alternative energy are of great potential for development and investment. Furthermore, generation of power based on alternative energy, though being a fresh idea, has shown a promising start and strong growth in the future. The Company has provided construction services for power plant projects of its affiliates, subsidiaries and other companies as follows:-

Project Owner	No. of Projects	Size (MW)	Status
1) G-Power Source Co., Ltd.	4	26.0	Completed
2) Gunkul Chubu Powergen Co., Ltd.	5	30.9	Completed
3) NK Powersola Co., Ltd.	1	1.0	Completed
4) C.K. and Son Energy (Thailand) Co., Ltd.	1	8.0	Completed
5) Solarta Co., Ltd.	1	8.0	Completed
6) Bangchak Solar Energy (Nakhon Ratchasima) Co., Ltd.	1	12.5	Under construction
7) Bangchak Solar Energy (Chaiyaphum 1) Co., Ltd	1	12.5	Under construction
8) Solar PV Rooftop projects	4	7.5	Under construction
Total		106.4	



#### 4. Power Plant Maintenance Services

The Company has earned the trust of its business alliance as well as other operators to be the provider of post-construction maintenance services for their solar farms. The services under operation and maintenance agreements with these clients include controlling and monitoring the efficiency of operations and sale of the solar farms. At present, the Company renders maintenance services for 4 companys 12 power plant projects of a total capacity of 65.9 MW, as follows:-

Project Owner	Capacity (MW)
1. C.K. and Son Energy (Thailand) Co., Ltd.	8.0
2. G-Power Source Co., Ltd.	26.0
3. Gunkul Chubu Powergen Co., Ltd.	30.9
4. NK Powersola Co., Ltd.	1.0
<b>Total</b>	<b>65.9</b>

## 2.2 The revenue of the company by the business.

Type of income	2011 <sup>1)</sup>		2012 <sup>1)</sup>		2013 <sup>1)</sup>	
	Million baht	%	Million baht	%	Million baht	%
1. Income from production and supply of equipment for power systems and renewable energy						
1.1 Provisions for distribution.	1,763.88	66.10	1,099.66	23.08	647.52	22.68
1.2 Production for sale.	365.29	13.68	706.24	14.82	654.88	22.93
<b>Total</b>	<b>2,129.17</b>	<b>79.78</b>	<b>1,805.90</b>	<b>37.91</b>	<b>1,302.40</b>	<b>45.61</b>
2. Income from production and sale of electricity from renewable energy						
- Manufacture and sale of electricity from solar energy	72.50	2.72	168.81	3.54	19.21	0.67
3. Income from construction of renewable energy plants	449.84	16.86	2,318.06	48.66	681.39	23.86
4. Income from operation and maintenance	-	-	-	-	41.59	1.46
Other revenues <sup>2)</sup>	17.19	0.64	471.11	9.89	811.13	28.40
<b>Total revenue</b>	<b>2,668.70</b>	<b>100.00</b>	<b>4,763.88</b>	<b>100.00</b>	<b>2,855.72</b>	<b>100.00</b>

<sup>1)</sup> Data from the Group's consolidated financial statements as of December 31, 2012

<sup>2)</sup> Other income, including interest and profit on disposal of assets, foreign exchange profits, gain on sale of scrap etc.



## The revenue of the company by customers

Income	2011 <sup>1)</sup>		2012 <sup>1)</sup>		2013 <sup>1)</sup>	
	Million baht	%	Million baht	%	Million baht	%
1. Public sector clients						
1.1 Revenue from electricity and renewable energy equipment	417.07	15.73	581.84	13.55	472.31	16.54
2. Private client group	866.62	32.68	3,107.06	72.38	2,371.43	83.04
3. Foreign customers	1,367.82	51.59	603.87	14.07	11.98	0.42
<b>Total revenue</b>	<b>2,651.51</b>	<b>100.00</b>	<b>4,292.77</b>	<b>100.00</b>	<b>2,855.72</b>	<b>100.00</b>

<sup>1)</sup> Data from the Group's consolidated financial statements as of December 31, 2012

## Industry overview and competition

### Industry overview

#### • Overview of the Electricity System in Thailand

Parties involving in the industry of electrical power and system production in Thailand can be divided into 3 main groups as follows:-

##### 1) Power producers

Manufacturers of electrical systems in Thailand can be divided into 6 groups, i.e. the Electricity Generating Authority of Thailand, major independent power producers (IPP), small power producers (SPP), very small power producers (VSPP), other producers including government agencies like the Department of Energy and Energy Conservation that produce electrical power from small hydropower dams, and the import of power from foreign countries.

The Electricity Generating Authority of Thailand ("EGAT") serves as the country's largest power producer, the largest purchaser of electrical power produced by other manufacturers, as well as the importer of electricity from neighbouring countries, namely Laos and Malaysia. EGAT determines the amount of power each power plant has to supply to national transmission system to meet the electricity demand in each period.

##### 2) Power suppliers

The Electricity Generating Authority of Thailand is the supplier of electrical power to 2 state enterprises, i.e. the Metropolitan Electricity Authority ("MEA") and the Provincial Electricity Authority ("PEA") that are responsible for distribution of electricity



to industrial sector, business sector and household sector around the country. EGAT supplies electrical power directly to some customers as well.

In electricity transmission from power plants to MEA and PEA requires, the voltage must be regulated to reduce any power loss during long-distance transmission of electricity. Then MEA and PEA transmit electricity to users through the voltage transmission system. MEA is responsible for electricity transmission in Bangkok, Nonthaburi and Samut Prakan. PEA is responsible for electricity transmission to areas other the 3 provinces. In electricity transmission to end users, the voltage must be reduced to level suitable for use.

### 3) *Consumers*

Consumers consist of industrial sector, business sector and residential users, etc.

In 2013, net peak demand for electricity in EGAT system was recorded at 2.00 p.m. on Thursday 16 May 2013 at the level of 26,598.14 MW, increasing by 477 MW or by 1.8% from the 2012 net peak demand of 26,121.1 MW.

The figure was in line with the economic growth reported by the Office of the National Economic and Social Development Board (NESDB). According to the report, the overall economic expansion rate for 2013 was 2.9%, which fairly contracted from 6.5% in the previous year owing to (1) higher-than-usual base effects of household spending and private investment in the second-half of 2012, due partly to the first-time-car-buyer scheme, and (2) continuous slowdown in export of goods and services in response to global economy, where the year 2013 registered total export value of 225,397 dollars, inflation rate of 2.2% and current account deficit of 0.6%, resulting in a slight improvement of the national energy consumption on the whole. Domestic energy consumption in 2013 increased from that of the same period last year by 2.6% to 75,214 ktoe in total, which was worth over 1,793 billion baht. Petroleum products remained the most consumed energy, which accounted for 47.8% of the total energy consumption. Meanwhile, consumption of electricity was 18.8%, natural gas 7.1%, lignite and peat 7.7%, renewable energy 7.9% and conventional renewable energy 10.7%.

With regard to Thailand's power generation sector, the total installed capacity in 2013 increased by 3.32% to 33.68 thousand MW, 45% of which was provided by the Electricity Generating Authority of Thailand (EGAT), 38% by independent private producers, 10% by small power producers and the remaining 7% by import and barter deals.

Source: The Energy Policy and Planning Office, Ministry of Energy



- **Overview of electricity system in related private sector**

The Company's private sector clients related to electrical systems are generally a diverse group of clients, e.g. companies in the construction of the power system, public transport industry, electrical and telecommunications industry. However, when considering only large private sector projects, it was founded that projects by big private sector related to or supported by government. The government's stimulus plan, especially investment in state-initiated infrastructures such as BTS and BRT projects, with a total investment of more than 800,000 million baht within 20 years, has influenced the private sector involved in such investments. These private companies involving in such investment are to increase their investments. The Company itself sees window of opportunities in providing electrical equipment related to power transmissions to the rail system, for example, electrical protection devices, cable termination equipment and cable connecting sets, equipment grounding systems and other equipment related to the supply of electricity electric rail systems.

However, refer to the information from the Office of National Economic and Social Development Board (NESDB), disclosed that GDP of Thailand in 2013, the Thailand economic growth was slowly, somewhat to 2.9 percent, due to the spending and private investment in 2012 was higher than the normal, export volumes continue slowdown of the world economy is still in the early stages of recovery. Moreover, in the confidence of the public in late, during a political demonstration, it is prudent to spend more as a result private investment contracted 2.8 percent. The spending and public investment has also slowed or delayed. That factors affect the sales of the company of section private clients and some factories. However, the economic outlook remains stable solid NESDB expects Thailand's economy in 2014 is to grow in the range of 3.0 - 4.0, growth up from 2.9 percent in 2013. The factors supporting the expansion of the export sector is expected to recover and grow at a higher rate by the recovery of the global economy. Moreover, government expenditures in 2014 in part to a commitment, as well as private investment is likely to expand particular investment project to obtain approval of Investment already approved and can step into the second half of the year. By NESDB, estimates that government spending is expected to grow by 2.0 percent and public investment increased 0.3 percent, which would result in the private sector related to various government projects with investment increasing by the NESDB expects private investment in 2014 will grow at a rate of 3.8 percent.





- **Overview of the Electricity Industry in the Republic of the Union of Myanmar**

Rapidly increasing demand for electricity consumption in Myanmar occurred as a result of several factors such as the expansion of foreign investment after Myanmar is opening its door to the outside world as well as the sanctions policy of Western Countries and the United States becoming lenient. When considering the differences between Myanmar and Thailand in terms of land area and population to compare electricity generation capacity of both countries found that the two countries have similar land area and population, but the electricity generation capacity of Myanmar is lower than Thailand up to 10 times. Moreover, when considering performance of electric transmission systems of Myanmar major cities such as Rangoon revealed that there are losses on the system about 20%. For these reasons, Myanmar has been considered as one of AEC countries with the tremendous potential for investing in the electricity market.

Gunkul Engineering Public Company Limited has more than 17 years' experience supplying electrical equipment to Myanmar government agencies with the total sales volume over 110\$. At present, the company is investing on natural gas engine power plant with a capacity of 25 megawatts (MW) located at Rangoon. The company has been providing the electrical equipment and currently been studying on the probability of wind energy development. In order that, the company attempted to hedge exchange rate risk by treating all transaction that requires payment or receipt (settlement) in a foreign currencies such as EURO (EUR), US Dollars (USD) and so on. For the aspect of investing, due to all revenues come from the electric power plant operations are received in U.S. dollars which is the same currency to the currency investment resulted in low-loss from foreign exchange risk.

However, when considering the aspect of a legal system risk, Myanmar has just started opening up country so its legal system is still changing and improving to compatible with internationally-recognized standards. Over the past few years, there have been changes in the investment law to encourage foreign investors do business in Myanmar.

- **Outlook for power generation industry and electrical system in Thailand**

Thailand Power Development Plan for 2012-2030 (Revision 3) has been formulated within the framework of national energy policies as follows:-

- 1) The 20-Year Energy Efficiency Plan, which targets to “reduce the ratio of energy consumption to GDP by 25% within 20 years (2011-2030),” resulting in projections of declining power demand of the country due to energy conservation scheme and energy efficiency promotion.



- 2) The 10-Year Alternative Energy Development Plan (AEDP 2012-2021), which targets to “use renewable energy and alternative energy instead of fossil fuels by at least 25% within 10 years,” resulting in replacement of some power plants that are based on fossil fuels, such as coal and natural gas, by renewable energy power plants.

In addition, the government has policies to stimulate economy, causing the growth rate projection or GDP expansion of Thailand to improve. However, net peak power demand in 2030 is forecast to be approximately 52,256 mw, decreasing from that of the previous edition by 3,494 mw or 6.27%.

Added power generating capacity during 2012-2030 can be summarized as follows:-

- Total capacity as of December 2011	32,395 mw
- Total added capacity during 2012-2030	55,130 mw
- Total retired capacity during 2012-2030	-16,839 mw
- Grand total capacity as of 2030 year-end	70,686 mw

Power demand forecast based on national economic growth or GDP assumptions for 2011-2030 by the National Economic and Social Development Board dated 29 November 2011, which has also taken into account the government economic stimulus policy along with the effects of the great flood in late 2011, can be summarized as follows:-

Table: Economic forecast for 2011-2030

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP	1.5	5.0	5.1	5.7	6.0	5.1	4.7	4.1	4.2	4.3
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP	4.2	4.1	4.0	4.0	4.0	4.0	3.9	3.9	3.8	3.8

With the government policy targeting on increasing the share of renewable energy and alternative energy instead of fossil fuel by 25% within the next 10 years, Thailand Power Development Plan has added in it the renewable energy power plants of 14,580.4 MW. When include the said capacity to existing capacity of 6,340.2 mw and deductible by retired capacity of 374.3 mw, the net electricity generation from renewable energy at the end of the plan in 2030 will be 20,546.3 mw, accounting for 29% of total system capacity, divided into domestic renewable energy of 13,688.30 mw and renewable energy from neighboring countries of 6,858 mw, as follows:-



Type (unit : mw)	2012-2021	2022-2030
Solar power	1,806.4	1,995.7
Wind power	1,774.3	199.4
Hydropower (domestic and import)	3,061.4	2,742.5
Biomass	2,378.7	223.5
Biogas	22.1	24.1
Solid waste	334.5	17.8
<b>Total</b>	<b>9,377.4</b>	<b>5,203.0</b>

Source: The Energy Policy and Planning Office, Ministry of Energy

The added power generating capacity during 2012 - 2030 will be 55,130 mw, classified by types of power plants as follows:-

<b>1)</b>	<b>Renewable energy power plants</b>	<b>14,580</b>	<b>mw</b>
-	Domestic	9,481	mw
-	Purchased from abroad	5,099	mw
<b>2)</b>	<b>Cogeneration power plants</b>	<b>6,476</b>	<b>mw</b>
<b>3)</b>	<b>Combined cycle power plants</b>	<b>25,451</b>	<b>mw</b>
<b>4)</b>	<b>Thermal power plants</b>	<b>8,623</b>	<b>mw</b>
-	Clean-coal power plants	4,400	mw
-	Nuclear power plants	2,000	mw
-	Gas turbine power plants	750	mw
-	Purchased from abroad	1,473	mw
	<b>Total</b>	<b>55,130</b>	<b>mw</b>

## Overview of the business

- Business of electrical equipment**

Growth of the Company's business is directly related to the expansion of transmission and distribution of electricity, which depend on the demand for and supply of electrical power generation in Thailand. Related agencies, such as EGAT and EPPO, are responsible for forecasting future electricity demand of the country in the future and setting framework of the capacity development plan in order to support further planning of various development projects to accommodate increasing demand for electricity in the future. Information of electricity system development and expansion portrays the government's keen and continual investments electricity projects that worth more than a hundred billion baht. As a



result, the electrical equipment business in Thailand is on a growing trend according to the policies.

The electrical equipment business in the Company's main export markets, the Union of Myanmar in particular, tends to grow continually as well. This is contributed by construction of infrastructure and utilities for electricity manufacturing and distribution in order to support national economic expansion during 1985 - 2008. In this regard, the Union of Myanmar has invested in 21 projects of multi-scale voltage distribution systems with total distance of 1,946 kilometers, and 12 projects of substation construction with total production and distribution capacity of 1,450 mega volt ampere. In addition, Myanmar government plans to expand electricity production and distribution to other parts of the country by making additional investments in 41 projects of multi-scale voltage distribution systems with total distance of 8,454 kilometers and 8 projects of substation construction with total production and distribution of 4,000 mega volt ampere in the near future. As a result, demand for electrical system equipment in the Union of Myanmar is on a steadily growing trend.

- **Business of renewable energy equipment**

Growth of the Company's renewable energy equipment business is directly related to the renewable energy investment promotion of government sector. In the past 2-3 years, the government has been supporting renewable energy businesses through various policies, for example the Adder subsidy for purchase of electricity generated by renewable energy and the addition of electricity-generating mega wind turbine installation project in the 10th Thailand Power Development Plan for 2010-2030, etc. As a result of government's support and promotion of renewable energy business, the renewable energy equipment is on a growing trend, with government sector being the leader and supporter of investment.

- **Business of producing and slinging electricity generated by renewable energy**

Trend in production and sale of electricity from renewable energy in Thailand is in the same direction as renewable energy equipment business. However, it must rely on the government's investment because the cost of generating electricity from renewable energy is higher than electricity generation from other fuels. Electricity generation from solar energy costs as high as 8-10 baht per unit, so the production and sale of electricity from renewable energy are not worth investing. The production of electricity from renewable energy in the past was thus done by using waste materials such as solid waste, rice husks, or bagasse which were of lower costs. The capacity is quite low and sufficient just for limited use, so the electricity of this kind was commercially produced for sale. However, the government's



supportive schemes, especially the 2009 Plan's Adder subsidy for purchase of electricity generated from renewable energy, have made electrical power producers and various business sectors become more interested in investing in electricity generation from renewable or alternative energies, with aim to produce for sale to government agencies that have purchasing quotas for electricity generated from renewable energy.

As for production and sale of electricity from solar energy, Thailand Power Development Plan for 2012-2021 shows that solar-based electricity under Thailand's electricity objectives is as high as 20% of the total 9,377.4 mw electricity from renewable energy, or equal to 1,806.4 mw capacity. Moreover, Thailand is a country that has the potential to produce quite high amounts of solar-based electricity, since it is located near the equator and exposed to the sun throughout the year. With these factors, solar-based electricity production and selling business tends to grow steadily in the future.

- **Business of construction of renewable energy power plants**

The government's promotion of electricity from renewable energy including Thailand's potential to produce electricity from renewable energy have attracted the interest of domestic and oversea companies to invest in the business of producing electricity from renewable energy. Therefore, the Company's renewable energy power plant construction business will grow in line with sizes and quantities of such renewable energy power plants. As mentioned above, production of electricity from renewable energy in Thailand is still in its infancy and will grow more extensively owing to Thailand Power Development Plan for 2010 - 2030 (Revision 3)

## **Competition**

- **Businesses of manufacturing, supplying and selling equipment for electrical system and renewable energy system**

The Company's main clients are government agencies, state enterprises and large private companies. In general, customers will set criteria for qualifications of the operators who attend project biddings as well as consider the potential and experience of each bidder in supplying equipment for projects. The Company's management estimates that there are 8-10 operators considered as bidding competitors, some of them have assorted product categories. However, no operators have competitively full-range products as the Company and its subsidiaries. Being supplier and distributor of a wide variety of products, the Company therefore has these operators as its business partners.



Furthermore, electrical system is one of the country's main infrastructures. The government thus recognizes the importance of continual investment every year. As a result, the total market value of the business has been growing steadily in line with the government's investment policy. In the meantime, there are a few new operators entering the business because they must rely on funding and the ability to supply products that meet customers' requirements both in terms of quality and quantity. The competition in this business is therefore not severe.

The Company's group is renowned for product quality and variety. Being in business for over 30 years has contributed to the Company's expertise in procuring quality products from various trade partners both locally and abroad. The Company's manufacturing plants enable it to provide quality products under better cost control and thus outperform other operators who do not own manufacturing plants with flexibility of stocks that can be readily supplied to customers. The Group also seeks to fulfill varying needs of customers by focusing on product quality and constant research and development. Products manufactured by the Group's plants are not only listed with the Ministry of Industry and certified for industrial standards, thereby making the Group to have good relationships and win the trust of customers who have given the Group all-time patronage.

- **Business of producing and selling electricity**

Investing in projects of commercial production of solar-based electricity, private companies is bound by terms and conditions of electricity purchase agreements to produce and sell all the electricity to agencies related to electricity. As the Company gains revenue from selling all electricity produced to PEA, there is no competition in its electricity sale business.

Upon entering this business, operators or investors of electricity generation for sale to electricity agencies must initially meet the qualifications specified by said electricity agencies and the Ministry of Energy. Other technical information will be taken into consideration before sale agreements with electricity agencies are approved. Operators of this business require quite a large sum of investment for power plant construction. Consequently, the competition in the business of producing and selling solar-based electricity is not so intense. In addition, the PEA has postponed the acceptance of application for solar-based and wind-based electricity selling projects from VSPPs for the time being, and also reviewed the ratio of Adder subsidy for purchase of electricity, making it difficult for new operators to compete in this business.



- **Business of construction of renewable energy power plants**

At present, many construction companies, including those in overseas, have competed in the construction biddings. The Group is not only among the first to build both solar- and wind-based power plants in Thailand, but also own power plants, thereby having quite a high bargaining power with manufacturers of solar cell panels, wind turbines and other power plant equipment. Moreover, the Company has developed products and equipment for use in its own renewable energy power plants. All these give the Company a big advantage in terms of construction costs over other competitors, especially those from overseas who have to bear higher costs of hiring subcontractors in Thailand. The Company can also process the application of various permits necessary for power plant construction such as BOI and factory permit, and coordinate with electricity agencies and relevant government agencies, etc. Power plant operators are provided with convenient and smooth operations when choosing the Company's services.



## 13. Risk Factors

### 13.1 Dependence on client risks

- **Risks of dependence on government sector clients**

Major clients of the Company and its subsidiaries in government sector include the electricity-related agencies such as the Provincial Electricity Authority, the Metropolitan Electricity Authority and the Electricity Generating Authority of Thailand, which account for about 28% of the sales revenue of the Company and its subsidiaries in 2013. The revenue from sales to these customers is based on the government's budget for the development of production capacity and supply. If there is a change of the cabinet that results in alteration of electricity investment policy or any delay in approval of procurement for various projects, the Company's revenue in relation to these clients may be affected. Moreover, procurement processes of the government agencies are carried out mostly by competitive bids that sometimes involve many bidders. If the Company does not win the bids, it will lose revenue from these clients.

Investment in electricity capacity development and supply is regarded as investment in basic public infrastructure that grows continually. In times of economic expansion, the government sector needs to expand its public utilities to support the national growth and the increase of population and households. On the contrary, in times of economic slowdown, the government sector usually uses the public investment in infrastructure as a mechanism to stimulate economic recovery. So it can be said that the risks arising from the change of investment policy in the government power sector is quite low. As for the bids for government projects, they tend to be carried out separately according to product groups. The Company's products are not only of great variety, but also accredited by ISO 9001 quality standards. Many of them are registered with the Ministry of Industry as well as guaranteed by the tests of independent institutes, both domestically and internationally. Some of its products are certified by the Office of Industrial Standards (TIS) as well. The Company is therefore at an advantage when competing in bids for supply of products to the government agencies and state enterprises, which generally promote and encourage the procurement of products accredited and certified by the Ministry of Industry. For this reason, the risk that the Company may not be selected in a project bid of any type is low as well.





- **Risk of dependence on large clients**

In 2013, the company sold products to approximately 180 PEA offices in different areas for the value of 430.87 million baht or equal to 21.07% of the company's sale income according to consolidated financial statements.

Major customers of the company are regular customers who have maintained contact and business with the company for a long time and have a good relationship. Maintaining good standards of goods and services quality for over 30 years, the company is confident that it will continue to gain trust of customers. However, the company has a policy to reduce risk of dependence on any particular customer in each market, by constantly seeking new customers in order to expand customer base and to create more business opportunities and development of new products.

- **Risk of dependence on revenue from Myanmar**

In 2013, the Group had revenue from sales of equipment to Myanmar of 11.95 million baht, decreasing by 98% from 595 million baht volume in 2012, due mainly to the change of procurement policy from using foreign currencies to Myanmar currency (Kyatt) and not to be direct business partner with Myanmar government. The company considers that procurement according to this new policy has a risk of payment and exchange rate uncertainty of Kyat, which is highly volatile. Therefore, the Group undertakes businesses carefully by focusing on projects due directly with the government under foreign currency deals only. However, the Group plans to seek a long-term solution to meet the changing procurement policy, and is studying the feasibility of setting a branch in Myanmar.

In order to reduce dependence on revenue from Myanmar, the Group has a policy of market expansion into neighboring countries, such as Lao PDR, Vietnam, Cambodia and Malaysia. Moreover, the Group has a policy to undertake the business of power generation from renewable energy sources and the business of power plant construction, both in Myanmar and Thailand. In this regard, the Group gains the trust of Myanmar government and is thus assigned to conduct a feasibility study of wind power development project. So, the Group believes that its policy can reduce the risk of dependence on revenue from Myanmar.



However, the Group has a policy to prevent risk of dependence on any particular customer, by expanding customer base in public and private sector clients, including in export segment in order to soften the impact of possible decrease of purchase orders from any segment. The proportion of goods sold to each segment would vary from period to period. The company would consider factors that might affect order placements of each segment, such as electricity budget, related industrial circumstance and economic situation of Thailand and of customer countries, etc, in order to set an appropriate marketing policy for conditions in each period of time. For example, when the budget approval of government sector is slow, orders from customers in this sector will drop, and the Group will maintain its revenue size by focusing more on private sector and oversea clients. On the other hand, when private sector decreases investment, the Group will have orders from oversea customers and also government sector customers who use their budget to stimulate the economy. Therefore, diversification of customer segments can reduce risk of dependence on any single customer group, enabling the Group to maintain revenue scale in each period of time.

## 13.2 Risk of exchange rate fluctuation

As the nature of business of the Group involves export to and import from foreign countries, which are paid mostly in US dollar or euros, the Group might be affected by the fluctuation of exchange rates. It might have gains or losses on exchange rates if the date of purchase or sale is different from the date of the delivery or payment.

However, as the Group both makes import and export in foreign currency, it can reduce risk of exchange rate fluctuation on an extent. In case the dollar or euro is strong against baht, the Group will have increased income from foreign deals when the payment is converted into baht, yet the cost of imported raw materials will rise. Conversely, in case the dollar or euro weakens against baht, the Group will have decreased income from foreign deals upon currency conversion, and the cost of imported raw materials will drop.

The above characteristics are therefore regarded as prevention against fluctuations in exchange rates as follows:-

1. Planning of purchase orders and delivery (Natural Hedge). The Company will open a deposit account in foreign currency when the payments or sales are made in foreign currency. When the Group is paying for imported raw materials in the near future, the Company's management team will be assigned to



monitor changes in exchange rates and use the information to plan the purchase of raw materials and deliveries that are paid or received in foreign currency, to help reduce the risk of exchange rate (Natural Hedge).

2. Forward contracts

In 2013, the Group sold its products in foreign currency in the amount of 11.98 million baht, equal to 0.01% of total sales revenue of the Group, and purchased raw materials and goods from overseas in the amount of 89.12 million baht, equal to 5.69% of total value of raw materials and goods purchased by the Group over the same period. According to the consolidated financial statements as of 31 December 2013, the Company had debt liabilities in foreign currency of approximately 3.30 million US dollars and has secured forward contracts worth 0.52 million US dollars. In addition, it has managed the said exchange rates by seeking pertinent advice from financial institutions of which it use lending services, in order to decide on the appropriate and necessary schedule of the forward contracts. In this regard, the Treasury Committee is responsible for proposing the matters for approval by authorized persons, according to the size of transaction.

### 13.3 Possible risks to the power generation and supply business

- Risk of power generation performance

The ability to generate electricity of a solar power plant depends on two main parts, i.e. the quality of the solar panels and the amount of losses incurred in the electricity generation system. To prevent such risks, the Group uses solar panels from the top well-known companies such as Solar Frontier K.K. ("SF"), Wuxi Suntech Power Co., Ltd. ("Suntech") etc., which is regarded as one of the best manufacturers of quality solar panels recognized around the world.

For the construction and installation of various electrical system equipment, the Group has employed Schneider (Thailand) Limited ("SE"), a company under the Schneider group of France which is recognized for its experience and expertise in the field of electrical engineering equipment and installation of electronic control systems as well for power plant construction that processing in the beginning of 2012.

Since 2012 to the present, the Company has successfully realized its potential and proficiency in solar farm construction, developed the engineering team and subcontractors, as well as meticulously selected key equipment related



to solar farm construction from manufacturers who have delivery capability, proper after-sale services and warranty. As a result, the Company can reduce risks from dependence on large contractors in power plant construction, thus being a big step forward in the greater enhancement of managerial competitiveness, cost controlling and efficiency of power plant construction.

After the completion of solar farms, the Company's joint venture partners and other operators have placed trust in the Company with the signing of operation and maintenance agreements for power plants of 64-MW capacity in total, equal to 80% of the number of power plants built by the Company and making commercial sales. This enables the Company to comprehensively control and monitor the capacity of power supply and efficiency of solar farm operations, thereby mitigating risks from guarantee of minimum supply quantity of each project.

- **Risk of power supply**

The Group has signed a power purchase agreement with PEA for distribution of power at the amount specified in each contract. The contract is a Non-Firm type for reasons that in the generation of solar-base power, the amount of power generated each time cannot be specifically controlled. According to the agreement, the PEA will purchase all electricity produced by quantities specified for each project. The contract is five years from the date of signing the contract and automatically continues for a period of five years. The PEA does not have the right to terminate the agreement as long as the company complies with the conditions specified in the contract. Due to the said conditions and the contract party being a government agency, it is considered that the Group has no risk from the inability to generate and supply electrical power, or the inability to collect payments.

## **13.4 Risks from economic and political factors**

Thailand's economy in 2013 declined due to diminishing export, prolonged political problems, the corresponding lack of confidence among consumers and investors in tandem with global economic slowdown. Political stability and disputes among the people will remain oppressive factors that impede economic growth, either in investment or overall industrial expansion.



With apparent support from the government, the alternative energy business for solar farms continues to expand. However, the investment therein is wholly afflicted by the administrative instability during the current period of the “caretaker government” since it must await approval resolution of the cabinet. At an operational level, solar farm operators are affected because of the delay in their commercial sales of solar PV rooftop output as there is no one-stop service center, as previously stated in the government policy, to facilitate the application for relevant business licences.

With respect to alternative energy business for wind farms, the government has announced in 2013 to increase the purchase volume of wind-based power from 800 MW to 1,600 MW. This directly benefited the Company, as it has made investment in the Wind Energy Development Co., Ltd. (70% stake) that holds a 60-MW Power Purchase Agreement, and in the Greenovation Co., Ltd. (100% stake) that holds a 60-MW Power Purchase Agreement. Consequently, the Company plans to develop and construct wind farms of these two projects and make them ready for commercial operations around 2015 - 2016. At present, the Company has been fully prepared for the aforesaid projects, either in terms of funds, personnel, technologies of equipment befitting the construction of power plants, etc.

Political stability and disputes among the people will remain oppressive factors that impede economic growth, either in investment or overall industrial expansion.



## 14. General Information

### 14.1 General Information

Company's Name	: Gunkul Engineering Public Company Limited
Stock Quote	: GUNKUL
Company Registration	: 0107552000146
Head Office Address	: 1038-1046 Nakornchaisri Road, Nakornchaisri, Dusit Bangkok 10300
Telephone Number	: 0-2242-5800
Fax Number	: 0-2242-5878
Website	: <a href="http://www.gunkul.com">www.gunkul.com</a>
Email	: <a href="mailto:ir@gunkul.com">ir@gunkul.com</a>
Type of Business	: Manufacturing and supplying electrical products & renewable energy products, generating electrical power from renewable energy resources.
Sector	: Energy & Utilities
Industry	: Resources
Type of Issued Shares	: Common shares
Registered Capital	: THB 659,999,984.00
Paid-up Capital	: THB 659,999,929.00
Number of Shares	: 659,999,929 Shares
Par Value	: THB 1.00



## 14.2 Subsidiaries

Company Name	Type of Business	Registered Capital (THB)	Total Amount of Shares (Shares)	Par Value (THB)	Amount of Shares holding by GUNKUL (Shares)	% of Holding
1. G.K. Assembly Co., Ltd (GKA)	Manufacturing Electrical Products	200,000,000	2,000,000	100	1,999,998	99.99
2. G.K. Power Products Co., Ltd (GKP)	Manufacturing Electrical Products	100,000,000	100,000	1,000	99,998	99.99
3. K.N.P. Supply Co., Ltd. (KNP)	Supplying Electrical Products	50,000,000	500,000	100	499,998	99.99
4. Wind Energy Development Co., Ltd. (WED)	Generating Electrical Power	1,052,100,000	105,210,000	10	73,646,988	70.00
5. NK Power Sola Co., Ltd. (NKP) <sup>1)</sup>	Generating Electrical Power	2,600,000	Common Shares 23,060 Preferred Shares 2,940	100	Common Shares 9,799 Preferred Shares 2,940	48.99
6. Gunkul Solar Roof 1 Co., Ltd. (GSR-1)	Generating Electrical Power	1,000,000	10,000	100	9,997	99.97
7. Gunkul Solar Roof 2 Co., Ltd. (GSR-2)	Generating Electrical Power	1,000,000	10,000	100	9,997	99.97
8. Solar Energy Society Co., Ltd. (SES)	Generating Electrical Power	1,000,000	10,000	100	9,997	99.97
9. Bright Green Power Co., Ltd. (BGP)	Generating Electrical Power	1,000,000	10,000	100	9,997	99.97
10. Gunkul Power Development Co., Ltd. (GPD)	Engineering Procurement Construction	15,000,000	150,000	100	149,997	99.99
11. Gunkul Solar Power 1 Co., Ltd. (GSP-1)	Generating Electrical Power	1,000,000	10,000	100	9,997	99.97
12. Gunkul Solar Power 2 Co., Ltd. (GSP-2) <sup>2)</sup>	Generating Electrical Power	1,000,000	10,000	100	9,997	99.97
13. Siam Wind Energy Co., Ltd. (SWE)	Generating Electrical Power	1,000,000	10,000	100	4,000	40.00
14. Gunkul International (Mauritius) (GIM) <sup>3)</sup>	Oversea Investment	USD 200,000	200,000	USD 1	200,000	100.00



Company Name	Type of Business	Registered Capital (THB)	Total Amount of Shares (Shares)	Par Value (THB)	Amount of Shares holding by GUNKUL (Shares)	% of Holding
15. Gunkul Investment (Singapore) Pte. Ltd. (GIS) <sup>3)</sup>	Oversea Investment	SGD 200,000.00	200,000	SGD 1	200,000	100.00
16. Gunkul Myanmar Power (Hlawga) Pte. Ltd. (GMP) <sup>3)</sup>	Oversea Investment	SGD 150,000.00	150,000	SGD 1	150,000	100.00

#### Remarks

- <sup>1)</sup> GUNKUL is one of shareholder of N.K. Power Solar Co., Ltd. by holding 9,799 common shares and 2,940 preferred shares. The right of voting for common share is one share per one vote and preferred share is one share per 20 votes.
- <sup>2)</sup> The registered capital of the above subsidiary company as at 17<sup>th</sup> February 2014 is THB 16,000,000.00 in total amount of 160,000 shares that holding by GUNKUL in amount of 159,997 shares equal to 99.97 percent.
- <sup>3)</sup> GUNKUL is shareholder of GIM by holding 100.00 percent of shares and GIM holds in GIS at 100.00 percent of shares and GIS hold in GIM at 100.00 percent of shares.

## 14.3 Associated Companies and Joint Venture

Company Name	Type of Business	Registered Capital (THB)	Total Amount of Shares (Shares)	Par Value (THB)	Amount of Shares holding by GUNKUL (Shares)	% of Holding
1. G-Power Source Co., Ltd. (GPS)	Generating Electrical Power	930,000,000	9,300,000	100	3,719,998	40.00
2. Gunkul Chubu Powergen Co., Ltd. (GCPG)	Generating Electrical Power	992,000,000	9,920,000	100	5,059,195	51.00
3. Siam Gunkul Solar Energy Co., Ltd. (SGSE)	Generating Electrical Power	1,000,000	10,000	100	4,997	49.97
4. WHA Gunkul Green Solar Roof 1 Co., Ltd. (WHA_GSR-1)	Generating Electrical Power	11,500,000	1,150,000	10	287,615	25.01
5. WHA Gunkul Green Solar Roof 2 Co., Ltd. (WHA_GSR-2)	Generating Electrical Power	1,000,000	100,000	10	25,010	25.01
6. WHA Gunkul Green Solar Roof 3 Co., Ltd. (WHA_GSR-3)	Generating Electrical Power	14,500,000	1,450,000	10	362,645	25.01





Company Name	Type of Business	Registered Capital (THB)	Total Amount of Shares (Shares)	Par Value (THB)	Amount of Shares holding by GUNKUL (Shares)	% of Holding
7. WHA Gunkul Green Solar Roof 4 Co., Ltd. (WHA_GSR-4)	Generating Electrical Power	1,000,000	100,000	10	25,010	25.01
8. WHA Gunkul Green Solar Roof 5 Co., Ltd. (WHA_GSR-5)	Generating Electrical Power	1,000,000	100,000	10	25,010	25.01
9. WHA Gunkul Green Solar Roof 6 Co., Ltd. (WHA_GSR-6)	Generating Electrical Power	14,500,000	1,450,000	10	362,645	25.01
10. WHA Gunkul Green Solar Roof 8 Co., Ltd. (WHA_GSR-8)	Generating Electrical Power	100,000	10,000	10	2,501	25.01
11. WHA Gunkul Green Solar Roof 9 Co., Ltd. (WHA_GSR-9)	Generating Electrical Power	100,000	10,000	10	387,655	25.01
12. WHA Gunkul Green Solar Roof 10 Co., Ltd. (WHA_GSR-10)	Generating Electrical Power	15,500,000	1,550,000	10	387,655	25.01
13. WHA Gunkul Green Solar Roof 16 Co., Ltd. (WHA_GSR-16)	Generating Electrical Power	100,000	10,000	10	2,501	25.01
14. WHA Gunkul Green Solar Roof 17 Co., Ltd. (WHA_GSR-17)	Generating Electrical Power	16,000,000	1,600,000	10	400,160	25.01



## 14.4 Other References

<b>Regulator</b>	The Securities and Exchange Commission, Thailand (SEC) 333/3 Vibhavadi-Rangsit Road, Chomphon, Chatuchak Bangkok 10900, Thailand Tel. 0-2695 9999, 0-2263-6499 Fax. 0-2695-9660
<b>Regulator</b>	The Stock Exchange of Thailand (SET) 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. 0-2229-2000, 0-2654-5656 Fax. 0-2229-2030, 0-2654-5649
<b>Share Registrar</b>	Thailand Securities Depository Company Limited (TSD) 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. 0-2229-2800 Fax. 0-2359-1259
<b>Auditor</b>	SP Audit Company Limited 503/21 12 <sup>th</sup> Floor, K.S.L. Tower, Sriyudhya Road, Phyathai, Ratchathewi, Bangkok 10400 Tel. 0-2642-6172-4 Fax. 0-2642-6253
<b>Legal Advisor</b>	Weerawong, Chinnavat & Peangpanor Ltd. 540 Mercury Tower, 22 <sup>nd</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok Tel. 0-2264-8000 Fax. 0-2657-2222



# 15. Capital Structure and Shareholders

## 15.1 Capital

As of December 31, 2013, the Company had registered capital of THB 659,999,984 and had paid-up capital of THB 659,999,929 divided into 659,999,929 shares at par value of THB 1.00.

## 15.2 Shareholders

Top ten major shareholders of the Company as of February 4, 2014, the latest closing date of share registration book is as the following.

No.	Shareholder Name	Number of Share	Percentage
1.	Dhumrongpiyawut Family Group		
	- Gunkul Group Company Limited	395,770,650	59.97
	- Mr.Gunkul Dhumrongpiyawut	195,360	0.03
	- Miss Naruechon Dhumrongpiyawut	33,000	0.01
	Total Number of Share Holding by Dhumrongpiyawut Family Group	395,999,010	60.00
2.	UOB KAY HIAN (HONG KONG) LIMITED - Client Account	30,000,300	4.55
3.	Miss Nanpapatr Piyapootinun	15,405,450	2.33
4.	CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	15,000,150	2.27
5.	Mr.Khanaphat Jirakasemphong	15,000,150	2.27
6.	M.R. Chatu Mongol Sonakul	5,400,000	0.82
7.	Thai NVDR Co., Ltd.	4,487,700	0.68
8.	Mr.Prakin Sricharoen	3,128,245	0.47
9.	Muang Thai Life Assurance Public Company Limited	3,000,000	0.45
10.	Miss Charom Khongsomphoch	2,706,665	0.41
	<b>Total</b>	<b>490,127,670</b>	<b>74.26</b>

Gunkul Group Company Limited is the holding company with paid-up capital of 110.00 million baht as of December 31, 2013. Major shareholder is Dhumrongpiyawut family with 99.64% stake in Gunkul Group.



Name		Number of Share	%
1.	Dhumrongpiyawut Family Group		
1.1	Mr.Gunkul Dhumrongpiyawut	254,000	23.09
1.2	Miss Naruechon Dhumrongpiyawut	211,000	19.18
1.3	Mr.Pawich Dhumrongpiyawut	211,000	19.18
1.4	Miss Sopacha Dhumrongpiyawut	210,000	19.09
1.5	Master Arpakorn Dhumrongpiyawut	210,000	19.09
2.	Mr.Chaloempon Sricharoen	3,000	0.28
3.	Miss Nanpapatr Piyapootinun	1,000	0.09
Total		1,100,000	100.00

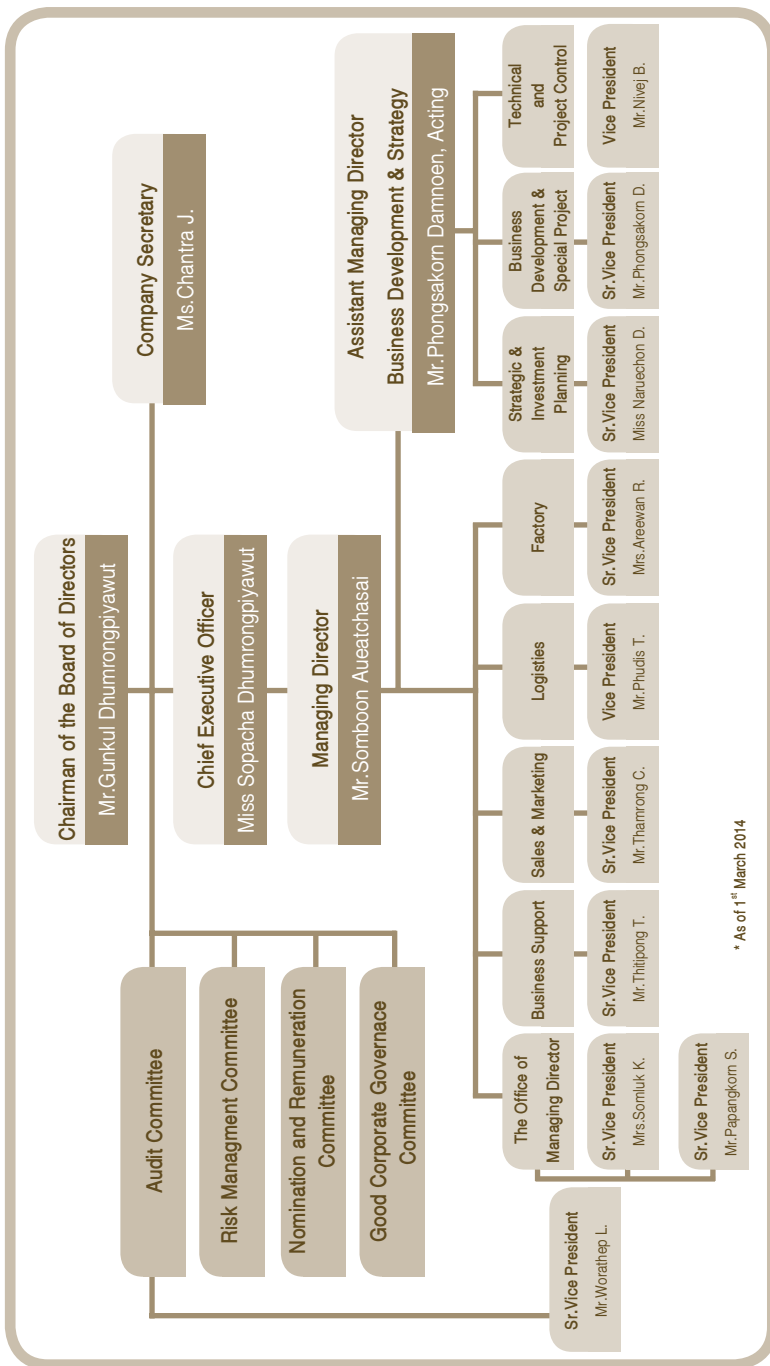
### 15.3 Dividend Payment Policy

The Company has dividend payout ratio of at least 40% of net profit of the Company only (unconsolidated basis) in which net profit is after deducting corporate tax, legal reserve and other reserves. However, the Company may pay dividend less than mentioned above if necessity i.e. more working capital required, aggressive expansion plan, or else. The board resolution on dividend payment is needed to propose to shareholders' meeting for approval, except interim dividend in which board can go ahead and report to shareholders later.

The Company's subsidiaries also has dividend payout ratio of at least 40% of net profit after deducting corporate tax, legal reserve and other reserves. There are another four factors, cash flow analysis, financial status, liquidity and expansion plan, taking into account on how much dividend to pay.



## 16. Management Structure



\* As of 1<sup>st</sup> March 2014



The Company's management structure comprises of board of directors and executives in which board of directors comes from independent directors, non-executive directors and executive directors. Independent directors represent one third of board of directors.

## 16.1 Board of Directors

As of December 31, 2013, board of directors comprised of nine persons as follows;

Name		Position
1. Mr.Gunkul	Dhumrongpiyawut	Chairman of the Board
2. Mr.Sathaporn	Kotheeranurak	Independent Directors Chairman of the Audit Committee Member of the Risk Management Committee
3. Pol. Maj. Gen. Visit	Sukarasep	Independent Directors Chairman of the Nomination and Remuneration Committee Member of the Audit Committee
4. Mr.Sombat	Santijaree	Independent Directors Chairman of the Good Corporate Governance Committee Member of the Audit Committee
5. Ms Sopacha	Dhumrongpiyawut	Director Chief Executive Officer Member of the Risk Management Committee
6. Mr.Somboon	Aueatchasai	Director Executive Director Managing Director
7. Ms Naruechon	Dhumrongpiyawut	Director Executive Director
8. Mr.Chaloempon	Sricharoen	Director Executive Director
9. Mrs.Areewan	Roonpraphan	Director Executive Director

### Authorized Directors

Authorized director who can sign documents that will have impact to the Company is Mr.Gunkul Dhumrongpiyawut or Miss Sopacha Dhumrongpiyawut or Miss Naruechon Dhumrongpiyawut gives signature together with another two signatures from Mr.Somboon Aueatchasai or Mrs.Areewan Roonpraphan or Mr.Chaloempon Sricharoen and then gets the Company's stamp.

Or Mrs. Areewan Roonpraphan, Mr.Chaloempon Sricharoen and Mr.Somboon Aueatchasai all sign their names and get the Company's stamp.

### Scope of Authority of Board of Directors

- 1) Supervise and determine key policies related to core operations, finances, fund raisings, capital management and risk management
- 2) Consider investment regarding investment budget for investment projects and monitor those projects to be in line as planned
- 3) Monitor the Company's operations to meet or to exceed its goal and set solutions to solve problems if any
- 4) Report general and financial information to shareholders, stakeholders and general investors properly, timely and legally.
- 5) Acknowledge audited reports from audit committee and or internal control units including accounting audit and advisors and propose solutions if there is any problem
- 6) Review the Company's internal control and risk management
- 7) Prepare process to select top management in accordance with succession plan
- 8) Appoint audit committee and give audit committee the scope of power
- 9) Appoint director(s) to be as the Company's representative from board of directors. Representative, however, has no power to approve transactions that representative or person that may have conflict ("person that may have conflict" is the same definition as mentioned in Stock Exchange Commission regulation) may have conflict of interest with the Company or the Company's subsidiaries.

This is an exception for transaction that gets approval from shareholders' meeting. Director or person who may have conflict of interest who approves this transaction will not have right to vote on following subjects;

- Subject that is required approval from shareholders' meeting
- Transaction that is required by law to get approval from shareholders' meeting
- Moreover, the following transactions are needed to have approval from board of directors' meeting and shareholders' meeting by gaining at least three forth of total voting rights in the meeting.
  - Sell or transfer whole or partial business to other persons
  - Do, correct or stop contract to rent the whole or partial business to others. Assign other people to manage business or to merge business with others with aim to share profit and loss
  - Issue new shares to creditors on the debt-to-equity plan



- Reduce registered capital by reducing number of shares or reducing par value
- Capital increase, capital reduction, debenture issuance, acquisition or divestment
- Other subjects that are required by law

## 16.2 Executives

As of December 31, 2013, there were 12 executives as follows;

Name		Position
1. Miss Sopacha	Dhumrongpiyawut	Chief Executive Officer
2. Mr.Somboon	Aueatchasai	Managing Director
3. Mrs.Areewan	Roonpraphan	Senior Vice President, Factory
4. Mrs.Somluk	Kanunghet	Senior Vice President, Executive Office
5. Mr.Papangkorn	Sakulvorakarn <sup>(1)</sup>	Senior Vice President, System Development and Control
6. Mr.Worathep	Luengsirapornchai	Senior Vice President, Internal Audit
7. Mr.Thamrong	Chankraithong	Senior Vice President, Sales and Marketing
8. Mr.Phongsakorn	Damnoen	Senior Vice President, Business Development & Special Project
9. Mr.Thitipong	Techaratanayuenyong <sup>(2)</sup>	Senior Vice President, Business Support and CFO
10. Mr.Phudis	Traivilassakul	Vice President, Logistics
11. Mr.Nivej	Boonwichai	Vice President, Technical and Project Control
12. Miss Naruechon	Dhumrongpiyawut	Vice President, Strategic Planning & Investment
13. Miss Sutthirat	Tangnorakul	Manager, Accounting Department

<sup>(1)</sup> Mr.Papangkorn Sakulvorakarn was transferred to the position of Senior Vice President, Business Support to the Senior Vice President, System Development and Control on 4<sup>th</sup> March 2014

<sup>(2)</sup> Mr.Thitipong Techaratanayuenyong takes a position of Senior Vice President, Business Support and CFO on 3rd January 2014.

### Scope of Authority of Managing Director

- 1) Control and supervise operations/general management
- 2) Do as per policy set to meet budget approved by board of directors or executive committee
- 3) Have authority to approve disbursement budget for acquiring assets and services that will have benefit to company in which such authority is for general transaction on trade with limited budget set by board of directors



- 4) Have authority to set order, rule, announcement and memorandum to make things done accordingly to company policy, benefit and rules & regulations
- 5) Have authority to do and to show as company representative to outside persons to handle task that is useful to company
- 6) Approve appointment of necessary advisors
- 7) Get assignment to manage company to be in line goal, rules & regulations, policy, announcement, resolutions from shareholders' meeting and/or resolutions from board of directors' meeting

Regarding authority assignment to managing director and other authority assignment done by managing director, this does not include authority and/or authority assignment to approve transaction that managing director or related persons may have conflict of interest (based on rules from Stock Exchange of Thailand) to company and/or subsidiaries. Above transaction is needed to propose to board of directors' meeting and/or shareholders' meeting for consideration and approval to be in line with rules and regulations. An exception comes from general trade transaction set by company's policy and criteria.

### Financial Budget Approval

Board of directors has power to approve financial budget as follow;

Authorization		Related Transaction (Million Baht)	Sale/ Purchase/ Transfer for Assets (Million Baht)	Sale/Purchase for Goods, Material and Services in normal business/ agreement obligated in business (Million Baht)	Loan Agreement/ Guarantee and Financial Obligation (Million Baht)
1. Board of Director (The resolution is not less than half of total votes)		> 200	> 200	> 500	> 500
2. Audit Committee		> 150	-	-	-
3. Executive Committee		> 100 - 150	> 100 - 200	> 200 - 500	> 200 - 500
4. Chief Executive Officer	Under Budget (approved)	> 20 - 100	> 20 - 100	> 100 - 200	> 50 - 200
	Off-Budget	> 5 - 20	> 5 - 20	> 10 - 100	> 10 - 100
5. Managing Director	Under Budget (approved)	20	20	100	50
	Off-Budget	5	5	10	10



## 16.3 Company Secretary

Board of directors' meeting (13/2551) dated October 27, 2008, approved appointment of Miss Chantira Jongjamareeseethong as Company Secretary, effective since October 27, 2008. Such person has education, knowledge, experience and responsibility to do secretary job with aim to make things done in line with rules & regulations and corporate governance.

### Scope of authority of company secretary

1. Coordinate to make meetings of company and shareholders in tandem with corporate governance and rules & regulations like Stock Exchange of Thailand Act and Public Company Act Por Sor 2535.
2. Respond to information disclosure of company to comply with rules from Stock Exchange of Thailand, Stock Exchange Commission and other related authorities
3. Give basic advice to board of directors and management executives on things to comply with rules from Stock Exchange of Thailand, Stock Exchange Commission and other related authorities
4. Prepare and keep significant documents like director register, board of directors' meeting letter, board of directors' report, company's annual report, shareholders' meeting letter, shareholders' meeting report and conflict of interest report by directors and executives
5. Monitor board of directors' activities to make things done effectively, efficiently and best to company
6. Coordinate to make resolutions from board of directors and shareholders' meeting fulfilled
7. Do other jobs assigned by board of directors

In addition, with focus on corporate governance, the Company sent Miss Chantira Jongjamareeseethong to take Company Secretary Program (28/2008) and Effective Minute Taking-EMT Course (12/2008) held by Thai Institute of Directors (IOD) and other courses for supporting to the Board of Directors.



## 16.4 Remuneration and meeting of committee

### 16.4.1 Cash Remuneration

#### (1) Remuneration for Directors and meeting

The Company has clear and transparent policy on remuneration for directors. Remuneration committee will consider and propose directors' remuneration to board of directors and then to shareholders' meeting for approval. Remuneration paid here is competitive compared to that with other listed companies in energy sector. Director who gets assignment to be in audit committee and executive committee will get more compensations as more works loaded.

Remuneration for directors and sub-committee comprises of meeting fee and annual compensation details are as follow;

#### Remuneration

Position	Board of Directors	Audit Committee	Good Corporate Governance Committee	Risk Management	Nomination and Remuneration Committee	Management Committee
1. Chairman	20,000	20,000	12,500	12,500	12,500	7,500
2. Member	17,000	17,000	10,000	10,000	10,000	5,000
3. Secretary of Committee	5,000	5,000	5,000	5,000	5,000	-

**Remark** : In case the independent directors have been appointed as Chairman of the Board. To be eligible for payment of meeting fee only one location in each of the top position.

#### Yearly Remuneration Fee

Position	Board of Directors	Audit Committee	Good Corporate Governance Committee	Risk Management	Nomination and Remuneration Committee	Management Committee
1. Chairman	500,000	240,000	100,000	100,000	100,000	500,000
2. Member	200,000	200,000	50,000	50,000	50,000	200,000
3. Secretary of Committee	50,000	50,000	25,000	25,000	25,000	-
4. Company Secretary	100,000	-	-	-	-	-

**Remark** : In case the independent directors have been appointed as Chairman of the Board., to be eligible for payment of annual compensation only one location in each of the top position.



## Bonus Remuneration Fee

Position	Board of Directors	Audit Committee	Good Corporate Governance Committee	Risk Management	Nomination and Remuneration Committee	Management Committee
1. Chairman of the Board	<p><u>Criteria of Bonus Payment</u></p> <p>1. Not exceeding 1 percent of total comprehensive income attributable to Equity holders of separated financial statement of the Company.</p> <p>1.1 Deduct Gain from foreign exchange before tax</p> <p>1.2 Deduct Gain from asset divestment before tax</p> <p>1.3 Deduct Revenue or profit from special income before tax</p> <p>1.4 If director is in committee more than one committee, the bonus payment from the committee that receive the highest payment.</p> <p>2. Calculation:</p> <p>2.1 Fixed bonus payment in amount of THB 1,500,000 for Chairman of the Board of Director.</p> <p>2.2 Total bonus of each committee</p> <p>Total amount from No. 1 - Total amount from No. 2.1 is equal to balance of bonus which will be paid the Director by considering the number of attendance from meeting of each committee divided by total number of meeting from every committees as shown in formula as follows:</p> $A = \frac{(\text{Total amount from No. 1} - \text{Total amount from No. 2.1}) \times \text{Number of attendance from meeting of each committee}}{\text{Total number of meeting from every committees}}$ <p>2.3 Individual Bonus for each committee</p> $\text{Individual Bonus} = \frac{\text{Total bonus of each committee (A)}}{\text{number of member in each committee}}$					
2. President						
3. Chairman of Any Committee						
<u>Except</u>						
Chairman of the Board and						
President						
4. Managing Director						
5. Management Directors						
6. Director of Any Committee						
<u>Except</u>						
Management Directors						

**Remark :** the maximum of the all compensation payment is set as follows:

<sup>1)</sup> Chairman of the Board of Directors	Maximum Payment	THB 2,500,000
<sup>2)</sup> President	Maximum Payment	THB 1,800,000
<sup>3)</sup> Chairman of any committee (Except: Chairman of the Board of Director and President)	Maximum Payment	THB 1,000,000
<sup>4)</sup> Managing Director	Maximum Payment	THB 1,000,000
<sup>5)</sup> Executive Directors	Maximum Payment	THB 800,000
<sup>6)</sup> Director of Any Committee (Except: Executives Director)	Maximum Payment	THB 400,000

If director is in committee more than one committee, the any remuneration including Conference Remuneration Fee, Yearly Remuneration Fee and Bonus Remuneration Fee should not exceeded the highest remuneration from committee which the director take position of.



Board of Directors and sub-committees have scheduled meetings throughout the year, usually on a quarterly and and special meetings as necessary. The agenda setting clear and sent notice of the meeting and the agenda for the Board of Directors at least seven days, and the meeting prior to the Board of Directors have the adequate information before the meeting. Chairman made responsible for allocating sufficient time to present the document and information management is an important issue for discussion. The quarterly meeting the majority also attending, unless it is an urgent mission.





For 2012 and 2013 the total remuneration 6,356,078.00 Bath and 7,272,884.83 Bath respectively, the details of the remuneration and the attendance of each director, summarized as follows.

No.	Name	Start position	Number of months served	Attending meetings of the various committees														Remuneration for 2012 <sup>a</sup>		Remuneration for 2013 <sup>a</sup>		
				Board of Directors		Audit Committee <sup>(1)</sup>		Good Corporate Governance Committee <sup>(1)</sup>		Risk Management		Nomination and Remuneration Committee		Executive Committee		Board of Directors	Sub-committees <sup>b</sup>	Total Remuneration	Board of Directors	Sub-committees <sup>b</sup>	Total Remuneration	
Board of Directors																						
1.	Mr.Gurkul Dhummongplawut	27 October 2008	12	99	7/9					1/1				16/16		367,784	598,636	966,430.00	912,884.83	-	912,884.83	
2.	Mr.Sittaporn Kotheeranur <sup>a</sup>	27 October 2008	12	99	9/9	5/5	6/6			1/1	4/4					353/300	309,035	662,035.00	353,000.00	445,000.00	798,000.00	
3.	Pol. Maj. Gen. Visit Sukasarp <sup>a</sup>	16 March 2009	12	99	9/9	5/5	6/6					1/1	5/5			353/300	306,981	659,981.00	353,000.00	454,500.00	807,500.00	
4.	Mr.Sombal Sanjaree <sup>a,b</sup>	9 November 2012	2	12	9/9	2/2	6/6	2/2	3/3							79/982	62,962	142,924.00	353,000.00	499,500.00	792,500.00	
5.	Ms.Sapacha Dhummongplawut <sup>a,b</sup>	27 October 2008	12	99	9/9					2/2	3/4	1/1		16/16	25/25	353/300	350,945	703,945.00	353,000.00	481,917.81	954,917.81	
6.	Mr.Somboon Aueathasai	7 May 2010	12	99	9/9					1/1				16/16	25/25	448/300	242,760	690,760.00	448,000.00	200,000.00	648,000.00	
7.	Ms.Nauechon Dhummongplawut	27 October 2008	12	99	9/9									16/16	25/25	353/300	200,000	553,000.00	353,000.00	200,000.00	553,000.00	
8.	Mr.Chalernpon Sichanen	27 October 2008	12	99	8/9									16/16	25/25	353/300	200,000	553,000.00	336,000.00	200,000.00	536,000.00	
9.	Mrs.Aweewan Roonphan	27 October 2008	12	99	9/9									16/16	25/25	353/300	200,000	553,000.00	353,000.00	200,000.00	553,000.00	
10.	AMM.Dr.Pan Torarong <sup>(1)</sup>	9 November 2012	2	12						1/1	4/4				-	12/241	12,241.00	-	118,082.19	118,082.19		
11.	Mr.Papanglom Sakulvornkam	27 October 2008	12	12						2/2	4/4					-	83/300	83,000.00	-	128,000.00	128,000.00	
12.	Mr.Decha Chodigorn <sup>a</sup>	9 November 2012	2	12								1/1	5/5			-	12/241	12,241.00	-	90,000.00	90,000.00	
13.	Mr.Charan Lerthitserapoj <sup>a</sup>	9 November 2012	2	12								1/1	4/5			-	12/241	12,241.00	-	85,000.00	85,000.00	
14.	Mrs.Somluk Kanuegphet	27 October 2008	12	12								2/2	5/5			-	83/300	83,000.00	-	136,000.00	136,000.00	
15.	Mr.Phongthep Thitapan <sup>a,b</sup>	25 February 2013	-	10				-	3/3							-	-	-	-	80,000.00	80,000.00	
16.	Mr.Somchai Trirataneaprom <sup>a,b</sup>	25 February 2013	-	10				-	3/3							-	-	-	-	80,000.00	80,000.00	

No.	Name	Start position	Number of months served.		Attending meetings of the various committees												Remuneration for 2012 <sup>2</sup>			Remuneration for 2013 <sup>3</sup>		
					Board of Directors	Audit Committee <sup>4)</sup>		Good Corporate Governance Committee <sup>5)</sup>		Risk Management		Nomination and Remuneration Committee		Executive Committee		Total	Board of Directors	Sub-committees <sup>3</sup>	Total	Board of Directors	Sub-committees <sup>3</sup>	Total
			2012	2013	(9 Times/ Year)	(9 Times/ Year)	(5 Times/ Year)	(2 Times/ Year)	(3 Times/ Year)	(2 Times/ Year)	(4 Times/ Year)	(2 Times/ Year)	(5 Times/ Year)	(16 Times/ Year)	(25 Times/ Year)							
1.	Dr.Ekapol Rakkwansuk	27 October 2008	9	-	6.6		3.3										300,000	240,000	540,000.00	-	-	-
2.	Mr.Thamrong Charaklathong	25 May 2009	10	-						1/1		1/1				85,520	-	85,520.00	-	-	-	-
3.	Mr.Phongsakorn Damoen	11 February 2011	10	-								1/1				42,760	-	42,760.00	-	-	-	-
																3,313,756	3,042,322	6,356,078.00	3,814,884	833,458	0.00	7,272,884.83

<sup>1)</sup> In 2013, as the resolution of the Board of Directors No.1/2013 dated January 15, 2013, to change the name of "The Audit and Corporate Governance Committee" to "The Audit Committee" and also appointed an additional committee to be "The Good Corporate Governance Committee".

<sup>2)</sup> Company will pay annual compensation for one time/year and the annual compensation for 2013 will be paid in the year 2014 and for 2014 will be paid in 2015 year.

<sup>3)</sup> The allowance of meeting attendance and annual compensation for the sub-committee who attended the meetings and served as member of the committees. However, 6 executive directors who are members of Executive Committee had an attention by not receiving the meeting allowance as attendance in the Executives Committee's meetings in the year of 2012 in the total of 604,500 baht and also in the total of 812,500 baht for 5 executives in the year of 2013.

<sup>4)</sup> As the resolution of the Board of Directors No. 1/2013 date January 2013, Mr.Sombat Sanijaree has been appointed as the Chairman of the Good Corporate Governance Committee and as the resolution of the Board of Directors No. 2/2556, Mr.Phongthep Thitapan and Mr.Somchai Tiratanaprom has been appointed as members of the Good Corporate Governance Committee. In selection and appointment of director, chairman of the board or committee, member of committee and executives should be considered by the Nomination and Remuneration Committee before proposing to the Board of Directors for consideration.

<sup>5)</sup> Independent Director/ No Conflict of Interest or taking position of executive in the company.



## (2) Remuneration for Management Executive

In 2012, the Company had 11 executives, 4 were executives and directors and 7 were executives only.

In 2013, the Company had 12 executives, 4 were executives and directors and 9 were executives only. Remuneration payment is as follow;

(Unit : Baht)

Remuneration to management	Executives and Directors				Executive Only			
	2011		2012		2011		2012	
	No. of persons	Remuneration	No. of persons	Remuneration	No. of persons	Remuneration	No. of persons	Remuneration
Total salary	4	7,676,133	4	12,780,000	7	8,051,754	8	10,523,220
Total bonus	4	2,533,940	4	3,100,000	7	1,319,931	8	1,365,305
<b>Total</b>	<b>4</b>	<b>10,210,073</b>	<b>4</b>	<b>15,880,000</b>	<b>7</b>	<b>9,371,685</b>	<b>8</b>	<b>11,888,525</b>

### 16.4.2 Non-cash remuneration

- None -

## 16.5 Personnel

- Total employees of the Company and subsidiaries as of December 31, 2013
  - Permanent employees 382 persons
  - Temporary employees 99 persons
- Employee remuneration
  - In 2013, cash remuneration of employees of the Company and subsidiaries comprised of salary, bonus and Pension fund money with combined amount of 145,226,406.74 baht

Unit : baht	2012	2013
Salary	97,706,372.35	122,965,896.29
Bonus	21,563,510.37	18,572,936.00
Pension fund money	4,998,446.78	3,687,574.45
<b>Total</b>	<b>124,268,329.50</b>	<b>145,226,406.74</b>

- Labor dispute over the past three years
  - None -



#### 4. Personnel development policy

The Company has policy to develop staff with aim to support them to grow in the organization and require staff to work happily so they can create productivity which is good to company for sustainable growth.

The Company sets human resources development plan by using competency and KPIs as data to set training course to improve working skill. Followings are training courses provided to various levels of staff;

- Management Company wants management to clearly understand corporate management, vision, and strategy, so they can set up integrated corporate strategy for company resulting in competitive advantage by providing training courses on planning, strategy and management for top executives.
- Dept. Head Company wants to create skill on preliminary management and job responsibility so head of department can fulfill corporate strategic plan and use this skill to manage contolee. Training courses involve leadership, teamwork and basic management skill to head of department so they can apply to use with employees.
- Employee Company wants employees to have knowledge and understand their roles and responsibility so they can improve their performance. Training courses focus on operating skill and working environment like primary work, presentation suggestion and rules and regulations.

The company's policy of continuously development for employees' knowledge and capability is main mission of corporation to stand up for increasing their skill and to be professional in their jobs.

On management structure policy, the Company group has policy to promote on annual basis for capable employees in accordance with career path policy. In addition, the Company group also supports employees to participate in sustainable quality development like expressing opinions to develop work and having skill test.

For directors and top executives, the Company group continuously supports them to participate training courses held by Thai Institute of Directors (IOD) and others to improve understanding of roles, responsibility and skill in management as being company directors and executives that continuously knowledge will be most useful for the company's improving.



# 17. Details of the Board of Directors and Executives

## 17.1 Details of Directors and Executives

Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
1. <b>Mr. Gunkul Dhumrongpiyawut</b> Director with Authority to sign on behalf of the Company Chairman of the Board of Directors Director (27 <sup>th</sup> October 2008)	58	- Honorary Master of Engineering Western University in 2010 - Leader Program 15/2012 Capital Market Academy - Director Certification Program (DCP) 111/2008 Thai Institute of Director (IOD) - Director Accreditation Program (DAP) 70/2008 Thai Institute of Director (IOD) - Managing Finance for Business Owners by Peter Ho - Secrets to Doubling Your Sales, Productivity & Profits Programme	0.03	Husband of Miss Sopacha Dhumrongpiyawut and Father of Miss Nareuchon Dhumrongpiyawut	2012-Present	Chairman of the Board of Directors	Gunkul Engineering Public Company Limited
					1982-2012	President	Gunkul Engineering Public Company Limited
					1991-Present	Director	Gunkul Group Company Limited
					1996-Present	Director	Gunkul Marine Line Company Limited
					2000-Present	Director	Gunkul Engineering (2000) Company Limited
					1994-Present	Director	G.M. Supply and Construction Company Limited
					2009-2013	Director	Gunkul Powergen Company Limited (Currently : Gunkul Chubu Powergen Company Limited) K.N.P Supply Company Limited
2. <b>Mr. Sathaporn Kotheeraturak</b> Independent Directors Chairman of the Audit Committee Member of the Risk Management Committee (27 <sup>th</sup> October 2008)	57	- Master of Business Administration Chulalongkorn University - Diploma in Auditing Thammasat University - Bachelor in Accounting Rajamangala University of Technology Thanyaburi - Certified Public Accountant (CPA) Certificate No. 3349 - Certified Professional Internal Auditor (CPIA)	-	None	2012-Present	Chairman of the Audit Committee / Independent Directors / Member of Risk Management Committee	Gunkul Engineering Public Company Limited
					2012-Present	Audit Committee / Independent Director	Kaset Thai International Sugar Corporation Public Company Limited
					2009-Present	Chairman of the Audit Committee / Independent Directors	Surapon Foods Public Company Limited
					2005-Present	Audit Committee / Independent Director	Star Sanitaryware Public Company Limited
					2008-2012	Audit Committee / Independent Director	Gunkul Engineering Public Company Limited
					2009-2011	Chairman of the Audit Committee / Independent Directors	Interlink Communication Public Company Limited



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
2. Mr.Sathaporn Kotheeranurak (Continued)		<ul style="list-style-type: none"> <li>- Degree in WorPorOr 2005 National Defense College</li> <li>- Royal Thai Army War College Program 44 Institute of Advanced Military Studies</li> <li>- Diploma in higher PorSorSor 1, PorRorMor 1 and PorRorRor 1 King Prajadhipok's Institute</li> <li>- Diploma in SocorVor 81</li> <li>- Applied Psychology Institute</li> <li>- Diploma BorRorOr 1</li> <li>- Royal Thai Police</li> <li>- Advanced Audit Committee Program 13/2013 Thai Institute of Director (IOD)</li> <li>- Director Accreditation Program (DAP) 35/2012 Thai Institute of Director (IOD)</li> <li>- Diploma in higher BorMorChor 3</li> <li>- National Intelligence Agency</li> <li>- Certificate of Public Law Class 6</li> <li>- Faculty of Law, Thammasart University</li> <li>- Office of the Council of State</li> <li>- Study Meet on Strategic Merger and Acquisition for SMEs C43 Year 2010, Korea</li> <li>- Study Mission to Nonmember Countries on Knowledge Creating Enterprises Year 2009, Germany</li> <li>- China-ASEAN Young Entrepreneurs Forum Year 2008, China</li> </ul>			2006-2009	Chairman of the Audit Committee / Independent Directors	Asia Fiber Public Company Limited
					1995-Present	Managing Director	Sahaporn & Co Company Limited
					1993-Present	Managing Director	Sungora Company Limited
					1993-Present	Managing Director	DBMT Company Limited
					1991-Present	Managing Director	S.V. Evergreen Company Limited
					2014-present	Arbitrator	The Central Intellectual Property and International Trade Court
					2013-present	Chairman of Team, educating for measure of internet anti-corruption	Office of the National Anti-Corruption Commission
					2013-present	Member of Team, educating for measure of assurance anti-corruption	Office of the National Anti-Corruption Commission
					2012-Present	Member of Sub-committee : Selection the Candidates of NACC Integrity Awards Consideration	Office of the National Anti-Corruption Commission
					2012-Present	Member of Team, educating for measure of assurance anti-corruption	Office of the National Anti-Corruption Commission
					2011-present	Member of Social Anti-Corruption Committee	Office of the National Anti-Corruption Commission
					2011-present	Chairman, Team of Selection the Candidates of NACC Integrity Awards Consideration	Office of the National Anti-Corruption Commission
					2010-present	Member of Sub-Committee for Anti-Corruption Research Strategy 2010-2014	Office of the National Anti-Corruption Commission
					2003-present	Advisor of Business Administration Committee	Commission Rajamangala University of Technology Thanyaburi
					2012-Present	Director, Performance Appraisal of University Business Incubators	Office of the Higher Education Commission : OHEC





Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
2. Mr. Satthaporn Kotheeranurak (Continued)		<ul style="list-style-type: none"> <li>- ASEAN-China Young Entrepreneurs Workshop Year 2008, Brunei</li> <li>- Top Management Forum : Corporate Governance Year 2003, Japan</li> <li>- The Training Program on Industrial Property Rights (Fundamental Course for IP Practitioners (EIPF) Year 2002, Japan</li> <li>- International Forum on SMEs : Acceleration Growth and Enhancing Competitiveness the Knowledge Economy Year 2001, India</li> <li>- Financing and Management Development in Market Oriented Economies Year 1998, Australia</li> </ul>			2010-present	Member of Sub-Committee, Support of State Enterprises and Intellectual Management in University Business Incubators	Office of the Higher Education Commission : OHEC
					2009-2013	Special Qualified Directors, Faculty of Business Administration	Rajamangala University of Technology Thanyaburi
					2005-2006	Chairman of Audit Committee	Thailand Management Association
					2005-2011	Associated Judge	The Central Intellectual Property and International Trade Court
					2005-2011	Treasurer	The Thailand Chamber of Commerce and Board of trade of Thailand
					2005-2011	Chairman of accountance and financial	The Thailand Chamber of Commerce and Board of trade of Thailand
3. Pol.Maj.Gen. Visit Sukrasep Independent Directors Member of the Audit Committee Chairman of the Nomination and Remuneration Committee (16 <sup>th</sup> March 2009)	58	<ul style="list-style-type: none"> <li>- Bachelor Degree in Public Administration Royal Police Dater Academy</li> <li>- Management Course for Higher Rank Police 28</li> <li>- Course for Superintendent 31</li> <li>- Director Accreditation Program (DAP) 78/2009 Thai Institute of Director (IOD)</li> </ul>	-	None	2002-2006 2000-2002	Advisor off Audit committee Vice President, Tax Business Land and Investment Committee	The Federation of Thai Industries
					2012-Present	Chairman of the Nomination and Remuneration Committee	Gunkul Engineering Public Company Limited
					2009-Present	Audit and Corporate Governance Committee/ Independent Director	Gunkul Engineering Public Company Limited
					2013-Present	Commander	Ranong Provincial Police Station, Ranong Province
					2013-2013	Commander	Administrative and Civil Affair Division, Royal Thai Police
					2006-2012	Deputy Commander	Administrative and Civil Affair Division, Royal Thai Police

Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
3. Pol.Maj.Gen. Visit Sukrasap (Continued)					2005-2006 2000-2005 1998-2000 1997-1998 1992-1994	Superintendent Superintendent (Disciplinary Development) Deputy Superintendent (Penalty Solicitor) Deputy Superintendent Chief of Police	Administrative and Civil Affair Division, Royal Thai Police Disciplinary Division, Royal Thai Police Disciplinary Division, Royal Thai Police Nongyasat District Provincial Police Station, Supanburi Province Nongyasat District Provincial Police Station, Supanburi Province
4. Mr.Sombat Samrijaree Independent Directors Member of the Audit Committee Chairman of the Good Corporate Governance Committee (9 <sup>th</sup> November 2012)	63	- Master Degree in Mechanical Engineering, Lamar University,Texas U.S.A., 1975 - Bachelor of Mechanical Engineering Kasetsart University, 1971 - Senior Executive Development Program-1 GE, U.S.A. 2005 - Director Certification Program (DCP), 59 Thai Institute of Director (IOD) - Leader Program, No. 6 Capital Market Academy - Role of the Chairman Program, 21/2009 Thai Institute of Director (IOD) - Public Administration and Public Law Program 4 King Prajadhipok's Institute - Executive Program 84, Institute of Security Psychology	-	None	2013-Present 2012-Present 2012-Present 2011-Present 2008-present 2010-2012 2008-2012 2008-2009 2008-2009 2007-2009 2006-2007 2005-2006 2000-2005 1995-2000	Chairman of Good Corporate governance Committee Audit Committee/Independent Directors Appointed Member,Board of Director Appointed Member,Board of Director Appointed Member Kasetsart University Council Audit Committee/Independent Director Board of Corruption Prevention in State Enterprises and the Private Sector Chairman of Board of Director Chairman Governor Deputy Governor - Generation Deputy Governor - Operation and Maintenance Assistant Governor - Power Plant1 Director of Wangnoi Power Plant	Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited Thai Industrial Standards Institute Energy Fund Administration Institute Kasetsart University PTT Chemical Public Company Limited Office of the National Anti-Corruption Commission Ratchaburi Electricity Generating Holding Public Company Limited EGAT International Company Limited Electricity Generation Authority of Thailand Electricity Generation Authority of Thailand Electricity Generation Authority of Thailand Electricity Generation Authority of Thailand Electricity Generation Authority of Thailand





Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
5. <b>AVM. Dr. Pian Totarong</b> Chairman of the Risk Management Committee (9 <sup>th</sup> November 2012)	60	<ul style="list-style-type: none"> <li>- Ph.D.in Electrical Engineering University of Pittsburgh, USA. (Supreme Command HQ Scholarship)</li> <li>- M.S. in Electrical Engineering, Ohio University, USA.</li> <li>- (Supreme Command HQ Scholarship)</li> <li>- B.Sc. (Honours) in Physics Mahidol University (Ministry of Defence Scholarship)</li> <li>- Air War College, Royal Thai Air Force, Class No. 31</li> <li>- National Defence College, Class No. 48</li> <li>- Director Certification Program (DCP 120/2009) Thailand Institute of Director (IOD)</li> <li>- Advanced Defence Management, Class No. 1 Association of National Defence College</li> </ul>	-	None	2013-Present	Chairman of The Risk Management Committee	Gunkul Engineering Public Company Limited
					2012-2013	Member of The Risk Management Committee	Gunkul Engineering Public Company Limited
					2012-2013	Advisor (Quality System Development)	Food and Drug Quality Control Center, Ministry of Public Health, Lao PDR
					2001-2003	Director of Science & Technology R&D Division	Military R&D Center, Supreme Command HQ
					1997 - 2001	Director of Communication & Electronic R&D Division	Military R&D Center, Supreme Command HQ
					2003-2011	Director of National Institute of Metrology (Thailand)	Ministry of Science and Technology
6. <b>Mr.Charan Lerthitrapoj</b> Member of the Nomination and Remuneration Committee (9 <sup>th</sup> November 2012)	53	<ul style="list-style-type: none"> <li>- Master of Science (Major HROD) National Institute of Development Administration, 2004</li> <li>- Bachelor of Arts. (General Management), Rajamangala University of Technology Thonburi, 1990</li> <li>- Safety officer course in the professional level Safety Institute</li> <li>- The game to the course.</li> <li>- HR Center Company Limited</li> </ul>	-	None	2012-Present	Member of the Nomination and Remuneration	Gunkul Engineering Public Company Limited Committee
					1996-2013 1994-1997	Vice President The Lecturer.	Italthai Industry Co., Ltd. Quality and Safety Co., Ltd.

Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
7. Mr.Decha Chooligorn Member of the Nomination and Remuneration Committee (9 <sup>th</sup> November 2012)	50	<ul style="list-style-type: none"> <li>- MBA Marketing and Finance Case Western Reserve University, USA Year 1988</li> <li>- BA Economics, Thammasat University</li> <li>- Director Certification Program (DCP) 26/2003 Thai Institute of Director (IOD)</li> <li>- Secrets to Doubling Your Sales, Productivity &amp; Profits</li> <li>- Key to Success in Organization Redesign</li> <li>- Effective Managers Program</li> <li>- Project Finance</li> </ul>	-	None	2012-Present	Member of the Nomination and Remuneration	Gunkul Engineering Public Company Limited Committee
					2005-Present	Managing Director	Integrated Management Consultant Co.,Ltd.
					2003-2005	Assistant Managing Director	Thai Rung Union Car Public Company Limited
					2001-2003	Deputy Managing Director	Advance Power Supply Public Company Limited
8. Mr.Somchai Trairatnapitrom Member of the Good Corporate Governance Committee (25 <sup>th</sup> February 2013)	54	<ul style="list-style-type: none"> <li>- Doctor's Degree, Faculty of Monetary Economics Gobe University, Japan (Governing Japanese Scholarship)</li> <li>- Master Degree, Faculty of Economics (International Finance and Banking) Thammasat University</li> <li>- Bachelor Degree, Faculty of Economics (International Finance, Banking and Marketing) Thammasat University</li> <li>- Advanced Certificate Course in Public Administration and Public Law (PorRorMor 4)</li> <li>- Certificate of the Program on Management of Technology The Association for Overseas Technical Scholarship (Scholarship AOTS), Japan</li> </ul>	-	None	2013-Present	Member of the Nomination and Remuneration Committee	Gunkul Engineering Public Company Limited
						Deputy Managing Director	Institute of Research and Development for Public Enterprises (IRDPE)
					1998-Present	Team Leader/Specialist/Advisor, Performance Appraisal of State Enterprises	State Enterprise Policy Office, Ministry of Finance
					2012-Present	Member of Sub-Committee, Appraisal of Good Corporate Governance	Thai Health Promotion Foundation
					2009-2012	Advisor, Project of Certificate Issuing and Annual	Office of The Attorney General
					2012-2013	Advisor, Performance Controlling along with Appraisal System in quality of State Enterprises	Appraisal for Governor State Enterprise Policy Office, Ministry of Finance
					2008-2012	Deputy Managing Director	Tris Corporation Company Limited (TRIS)
					2011-2012	Advisor, Follow-up and Project Appraisal - Development Policy Loan 2012, Area 4 North-East of Thailand	Public Debt Management Office, Ministry of Finance



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
8. Mr.Somchai Trairataphrom (Continued)		Director Certification Program (DCP 118/2552) Thai Institute of Director (IOD) - Certificate Course of Corporate Governance Public Sufficiency Management for Executive, Advanced Course No. 1, the Office of the Public Sector Development Commission			2011-2012	Advisor, Competency Development in KPI and Appraisal Determination	International Institute for Trade and Development (Public Organization)
					2011-2012	Advisory, Risk Management and Internal Audit	National Innovation Agency (Public Organization) NIA,
					2010-2011	Advisory, Cost Analysis and NGV Price Determination	Petroleum Institute of Thailand (PTIP) Energy
					2010-2012	Advisory, Follow-up and Performance Appraisal of GISTDA	Policy and Planning office, Ministry of Energy Informatics and Space Technology Development Agency (Public Organization) - GISTDA)
					2010-2011	Team Leader, Performance Appraisal of The Nation Telecommunications Commission,	Office of The National Broadcasting and Telecommunications Commission (NBTC)
					2012-2011	Competency Appraisal of Personnel of Individual Development, Agricultural Research Development Agency (ARDA)	Ministry of Public Health
					2008-2012	Advisory, Performance Appraisal in Working Capital Budget	The Comptroller General's Department (CGD), Ministry of Finance
					2008-2012	Advisory, Performance Appraisal of Ministry of Energy	Ministry of Energy
					2007-2012	Advisory, SET Award Project	The Stock Exchange of Thailand
					2007-2011	Member of Sub-Committee, Agreement Negotiation and Performance Appraisal to Certificate Issuing of Annual Government Performance	Office of the National Anti-Corruption Commission
					2007-2011	Advisory, Efficiency and Effectiveness Development of Government Performance	Office of the National Anti-Corruption Commission





Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
8. Mr.Somchai Trairataniyom (Continued)					2007-2011	Advisory, Capacity Building Seminar Arrangement	Office of the National Anti-Corruption Commission
					1999-2008	Senior Assistant Managing Director	Thai Rating and Information Services Company Limited (TRIS)
					2003-2012	Team Leader, Advisory in Certificate Issuing for Government Performance	Office of Public Sector Development Commission (OPDC)
					2000-2012	Team Leader, Performance Appraisal	The Institute for the Promotion of Teaching Science and Technology (IPST)
					2010-2012	Advisory, Risk Management and Internal Audit	The Institute for the Promotion of Teaching Science and Technology (IPST)
					2000-2005	Corporate Governance Rating	The Securities and Exchange Commission and Stock Exchange of Thailand
9. Mr.Phongthep Thitapan Member of the Good Corporate Governance Committee (25 <sup>th</sup> February 2013 )	56	<ul style="list-style-type: none"> <li>- Master of Public Administration National Institute of Development Administration (NIDA)</li> <li>- Bachelor of Laws Program Ramkhamhaeng University</li> <li>- Degree in WarPror 54/2011, National Defense College</li> <li>- Advanced Certificate Course in Politics and Governance in Democratic Systems</li> <li>- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives No.17, King Prajadhipok's Institute, 2013 for Executives No.6, King Prajadhipok's Institute, 2008</li> </ul>	-	None	2013-Present	Member of Good Corporate Governance Committee	Gurukul Engineering Public Company Limited
					2010-Present	Director	PTT LNG Company Limited
					2008-Present	Specialist, Special Business of Financial System (Level 9)	Office of the Permanent Secretary
					2004-Present	Committee and Secretary	Center of Problem Solving for Public Debt, Ministry of Finance
					2007-2008	Director, Office of Development of Community along as Sufficiency Economy	The Secretariat of the Cabinet
					2003-2008	Director, Performance Appraisal	Office of the Permanent Secretary



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
9. Mr. Phongthep Thitapan (Continued)		<ul style="list-style-type: none"> <li>- Advanced Certificate Course in Public Administration and Public Law for Executives No.8, King Prajadhipok's Institute, 2009</li> <li>- Director Certification Program (DCP) 125/2009 Thai Institute of Director (IOD)</li> <li>- MOF EXECUTIVE PROGRAM ( 2005), Ministry of Finance</li> <li>- Certificate of "LEADERSHIP", 2012</li> <li>- RIPA INTERNATIONAL LONDON, ENGLAND</li> </ul>					
10. Miss Sopacha Dhumrongpiyawut Director with Authority to sign on behalf of the Company Chief Executive Officer Member of the Risk Management Committee (27 <sup>th</sup> October 2008)	47	<ul style="list-style-type: none"> <li>- Bachelor of Nurse Srinakharinwirot University</li> <li>- Director Certification Program (DCP) 111/2008 Thai Institute of Director (IOD)</li> <li>- Director Accreditation Program (DAP) 70/2008</li> <li>- Thai Institute of Director (IOD)</li> <li>- Managing Finance for Business Owners by Peter Ho</li> <li>- Secrets to Doubling Your Sales, Productivity &amp; Profits</li> <li>- Effective Senior Manager course</li> <li>- Role of Chairman 21/2009</li> <li>- Thai Institute of Director (IOD)</li> </ul>	-	Wife of Mr. Gunkul Dhumrongpiyawut	2012-Present 2008-Present 1998-2012 2008-Present 2000-Present 2010-Present 2002-Present 2013-Present 2013-Present 2013-Present 2013-Present 2013-Present 2013-Present 2013-Present 2013-Present 2013-Present 2013-Present	Chief Executive Officer / Member of Risk Management Committee Director Managing Director Director Director Director Director Director Director Director Director Director Director Director Director Director	Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited G.K. Assembly Company Limited G.K. Power Product Company Limited G-Power Source Company Limited Gunkul Trading and Agency Company Limited NK Power Solar Company Limited Siam Wind Energy Company Limited Gunkul Tech Company Limited Gunkul Solar Power1 Company Limited Gunkul Solar Power2 Company Limited Siam Gunkul Solar Energy Company Limited Gunkul Solar Roof 1 Company Limited Gunkul Solar Roof 2 Company Limited Gunkul Power Development Company Limited



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
10. Miss Sopachta Dhumrongpiyawut (Continued)					2013-Present	Director	WHA Gunkul Green Solar Roof 1 Company Limited
					2013-Present	Director	WHA Gunkul Green Solar Roof 2 Company Limited
					2013-Present	Director	WHA Gunkul Green Solar Roof 3 Company Limited
					2013-Present	Director	WHA Gunkul Green Solar Roof 4 Company Limited
					2013-Present	Director	WHA Gunkul Green Solar Roof 5 Company Limited
					2013-Present	Director	WHA WHA Gunkul Green Solar Roof 6 Company Limited
					2013-Present	Director	WHA WHA Gunkul Green Solar Roof 8 Company Limited
					2013-Present	Director	WHA Gunkul Green Solar Roof 9 Company Limited
					2013-Present	Director	WHA Gunkul Green Solar Roof 10 Company Limited
					2013-Present	Director	WHA Gunkul Green Solar Roof 16 Company Limited
11. Mr.Sombon Aueatchasai Director with Authority to sign on behalf of the Company Director/Executive Director Managing Director (7 <sup>th</sup> May 2010)	43	- Master in Managerial Accounting Thammasat University - Diploma in Auditing Thammasat University - Bachelor in Accounting Rajamangala University of Technology Phra Nakhon	-	None	2009-2012 2000-2010	Director Director	Gunkul Chubu Powergen Company Limited K.N.P. Supply Company Limited
					2012-Present	Managing Director	Gunkul Engineering Public Company Limited
					2010-Present	Director	Gunkul Engineering Public Company Limited
					2010-2012	Deputy Managing Director	Gunkul Engineering Public Company Limited
					2007-2010	Assistant Managing Director, Business Support	Gunkul Engineering Public Company Limited
					2012-Present	Director	Wind Energy Development Company Limited
					2011-Present	Director	G-Power Source Company Limited
					2009-Present	Director	Gunkul Chubu Powergen Company Limited



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
11. Mr.Somborn Aueatthasai (Continued)		<ul style="list-style-type: none"><li>- Advanced Certificate Course in Politic and Governance in Democratic Systems for Executives No.17, King Prajadhipok's Institute, 2013</li><li>- Director Certification Program (DCP) 139/2011 Thai Institute of Director (IOD)</li><li>- Director Accreditation Program (DAP) 84/2010 Thai Institute of Director (IOD)</li><li>- Certificate Program in International Tax Law, Class 1 Thai Bar Association</li><li>- Diploma in certified internal auditor, class 1 Chulalongkorn University and The Institute of Internal Auditors of Thailand</li></ul>			2013-Present 2013-Present 2008-Present 2005-2007  2004-2005	Director Director Director Financial Consultant  Assistant General Manager of Office of Executive	NK Power Sola Company Limited Siam Wind Energy Company Limited Seangunithai LPG Company Limited Integrated Management Consultant Company Limited  Thai Rung Union Car Public Company Limited
12. Miss Naeuechon Dhumrongpiyawut Director with Authority to sign on behalf of the Company Director/Executive Director Vice President, Strategic Planning and Investment (27 <sup>th</sup> October 2008)	30	<ul style="list-style-type: none"><li>- Master of Business Administration Boston University USA.</li><li>- Master of Management Harvard University USA.</li><li>- Bachelor of Engineering Chulalongkorn University</li><li>- Director Accreditation Program (DAP) 70/2008 Thai Institute of Director (IOD)</li><li>- Effective Senior Manager course</li></ul>	0.01	Daughter of Mr.Gunkul Dhumrongpiyawut	2012-Present 2008-Present 2012-Present 2004-Present 2011-Present 2010-Present 2006-2007	Vice President, Strategic Planning & Investment Director Director Director Assistant Vice President Senior Associate Management Trainee	Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited Wind Energy Development Company Limited Noppakun Company Limited Finansa Securities Company Limited Kasikorn Securities Public Company Limited Gunkul Engineering Public Company Limited



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
13. <b>Mr.Chabempon Sicharoen</b> Director with Authority to sign on behalf of the Company Director/Executive Director (27 <sup>th</sup> October 2008)	44	- Bachelor of Arts Ramkhamhaeng University - Director Accreditation Program (DAP) ตั้งแต่ 70/2009 Thai Institute of Director (IOD) - Effective Senior Manager course - Managing Finance for Business Owners by Peter Ho - Secrets to Doubling Your Sales, Productivity & Profits	-	Brother of Miss Sopacha Dumrongjaiwut	2000-Present	Director	Gunkul Engineering Public Company Limited
					2010-Present	Director	K.N.P. Supply Company Limited
					2007-Present	Private Sales Manager	Gunkul Engineering Public Company Limited
					2006-2007	Manager of Office of Managing Director Department	Gunkul Engineering Public Company Limited
					2003-2005	Manager of Business Development	Gunkul Engineering Public Company Limited
14. <b>Mrs.Areewan Roonpraphan</b> Director with Authority to sign on behalf of the Company Director/Executive Director Senior Vice President, Factory (27 <sup>th</sup> October 2008)	44	- Bachelor's degree in Accounting Dhurakij Bunrit University - Director Accreditation Program (DAP) 70/2008 Thai Institute of Director (IOD) - Effective Senior Manager course	-	None	2008-Present	Director	Gunkul Engineering Public Company Limited
					2010-Present	Senior Vice President, Factory	Gunkul Engineering Public Company Limited
					2009-Present	Director	G.K. Assembly Company Limited
					2009-Present	Director	G.K. Power Product Company Limited
					2008-2010	Assistant General Manager, Logistics	Gunkul Engineering Public Company Limited
					2007-2008	Assistant General Manager, Factory	G.K. Power Product Company Limited
					2003-2007	Accounting Manager	G.K. Power Product Company Limited
					1997-2003	Accounting Supervisor	Gunkul Engineering Public Company Limited
					2013-Present	Senior Vice President, System Development & Control	Gunkul Engineering Public Company Limited
					2008-Present	Member of Risk Management Committee and Secretary	Gunkul Engineering Public Company Limited
15. <b>Mr.Papangkorn Sakulvorakarn</b> Member of the Risk Management Committee and Secretary Senior Vice President, System Development & Control (27 <sup>th</sup> October 2008)	54	- Bachelor's degree in Accounting Ramkhamhaeng University	-	None	2010-2013	Assistant General Manager, Business Support	Gunkul Engineering Public Company Limited
					2006-2010	Assistant General Manager, Business Support	Gunkul Engineering Public Company Limited
					2003-2005	Manager, Accounting Department	Gunkul Engineering Public Company Limited
					1997-2003	Manager, Accounting Department	Union Property Company Limited



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
16. Mr. Worathep Luangsirapomchai Secretary of the Audit Committee Senior Vice President Internal Audit	58	<ul style="list-style-type: none"> <li>- Bachelor's degree in Accounting Ramkhamhaeng University</li> <li>- Audit Committee Program (ACP) 24/2008</li> <li>- Thai Institute of Director (IOD)</li> <li>- Monitoring of the Quality of Financial Reporting (MFR) 7/2009</li> <li>- Thai Institute of Director (IOD)</li> <li>- Monitoring of the Internal Audit Function (MIA) 4/2008 Thai Institute of Director (IOD)</li> <li>- Monitoring of the System of Internal Control and Risk Management</li> <li>- Risk Management 5/2009, Thai Institute of Director (IOD)</li> </ul>	-	None	2010-Present 2008-2010 2003-2008 1997-2002	Senior Vice President, Internal Audit Assistant General Manager, Internal Audit Manager, Internal Audit Accounting Manager	Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited
17. Mrs. Somluk Kanuengphet Member of Nomination and Remuneration Committee and Secretary Senior Vice President Executive Office (27 <sup>th</sup> October 2008)	48	<ul style="list-style-type: none"> <li>- Bachelor of Arts Srinakharinwirot University</li> <li>- Effective Senior Manager course</li> <li>- Performance Appraisal by Balance Scored Card course</li> <li>- Career Planning &amp; Development &amp; Succession Planning course</li> <li>- Salary Administration for Line Manager course</li> <li>- Effective Techniques for Job Analysis &amp; Job Description course</li> <li>- Effective Techniques for Job Evaluation &amp; Salary Survey course</li> </ul>	-	None	2010-Present 2010-Present 2010-Present 2008-Present  2006-2010 2003-2008 1993-2002	Senior Vice President, Executive Office Director Director Member of Nomination and Remuneration Committee General Manager, Executive Office Manager, Human Resources Department Manager, Human Resources Department	Gunkul Engineering Public Company Limited G.K. Assembly Company Limited G.K. Power Product Company Limited Gunkul Engineering Public Company Limited  Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited Packlink (Thailand) Co., Ltd.



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
18. Mr.Thamrong Chankraithong Senior Vice President Sales & Marketing	42	<ul style="list-style-type: none"> <li>- M.Sc. (Information Technology) King Mongkut's Institute of Technology Ladkrabang</li> <li>- B.Sc. (Applied Physics) King Mongkut's Institute of Technology Ladkrabang</li> <li>- Director Certification Program (DCP) 149/2011, Thai Institute of Director (IOD)</li> <li>- Secrets to Doubling Your Sales, Productivity &amp; Profits course</li> <li>- Substation &amp; Transmission Line &amp; Building Base Concept course</li> <li>- Stringing Equipments by TEMA, Italy</li> <li>- Meter Training Program by General Electric Co., USA</li> <li>- Meter Testing Equipments by ZERA Electric, Germany</li> <li>- Energy Conservation for Factory</li> <li>- Business Opportunities in Marketing Energy Efficiency</li> </ul>	-	None	2010-Present	Senior Vice President, Sales and Marketing	Gunkul Engineering Public Company Limited
					2011-Present 2008-2010	Director/Senior Vice President, Sales and Marketing Assistant General Manager, Public Sector and International Manager, Public Sector Assistant Manager, Public Sector	K.N.P. Supply Company Limited Gunkul Engineering Public Company Limited
					1997-2007 1995-1997		Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
19. Mr.Phongsakorn Damoen Senior Vice President Business Development & Special Project	36	<ul style="list-style-type: none"> <li>- M.Sc. (Electrical Engineering) Hannover University, Germany</li> <li>- B. Eng. (Telecommunication) Rajamangala University of Technology</li> <li>- FTTx Technology course Korea</li> <li>- RF &amp; Optical Repeater for Mobile Network course Korea</li> <li>- Optical Fiber Cable Quality Control course People Republic of China</li> <li>- Optical Fiber Cable Specification course People Republic of China</li> <li>- Wind Turbine Technology course People Republic of China</li> <li>- PV Conference Japan</li> <li>- Biomass Conference USA.</li> </ul>	35	None	2010-Present	Senior Vice President, Business Development and Special Project	Gunkul Engineering Public Company Limited
					2012-Present	Director	Wind Energy Development Company Limited
					2010-2012	Director	G-Power Source Company Limited
					2009-Present	Director	Gunkul Powergen Company Limited
					2009-2010	Manager, Business Development and Special Project	Gunkul Engineering Public Company Limited
20. Mr.Thitipong Techaratanyuenyong * Senior Vice President Business Support	39	<ul style="list-style-type: none"> <li>- Master of Business Administration (MBA) Sasin Graduate Institute of Business</li> <li>- Administration of Chulalongkorn University</li> <li>- Bachelor of Economics (Major in International Economics) Chulalongkorn University</li> <li>- Bachelor of Engineering (Major in Civil &amp; Environmental Engineering) Chulalongkorn University</li> <li>- Business Leader Program by Dr. Noel M. Tichy</li> </ul>	-	None	2007-2009	Supervisor, Business Development and Special Project	Gunkul Engineering Public Company Limited
					2005-2007	Solution Manager	Jun (Thailand) Company Limited
					2014-Present	Senior Vice President Business Support	Gunkul Engineering Public Company Limited
					2008-2013	Assistant Vice President	Charoen Pokphand Foods Public Company Limited
					2002-2008	Finance Department Manager	Intouch PLC.
					1999-2002	Corporate Dealer	Kasikorn Bank Public Company Limited





Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
20. Mr.Thitpong Techaratanayuenyong * (Continued)		<ul style="list-style-type: none"> <li>- Engaging Your People &amp; Develop Coaching skills</li> <li>- Global Business Leader Development</li> <li>- Decode Brain Power</li> <li>- CPF Good &amp; Smart Team Management</li> <li>- Building Relationships and Team Leading</li> </ul>					
21. Mr.Phudis Trivilaskul Vice President Logistics	41	<ul style="list-style-type: none"> <li>- Bachelor's degree in Accounting</li> <li>- Dhurakij Bunrit University</li> <li>- SAP User Interface Team of Siam Cement Group (Module : MM)</li> <li>- Essential Knowledge for Purchasing Professionals</li> <li>- Oversea Purchasing Techniques</li> <li>- Purchasing Knowledge for Cost Saving</li> <li>- Self Certification Scheme</li> <li>- Supply Chain &amp; Logistics Management</li> </ul>	-	None	2011-Present 2007-2010 2005-2007 1993-2005	Vice President, Logistics Manager, Purchasing Manager, Sourcing Department Purchasing Supervisor	Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited L.V. Technology Public Company Limited Siam Fibre Cement Company Limited
22. Mr.Nvej Boonwichai Vice President, Technical and Project Control	46	<ul style="list-style-type: none"> <li>- Bachelor's Electrical Engineering (B.Sc. Electrical Power)</li> <li>- King Mongkut's Institute of Technology. Campus (King Mongkut's University of Technology North Bangkok)</li> <li>- Electrical Engineering courses</li> </ul>	-	None	2013-Present 2010-2013 2001-2009 1994-2000	Vice President, Technical and Project Control Vice President, Product Development and Production Support Assistant General Manager, Engineering, Operation and Maintenance Engineer	Gunkul Engineering Public Company Limited G.K. Assembly Company Limited Yuasa Battery (Thailand) PCL AGC Flat Glass (Thailand) PCL Amata City Rayong Province



Name-Surname Position (Appointed Date)	Age (Year)	Educational Qualifications	Share Holding Percentage (%)	Relationship	Working Experience during the Past 5 Years		
					Period	Position	Company
23. Miss Sutirat Tangnorakul Accounting Manager	40	- Degree Master of Business Administration Ramkhamhaeng University - Degree Bachelor's Degree (accounting) Ramkhamhaeng University - Mini MBA I Taxation (Major in General Business) School of Tax - Modern Accountants Program) Class 13 Faculty of Commerce and Accountancy, Chulalongkorn University	-	None	2012-Present 2011-2012 2005-2007 1999-2005 1997-1998	Accounting Manager Project Accounting Manager Assistant Account Bookkeeper Assistant Auditor	Gunkul Engineering Public Company Limited Gunkul Engineering Public Company Limited Kim Chong Him Trading Company Limited Wattanasuk International Company Limited Sutthithorn Group law and accounting office
24. Miss Chantira Jongjarnareeseethong Company Secretary and Investor Relations Manager (27 <sup>th</sup> October 2008)	47	- Degree Bachelor's Degree (accounting) Siam University - Bachelor of Arts Thammasat University - Company Secretary Program, 28/2008 Thai Institute of Director (IOD) - Effective Minute Taking (EMT), 12/2008 Thai Institute of Director (IOD) - ประกาศนียบัตร ภาวะผู้นำ ระดับ 2 (นักวิ)	-	No	2007-Present 2005-2007 2003-2005 2000-2003 1997-2000 1990-1997	Company Secretary and Investor Relations Manager Coordinator Secretary to Assistant Managing Director HR and Administration, Manager Secretary and Coordinator HR and Administration, Supervisor	Gunkul Engineering Public Company Limited Integrated Management Consultant Company Limited Thai Rung Union Car Public Company Limited ASL Automated Co., Ltd. (Hong Kong) KBC Bank N.V. (Belgium) Thai Sunrock Co., Ltd. and Nisho Iwai Corporation (Japan)

\* Mr.Thiipong Techaratanyuengyong has participated with the Company in the position of Senior Vice President, Business Support on 3rd January 2014



## 17.2 Details Position Titles of Directors in Subsidiary Companies

Name	G.K. Assembly Co., Ltd.	G.K. Power Products Co., Ltd.	K.N.P. Supply Co., Ltd.	Wind Energy Development Co., Ltd.	NK Power Sola Co., Ltd.	Gunkul Solar Roof 1 Co., Ltd.	Gunkul Solar Roof 2 Co., Ltd.	Solar Energy Society Co., Ltd.	Bright Green Power Co., Ltd.	Gunkul Power Development Co., Ltd.	Gunkul Solar Power 1 Co., Ltd.	Gunkul Solar Power 2 Co., Ltd.	Siam Wind Energy Co., Ltd.	Gunkul International (Mauritius)	Gunkul Investment (Singapore) Pte. Ltd.	Gunkul Myanmar Power (Hawga) Pte.Ltd.
Mr.Gunkul Dhumrongpiyawut																
Miss Sopacha Dhumrongpiyawut	X	X														
Mr.Somboon Aueatchasai																
Miss Naruechon Dhumrongpiyawut																
Mr.Chaloempon Srichalben			X,I													
Mrs.Areewan Roonraphan																
Mr.Phongsakorn Damoen																
Mrs.Somluk Kanueghiet																
Mr.Thamrong Chankraihong																

### Remark

X = Presidnet

I = Director



### 17.3 Details Position Titles of Directors and Managements

[illegible]

**Remark<sup>1)</sup>** X = Chairman, President I = Director II = Executive Director III = Audit Committee / Independent Director VI = Company Secretary V = Executive

I = Executive Director  
III = Audit Committee / Independent Director

I = Director  
II = Executive Director

| = Director

**Remark**<sup>1)</sup>

# 18. Corporate Governance

## 18.1 Corporate Governance Policy

Our board of directors, governing bodies and executive management considered that systematic management principles and good corporate governance are the most important factors for success. Therefore, the principles is to be used as guidelines for implementing a quality management system focus on transparency and information disclosure in order to improve operational performance, create a competitive advantage, add value for business owner, and maximize benefit all stakeholders equally and fairly.

This corporate governance policy has been agreed and approved in writing by the board of directors at board meeting 13/2008 on 27 October 2008. The company also provided individual self-assessment for the board of directors and the subcommittee members as well as provided performance appraisal for the executive management and managing directors. In addition, a detail of implementing the good corporate governance arranged according to the good corporate governance for all companies and businesses registered 2006 of the Stock Exchange of Thailand and the continuous improvement have been applied to comply with the good corporate governance. The structure of corporate governance is divided into five sections as following.

### Section 1 Shareholder Right

The fundamental rights of shareholders including the right to trade and transfer the company's shares, the right to have access to adequate business information, the right to share of the profits of a business, the right to be treated fairly in shares buy back by the company, the right to elect and remove directors, the right to consider on remuneration of directors in all forms, the right to approve the appointment of independent auditor annually, and the right to attend and vote at a shareholder meeting in order to make decision on significant issues that may affect the company such as dividend allocation, amendment to the memorandum and/or articles, reduction or increase of capital, approve the special items, and so on, which are typically defined by state law.

The Company has policy to support and promote shareholders to use their right as follow;

1. Give date, time, place, meeting agenda and other related data to shareholders in advance, so they have time to study. Company will send letter of shareholders' meeting together with related documents to shareholders for at least seven days or fourteen days in advance before meeting takes place. Company also publishes this



on newspaper for at least three days in advance. Moreover, it posts information on company's website, so shareholders and investor can reach and understand.

2. Send proxy together with letter of meeting to support voting right in case shareholders are not available to be at the meeting by themselves.
3. Give shareholders a chance to propose agenda, show opinions and questions in ahead of the meeting
4. Give shareholders a chance to show opinions and questions on the meeting date
5. Require at least half of board of directors to attend shareholders' meeting, so they can answer questions raised by shareholders. At least one audit committee is required to attend the meeting too.
6. Require chairman of the meeting to explain on voting procedure in which shareholders who have conflict of interest will not have no voting right on that subject.
7. Prepare meeting report with full information involved including questions from shareholders and answers from directors
8. Publish meeting report via electronic media of Stock Exchange of Thailand and company's website, so shareholders can check without having official report on hands.

In 2013, the Company held general shareholders' meeting for the year 2013 dated April 11, 2013, 2nd floor, Chaopraya Ballroom, Chaopraya Park Hotel, No. 247 Ratchadapisek Road, Dindang, Bangkok 10320. There were every director of committee, Director, Executive, Secretary of every committee and secretary of company Auditor representative of financial advisor and representative of Lawyer participate total 39 directors and management executives participating to explain meeting agenda and answer questions from shareholders. The Company assigned Thailand Securities Depository as registrar to send letter of shareholders meeting and related documents to shareholders for at least 21 days in advance before meeting takes place. The Company also published letter of shareholders meeting and related documents via company's website, [www.gunkul.com](http://www.gunkul.com), for at least 23 days in advance, so shareholders can reach related information regarding shareholders' meeting as convenient and as quick as possible.

For registering and voting, the Company uses barcode system and provides revenue stamp for shareholders to send proxy to company with aim to make it fast and convenient to shareholders. In the meeting, the Company explains voting criteria before meeting starts and gives shareholders opportunity to express their opinions and raise questions. In addition, the Company also welcomes questions from shareholders sent in ahead of the shareholders meeting for the year 2013 during October 29, 2011 to January 2013, However, there were no questions raised.



## Section 2 Treatment among Shareholders

The Company has policy to create equivalent among shareholders both executive shareholders and non-executive ones as well as minority shareholders and foreign shareholders as follow;

1. Publish information regarding shareholders meeting to keep all shareholders informed equivalently and not add special agenda without any notice
2. Give shareholders who can't attend meeting by themselves to give proxy to others as representative
3. Give chance to all shareholders to propose opinions and to raise questions in ahead of and during the meeting and providing for shareholders to propose a director for election agenda in ahead of the meeting via company's website or sending the email to the company secretary.
4. Give chance to shareholders to vote director on one-on-one basis
5. Require shareholders who are directors or executives to disclose information that may have conflict of interest and those shareholders have no right to vote on that subject
6. Tell board of directors and management to know their task on reporting a change in holding of securities to Stock Exchange Committee based on article 59 of Securities and Stock Exchange of Thailand Act Por Sor 2535
7. Require board of directors, executives or employees who have inside information not to disclose such information to public and are banned for securities trading of the Company's stocks for one month before financial statements published

## Section 3 Stakeholders Role

The Company has policy to promote cooperation between company and all stakeholders including shareholders, bankers, customers, trade partners, employees, and surrounding communities with aim to encourage the Company's operations and to create long-term sustainable growth. Besides realizing the importance of right of stakeholders by law, the Company also has policy to take care all stakeholders equivalently as follow;

- Employee : Company treats employees equally, gives them proper compensations and creates quality working environment.
- Partner : Company treats trade partners fairly and in line with trade contract and has policy to create and develop relationship with trade partners continuously.
- Customer : Company has responsibility to customers by maintaining quality and standard of goods and services as well as reacting to customers' need perfectly and completely to maximize customer satisfaction in the long run.



- Competitor : Company operates business along with fair competition and develops market to grow for mutual benefit of industry.
- Creditor : Company complies with contract condition and gives information to creditors as per request.
- Society : Company has responsibility to monitor its operations not to hurt environment and society and complies with rules and regulations. Company also has program on corporate social responsibility (CSR) by supporting creative activities continuously and allocating budget to do CSR with focus activities regarding education, environment and youth. In 2013, the Company donated things to improve learning skill of youth on the Children Day, awarded scholarship to youth and employees' children.

To make sure that all stakeholders are equally protected and treated, the Board of Directors provides communication channels via company's website [www.gunkul.com](http://www.gunkul.com), so shareholders and stakeholders have chance to express their opinions and to complain directly to company's board of directors in case of unfair treatment or having troubles with company. In addition, the Company provides employees channels to consult or inform directly to Executive Office when it finds suspect actions that are illegal or break "business code of conduct" that may have impact to employees, stakeholders and company itself. Executive Office will find out fact and report to internal audit committee and audit committee for further consideration. This data informed will be kept secret under the policy to protect the staff or whistle-blower.

#### **Section 4 Information Disclosure and Transparency**

Board of directors has policy on disclosure of information, financial data and business operations with creditability and reliability to show true operational and financial status and business future by setting rules and regulations regarding information disclosure based on Stock Exchange of Thailand Act. In 2011, the Company disclosed following information;

- Report financial and general information to shareholders and general investors and report board of directors' responsibility on financial report together with audited report in annual report
- Report corporate governance policy and policy related to environment and society and implementation via different channels like annual report and company website
- Roles and responsibility of board of directors and sub-committee, number of meetings attended, number of directors participated meetings last year, and directors' opinions
- Remuneration policy to directors and executives





Apart from information disclosure as per required by Stock Exchange of Thailand Act, the Company also communicates with shareholders and investors via investor relations department as company representative to directly contact with shareholders, investors, securities analysts (both local and foreign ones), and corporate communications department to publish information to shareholders, investors and public via mass media and other medias (both local and international ones).

In 2013, the Company held four times of analyst meetings to discuss about quarterly and yearly results to investors and analysts. Press release is used once company has investment and or business activity.

In addition, information disclosure is done via company website [www.gunkul.com](http://www.gunkul.com) both in Thai and English so all stakeholders can participate. If interested, you can contact investor relations department at telephone no. 0-2242-5867 and 0-2242-5861 facsimile no. 0-2242-5878 or e-mail [ir@gunkul.com](mailto:ir@gunkul.com)

## **Section 5 Responsibilities of Board of Directors**

### **1. Board of Directors Structure**

The company has nine directors on its board. The members of the company's board of directors consist of six (6) members of executive directors and three (3) members of non-executive directors which are sometimes considered the same as independent directors. All of them have expertise and experience includes deep knowledge in the company's business area. In addition, there are three (3) independent members of the audit response to balance the vote on addresses audit considerations relating to administration and management of administrative section in order to maximize the benefits of the company.

The company has a policy to appointing separate president and managing director to different person aim to balance management authority and prevent unlimited power over other members. The board of directors will determine roles and responsibilities of each position and response to recruit and appoint the right person for the position.

### **2. Leadership and Vision**

Board of directors recommends company to have vision, mission, goal, policy, operational direction, long-term strategy and plan & annual budget by assigning executive management to present and board of directors to comment and discuss to get common agreement before approval. Board of directors appoints president of executives to develop and implement business strategy. Role, duty and responsibility of board of directors, sub-committee and executive committee are needed to be identified by reviewing at least every five years.



### **3. Conflict of Interest**

The Company is serious on banning directors, executives and employees to use position to find benefit, so it includes this subject into company's business code of conduct. Directors, executives and employees are required not to do related transaction that may create conflict of interest to company. In case it is the must to do that transaction, pricing and conditions have to be the same as that done with outside person. Directors or employees who have benefit in that project must not have right to approve. Related transactions under Stock Exchange of Thailand Act are required to strictly follow the rules on principle, method and information disclosure.

In addition, board of directors also bans not to use inside information to find its own benefit and to compete business with company. It also requires not to use inside information for securities trading or not to tell others for insider trading. In case that executives or employees participate in special task in which information is a secret and may have impact to company share price, such executives or employees are needed to sign confidentiality agreement with company until company discloses information to Stock Exchange of Thailand (SET) and Stock Exchange Committee (SEC).

### **4. Business Code of Conduct**

Apart from corporate governance, board of directors has policy to operate business with aim to maximize benefit of shareholders by setting up goal and procedures to meet that goal. The Company provides written code of conduct in which board of directors agreed and approved the latest code of conduct in shareholders' meeting (13/2551) dated October 27, 2008. In code of conduct, it comprises of company goal, vision, mission, ideology, corporate value, corporate governance policy and regulation with aim to provide clarity and convenience to directors, executives and employees to understand company standard and direction in which involves all stakeholders like employees, shareholders, customers, partners, creditors, competitors and society.

Directors, executives and all employees have to acknowledge, understand and implement the Company's policy and regulations as mentioned in code of conduct. Regular meeting, public relation and creative activity are required to make employees informed and understood the importance of business code of conduct. Apart from business code of conduct, the Company also has "Corporate Shared Values" project to create shared corporate culture.



## **5. Position Consolidation or Power Split**

Board of directors sets that chairman of board is not the same person as chairman of executives by having divided role, authority and responsibility with aim to create balance between management and corporate governance.

## **6. Directors and Executives Remunerations**

Board of directors assigns remuneration committee to review structure of remuneration system and proper compensation to management executives based on task, duty, responsibility and performance. Such remuneration should be competitive when compares to industry and be able to create motivation to work effectively.

Directors' remuneration comprises of three parts, annual compensation, meeting fee and Bonus. Remuneration payment to directors is required approval from shareholders' meeting.

The total remuneration payment for directors of 2013 had been paid to all directors. (seeing the details in "remunerations topic").

## **7. Board of Directors' Meeting**

Board of directors requires to have a meeting at least six times per year, while extra meeting will be held if necessary. In order to be efficient for directors' performing, the meeting of Board of Directors had been set for 9 times in 2013 and also having the meeting between the independence directors and auditors in order to discussing about the corporate management for one time. In the meeting, agenda have to be clear and related documents have to be provided and sent to directors for at least seven days in ahead of meeting, so directors have time to study. In case there is new agenda to add after documents sent, it can do only on emergency and is needed to get approval from chairman of board of directors. The policy of meeting resolution, must to have the directors at least two-third of all directors by conforming to the Company's article and associates All directors have chance to discuss and comment openly and chairman of board is responsible to make meeting conclusion. In case director has conflict of interest in that subject, such director has to walk out from the meeting.

The meeting schedule of the Board of Directors and Sub-Committees have been set in ahead for making appointment with directors every year.

Meeting report is in written form. After getting acknowledgement from meeting, all documents require acknowledgement from chairman of board and secretary of board.



There are two sets of meeting documents, original one and copy one (so directors and related persons can use it easily). In addition, meeting documents are kept in electronics file.

#### **8. Internal Control and Internal Audit**

Board of directors sets internal control system covering accounting, finance, operations, regulations, audit and check & balance with aim to protect shareholders' capital and company's assets. Internal audit office must have independency and report directly to the Audit Committee who controlling on the performing under the Company's rules and policy and to make sure that internal audit and internal control system is the key driving mechanism to support long-term sustainable growth. Internal audit reviews internal control activities and give advice and suggestion regarding internal control and risk management to improve operational efficiency to cope with growing business and changing economic environment.

#### **9. Directors' Report**

Board of directors is responsible for reporting consolidated financial statements of the Company and subsidiaries and financial information in annual report. That report is based on Thailand's general accounting standard by selecting the proper one and use it consistently. Audit committee and accounting audit will together consider proper accounting standard to use in financial report. Board of directors emphasizes persons who do report to have cautious judgment and to disclose sufficient information on financial notes.

Board of directors assigns audit committee to respond for quality of financial report and internal control. Comments from audit committee on this subject are shown in audit committee report and in annual report too.

Board of directors comments that financial report of the Company and its subsidiaries as of December 31, 2013, is right, sufficient and reliable.

#### **10. Board of Directors Self-Assessment**

The boards of directors have self-assessment on their own performance on a regular basis with on the purpose of reviewing their performance and addressing their issues together to further improvement. The self-assessment form recommended by the Stock Exchange of Thailand has been agreed to be used for the individual self-assessment in year



2013 by the board of directors. The form will be added or modified its questions to cover roles and responsibilities of the boards of directors in all aspects and it should comply with the company's nature of business.

Apart from the board of directors self-assessment, all subcommittee are requested to do the individuals self-assessment on a yearly basis.

#### **11. President and Managing Director Performances Evaluation**

The board of directors response to evaluate the president and managing director performances. This performance evaluation is to compare their achievements with their goals in corporate level and ability in individual level. The key factors to help make a sound decision for the evaluation consist of qualitative indicators including leadership, strategy formulation and implementation, financial planning and performance, relationship with board members, relationship with external organizations, staff administration and relationship with staffs, succession management, knowledge of products and services, and personal characteristics.

#### **12. Limiting the Number of Listed Companies Policy**

In order to develop an effective performance of boards of directors, the policy to limit the number of listed companies has been specified that each director cannot serve in the role as directors over five positions.

### **18.2 Sub-committee**

The Board of Directors has appointed 5 sub-committees, Audit committee, Good Corporate Governance Committee, Nomination and Remuneration Committee, Risk Management Committee and Executives Committee are in the details as follows:

#### **1) The Audit Committee <sup>1)</sup>**

As of December 31, 2013, the Audit Committee comprised of three persons as follow;



Name		Position
1. Mr.Sataporn	Kotheeranurak <sup>2)</sup>	Chairman of the Audit Committee
2. Pol. Maj. Gen. Visit	Sukarasep	Member of the Audit Committee
3. Mr.Sombat	Sarntijaree	Member of the Audit Committee
4. Mr.Worathep	Luangsirapornchai	Secretary of the Audit Committee

<sup>1)</sup> The Board of Directors No.1/2013 On January 15, 2013 to change the name. "The Audit and Corporate Governance Committee" to "The Audit Committee" and appointed "The Good Corporate Governance Committee" One additional committee.

<sup>2)</sup> Audit Committee who has knowledge and experience in auditing the Company's financial statements

### Scope of Authority of the Audit Committee

- 1) Review and disclose financial statements by coordinating with external auditor and company management with aim to report financial reports on quarterly and yearly basis
- 2) Review internal control and internal audit systems to make it more efficiently and effectively by reviewing with internal and external auditors (if any) and consider the independence of internal audit department or other departments which involves in internal audit
- 3) Review company operations to be in tandem with rules and regulations from Stock Exchange of Thailand or related agencies
- 4) Select and appoint company auditor and pay proper compensation to auditor based on reliability, resources required and experience and attend meeting with auditor without having management team participation for at least once a year
- 5) Select, appoint and dismiss the internal auditors.
- 6) Consider related transactions or transactions that may have conflict of interest to comply with rules and regulations set by Stock Exchange of Thailand to make sure that those transactions are reasonable and best to the Company
- 7) Report activities of audit committee by disclosing on company annual report in which this report is signed by chairman of audit committee. This report includes;
  - Opinions on process of conducting and disclosing company financial statements on reliability and accuracy basis
  - Opinions on company internal control system
  - Opinions on practices complied with Stock Exchange of Thailand or related rules
  - Reasons on proper auditor
  - Opinions on transactions that may have conflict of interest



- Number of audit committee meetings and number of meeting participations of each audit director
  - Opinions or overall notices that audit committee gets from charter operations
  - Other reports that audit committee thinks that shareholders and general investors should know under scope of duty and responsibility assigned by board of directors
- 8) Implement other jobs assigned by board of directors under supervision of audit committee like reviewing financial management and risk management policy, reviewing business code of conduct, reviewing together with company management on significant reports that are needed to report to public as per required by law i.e. management analysis report.

To make great efficiency of audit committee, audit committee may search for independent opinions from other advisors (if necessity) and company will support such expense.

### **Qualifications of Audit Committee and Independent Directors**

1. Hold shares of less than 1% of total shares that have voting right of the Company, parent company, subsidiaries, related companies or companies that may have conflict of interest. In this case, it counts shares held by persons who have relationship with independent directors too.
2. Not or used to be company director who has management authority, employee, salary-based advisor or authorized person who manage the Company, parent company, subsidiaries, related companies or companies that may have conflict of interest. An exception comes when they are out of that position for at least two years before taking this position.
3. Not a person who has blood relationship or law relationship in form of father/mother, spouse, brother/sister, son/daughter including spouse of child of management, major shareholder, authorized person or person who is nominee to be management or authorized person of the Company or subsidiary
4. Not or used to have business relationship with the Company, parent company, subsidiaries, related companies or companies that may have conflict of interest that may have impact to independent decision. Not or used to be major shareholder, director or management of person who has business relationship with the Company, parent company, subsidiaries, related companies or companies that may have conflict of interest. An exception comes when they are out of that position for at least two years before taking this position.



5. Not or used to be auditor of the Company, parent company, subsidiaries, related companies or companies that may have conflict of interest. And not or used to major shareholder, director, management or partner of auditing firm whose auditor is hired as auditor of parent company, subsidiaries, related companies or companies that may have conflict of interest. An exception comes when they are out of that position for at least two years before taking this position.
6. Not or used to be professional service provider including legal advisor or financial advisor who gets compensation of over two million baht a year from the Company, parent company, subsidiaries, related companies or companies that may have conflict of interest. In case that professional service provider is juristic person, it covers major shareholder, director, management or partner of professional service firm too. An exception comes when they are out of that position for at least two years before taking this position.
7. Not a director who gets appointment to be representative for the Company, major shareholder or shareholder who has relationship with major shareholder
8. Not to do similar business with aim to compete perfectly with the Company or subsidiaries. Not be partner, director, employee, salary-based advisor or shareholder (having more than 1% of voting right) of company who has similar business and competes with each other
9. Not have any character which may have impact to give independent opinions on company's operations

## 2) The Good Corporate Governance Committee <sup>1)</sup>

As of December 31, 2013, the Corporate Governance comprised of three persons as follow;

Name	Position
1. Mr.Sombat Santijaree	Chairman of the Good Corporate Governance Committee
2. Mr.Phongthep Thitapan	Member of the Good Corporate Governance Committee
3. Mr Somchai Trairatanapirom	Member of the Good Corporate Governance Committee
4. Miss Chantira Jongjamareeseethong	Secretary of the Good Corporate Governance Committee

<sup>1)</sup> The Board of Directors No.1/2013 On January 15, 2013 to change the name. "The Audit and Corporate Governance Committee" to "The Audit Committee" and appointed "The Good Corporate Governance Committee" One additional committee.





### Scope of Authority of the Corporate Governance Committee

- 1) To propose guidelines for good corporate governance to the Board of Directors.
- 2) To advise the Board on matters of corporate governance as well.
- 3) The operations of the Board and management to the principles of good corporate governance.
- 4) Review of the principles of good corporate governance by comparison with the practice of international practice and present to the Board of Directors.
- 5) The corporate governance policies of the company for working group.
- 6) The policies and practices with Corporate Social Responsibility
- 7) To monitor the implementation of the CSR and report to the Board of Directors.

### 3) The Risk Management Committee

As of December 31, 2013, risk management committee comprised of four persons as follow;

Name		Position
1. AVM.Dr.Pian	Totarong <sup>1)</sup>	Chairman of the Risk Management Committee
2. Mr.Sathaporn	Kotheeranurak	Member of the Risk Management Committee
3. Miss Sopacha	Dhumrongpiyawut	Member of the Risk Management Committee
4. Mr.Papangkorn	Sakulvorakarn	Member of the Risk Management Committee & Secretary

- 1) The resolution of the Board of Directors' meeting No. 5/2013 dated 10th June 2013 has appointed AVM. Dr.Pian Totarong to be the Chairman of the Risk Management Committee.

### Scope of Authority of Risk Management Committee

- 1) Set policy and scope of risk management framework, set roles and responsibility and participate to set company goals
- 2) Supervise and support risk management to make it successful on enterprise wide risk management" and increase level of risk awareness of each factor into consideration in resource allocation and process management
- 3) Consider key risks and manage them efficiently and effectively, promote capacity in enterprise wide risk management and risk management technique and combine risk management with company business plan and other management activities
- 4) Prepare risk management language to be the same language used in organization and measure chance to happen, impact and type of risk to share



- 5) Give convenience to department managers to develop new reporting rules including upper and lower end on both qualitative and quantitative analysis and supervise reporting process
- 6) Report to executive head on progress of risk management and outliers and propose necessary suggestions

#### 4) The Nomination and Remuneration Committee

As of December 31, 2013, the Nomination and Remuneration Committee comprised of four persons as follow;

Name		Position
1. Pol. Maj. Gen. Visit Sukarasep		Chairman of the Nomination and Remuneration Committee
2. Mr.Decha Chooligorn		Member of the Nomination and Remuneration Committee
3. Mr.Charan Lerththeerapoj		Member of the Nomination and Remuneration Committee
4. Mrs. Somluk Kanuenghet		Member of the Nomination and Remuneration Committee & Secretary

#### Scope of Authority of the Nomination and Remuneration Committee

- 1) Set policy, principal and method for nomination and remuneration including other benefits of the Board of Directors, sub-committees and executives, up to managing director's position to the Board of Directors.
- 2) Consider for nomination, selection and propose the suitable person under related regulation to the Board of Directors for consideration to appoint as directors of the Board of Directors and/or the sub-committees in the purpose of replacement, resignation or addition and also propose to the shareholder meeting if any under the company's article and associates.
- 3) Review and propose the structure and criteria of remuneration in compensation of meeting attendance, annual compensation and bonus including other benefit to make it fit with duty and responsibility by proposing to the Board of Directors and/or the Shareholder Meeting for consideration.
- 4) Monitoring the policy of remuneration in overall which persuade and maintain the employees.
- 5) Set principal for executives' evaluation, especially in the position of managing director in the purpose to consider for annul compensation based on duty and responsibility to the company.
- 6) Consider overall annual budget regarding salary hike, bonus and other benefits of employees and propose to the Board of Directors for consideration.

- 7) Disclose the activities of the committee in annual report.
- 8) Operate other jobs assigned by board of directors

## 5) Executive Committee

As of December 31, 2013, executive committee comprised of five persons as follow;

Name		Position
1. Ms Sopacha	Dhumrongpiyawut	Chief Executive Officer
2. Mr.Somboon	Aueatchasai	Executive Director
3. Ms Naruechon	Dhumrongpiyawut	Executive Director
4. Mr.Chaloempon	Sricharoen	Executive Director
5. Mrs.Areewan	Roonpraphan	Executive Director

### Scope of authority of executive committee

- 1) Have authority to make decision on the Company's key operations by setting scope, type, size, objective and policy of business as well as supervising overall operations, production, customer relationship and responsibility to board of directors
- 2) Consider investment expansion and fixed asset acquisition and then propose this to board of directors
- 3) Have authority to act and show as company representative to outside people in related activities and having benefit to company
- 4) Consider fund raising to propose to board of directors
- 5) Approve the appointment of necessary advisors who can help company
- 6) Do general management
- 7) Approve plan of each department and approve request of each department that is beyond department authority

Regarding assignment of authority and responsibility, person who get such authority will not have authority to approve transaction that such person or related person that may have conflict of interest ("person that may have conflict of interest" is defined by Stock Exchange of Thailand) to company or subsidiaries. Approval of such transaction is needed to propose to meeting of board of directors and/or meeting of shareholders. An exception comes from transaction regarding normal operations of company in line with rules and regulations set by board of director.



Board of directors may appoint other sub-committee as per necessity. Scope of authority of each sub-committee has to be clear and specific as sub-committee should be close to issue or problem than others.

### 18.3 Selection and Appointment of Directors and Executives

#### Selection of Board of Directors

Though the Company doesn't have director search committee, the company's board of directors handles that job by using following criteria, knowledge, capability, experience, vision, creditability and professional qualification (no ban manner), to select director and then propose to shareholders' meeting for approval. The Company sets key criteria for director search as follow;

1. Board of directors comprises of at least 9 persons in which at least half of that must have residence in Thailand and directors must have qualifications as law said
2. Director search by shareholders' meeting is based on majority vote as follow;
  - 2.1 One shareholder has voting right equivalent to one share, one vote
  - 2.2 Shareholder votes director on one-on-one basis
  - 2.3 Director search is based on highest-scored ranking. In the case that qualified persons get same scores and exceed number of directors required, chairman of meeting has final decision.
3. In every annual shareholder meeting, one third of directors are required to resign. If total directors can't be dividend by three, use close amount of directors to resign. Directors who are required to resign in the first year and second year use lucky draw technique. For the following years after that, directors who are in position for the longest period have to resign. However, directors who resign may be selected again.
4. Director has right to get compensation from company in term of reward, meeting fee, pension fund, bonus or other compensations as defined by rules or resolution from shareholders' meeting either in term of fixed amount or general concept. Moreover, director also gets allowance and fringe benefit on top of normal benefits like salary and bonus as employee.
5. Director who wants to resign sends resignation form to company. It will be effective once company accepts. Director may give resignation notice to register person.
6. In case that director position is vacant due to extra reasons (not term expired), board of directors can select qualified person with no banned manner as



replacement director in next meeting of board of directors, except director's term has less than two months left. Such replacement director will be in the position for time equivalent to remaining term of previous director. This resolution from board of director requires at least three fourth of remaining directors.

7. If shareholders want director to resign, it needs to get vote from shareholders' meeting of at least three fourth of total shareholders attending the meeting and total voting right.
8. Board of directors select a director to be chairman, while there will be one or more to serve as deputy chairman.

### **Selection of Audit Committee/Independent Directors**

Regarding to the selection of Audit Committee, Board of directors or shareholders' meeting will select persons to be a committee in selecting audit committee in which such committee must have at least three persons from audit committee by selecting from independent directors. Audit committee has three year term but may get renewal from board of directors or shareholders' meeting. Among audit committee, there is at least one person who has knowledge and experience in financial & accounting background, so he/she can do financial statement review.

### **The Best Corporate Governance Committee Selection**

In the part of best corporate governance committee selection, the board of directors or the meeting of shareholders should appoint the committee members which all of them are the independent directors who are not directly involved in doing company business. In order to comply with the principles of good corporate governance and to provide fairness and transparency auditing for the company, it has been defined that the good corporate governance committee must have service period of three (3) years. However, they may be appointed by the board of directors or the meeting of shareholders to continue his/her tenure roles and responsibilities as the good corporate governance committee. The good corporate governance committee will be considered by their qualifications in deep knowledge in the company's business area, experiences in corporate governance, and expertise in policy formation in order to ensure compliance with the good governance principles.



### **Risk Management Committee Selection**

In the part of risk management committee selection, the board of directors or the meeting of shareholders should appoint the committee members consist of two (2) independent directors and two (2) managing directors. The directors must have well understanding of the organization's risk and the independent directors must able to advise the global types of risk management to the company. It has been defined that the risk management committee must have service period of three (3) years. However, they may be appointed by the board of directors or the meeting of shareholders to continue his/her tenure roles and responsibilities as the risk management committee. The risk management committee will be considered by their qualifications in deep knowledge in the company's business area, skill and expertise in accounting and financial in policy formation in order to concretely implement risk management.

### **Nomination and Remuneration Committee Selection**

In the part of the nomination and remuneration committee selection, the board of directors or the meeting of shareholders should appoint the committee members consist of three (3) independent directors and one (1) executive management. The executive management will be appointed to oversee the Division of Human Resources. It has been defined that the nomination and remuneration committee must have service period of three (3) years. However, they may be appointed by the board of directors or the meeting of shareholders to continue his/her tenure roles and responsibilities as the nomination and remuneration committee. The nomination and remuneration committee will be considered by their qualifications in deep knowledge in the company's business area, skills and experiences in legal, expertise in developing such remuneration and nominations policy and structure. The information obtained from the database of Consultant Company will be used for the purpose of nomination and remuneration in the organization to compatible with internationally-recognized standards.

### **Selection of Executive Committee**

Board of directors appoints executive committee in which executive committee comprises of three at least and five at most by selecting from directors or employees or capable persons who are no audit committee. Executive committee has responsibility to manage company as per assignment from board of directors. Executive committee directly reports to board of directors.



However, the selection of all committee members, the company will consider from select committee members who are expert and have qualification in wide range of professional skill, special expertise, and deep knowledge in the company's business area in order to obtain policy guidelines, recommendations, and continuous improvement company processes to be compatible with internationally-recognized standards.

### **Orientation and Training of Board Members**

All new members to boards of directors must participate actively in the orientation and training sessions for new committee members. At the orientation and training, the executive management will provide important information relating to the company and then all committee members will be received the membership committee manual and code of business conduct for new employee. In addition, the executive management of the company and other committee members may also participate in the orientation.

The membership committee manual major content including roles and responsibilities of all board of directors, holding or trading any securities by the directors, directors' interest report, conference management, disclosure of information, dealing with the management, compensation and benefits of board of directors and subcommittee, authorization schedule, general information of the company, charter of the audit committee of the board of directors, charter of the internal audit, roles and responsibilities of internal audit, measure related party transactions, and so on.

Besides the orientation of the board members, the company has policy to arrange in-house training courses/sessions on subjects related and encourage the board member to participate outbound training courses/sessions to increase the understanding of the important role and mission under the campaigning of the good corporate governance planning. Moreover, the directors may be admission for the training courses/sessions that held by the Thai Institute of Directors Association or relevant agencies in which the company responses for all expenses are incurred.

### **Executive Recruitment and Appointment**

The board assists management in making policy and selection criteria for the position of managing director and policy to emergency succession or the retirement of managing director. The selection process will be clear and transparency. The selection criteria for the position will be considered by knowledge, experiences, abilities, ethics and leadership. The Nomination and Remuneration Committee are assigned to propose the qualified person for appointing as managing director.



The managing director was assigned to recruit the best candidates with extensive knowledge, skills, and experience for the position of executive in accordance to the properties and methods of selection defined by the company.

#### **18.4 Corporate Governance of subsidiaries and associates**

In past, nomination and voting to appoint as a director in subsidiaries and associates provided by management, and since 2013, the company set new procedures for nomination and voting shall be approved by the Board of Directors and nominee who was appointed to be director of subsidiaries or associated companies should takes a responsibility to ensure the best interests of the subsidiaries or associates. The Company has determined that the person is appointed must be approved by the board before to the vote or the right to vote on important matters in the same class must be approved by the Board of Directors. If the company itself is run by the directors represent in the subsidiary or associated company according to the shareholding of the company.

Also in case of a subsidiary, the Company has determined the appointed person to monitor and control the subsidiaries to set the regulation of related transaction, acquisition or disposition of assets or making any other major items of that company in all completely and correctly by performing as principal of disclosure and the above transactions in the same manner as the Company's criteria including the need to ensure that the storage and accounting of the subsidiary companies to be checked and compiled financial statements with deadlines.

#### **Inside Information**

The Company emphasizes on information disclosure and transparency by not allowing directors and executives to use inside information to find their benefits and for securities trading as follow;

- Require directors and executives to report holding of securities of themselves, spouse, underage children to Stock Exchange Commission and Stock Exchange of Thailand Article 59 and punishment Article 275 of Stock Exchange of Thailand Act Por Sor 2535
- Require management to report change in securities holding to Stock Exchange Commission and Stock Exchange of Thailand Act 59 Por Sor 2535 and send copy of this report to company on the same day that sent to Stock Exchange Commission





- Require directors, executives or employees who know inside information not to disclose information to outsiders or to persons who are not involved in this subject and not to do securities trading for at least one month before announcement of financial statements and at least 24 hours after announcement

Company sets discipline punishment for person who finds benefit for itself by using inside information to disclose until it hurts company. Discipline punishment starts from verbal warning, written warning, probation and layoff.

## 18.6 Auditor fee

### 1. Audit fee

In 2011, 2012 and 2013, audit fees for the Company comprises annual audit fee and audit fees for the 3 quarters, as per following details:-

Audit fee	Gunkul Engineering PLC.
2011	850,000.00
2012	850,000.00
2013	892,000.00

Persons or businesses related to auditors or audit office, which was SP Audit Co., Ltd., was not related person or business of the Company.

### 2. Non-Audit fee

Unless the audit fees that paid in annual by the Company and subsidiaries, the remuneration of the other service fee such as meeting attendance allowance 20,000 baht, transportation fee 27,350 baht, and special audit fee 110,000 baht concluded in the total of 157,350 baht, which already paid in the year of 2013.



## 18.7 Compliance with the Principles of Good Corporate Governance in Any Other Matter

The company has policy and criteria for determining remuneration for the board of directors, executive management, and other board committee by comparing with industry, experiences, roles and responsibilities, and expected benefit from each board members. In order to comply with the principle of good corporate governance, the company prepares the summary of round table for each committee and meeting allowances in section of the management structure.

The board of directors defined that the company must prepare and report the trade and transfer the company's shares/securities to the board meeting of the good corporate governance committee and the board of directors in all meeting. Moreover, the company must report the progress of the subcommittee and the board of directors in every meeting for the efficiency of organization management for growing sustainably and continuing oversight of the principles of good corporate governance.



## 19. Internal control and risk management

### 19.1 Conclusion of Board of Directors' opinion about the Company's internal control system.

Board of Directors realizing about the importance of risk management and have direct responsibility for risk management of the organization. The objective is to support the operations of the Company's management division to be more efficient and achieve goals by specifying the policy and risk management framework and involved in all sections of the business. And specify the internal regulation, preventive and decrease risk measure, reporting system, monitoring procedure and regularly evaluate to cover business risk factors.

Board of Directors has delegated to the Audit Committee which consists of 3 independent directors and each one is not an employee of the Company to take the responsibility of review and audit the internal to ensure that the operations are effective. The Internal Audit Department performs to assess the risk and internal operation control activities and report about the financial reporting audit and risk management report to the Audit Committee quarterly.

In addition, the Company sets up its own internal audit department with aim to check and evaluate the internal control system of the Company and its subsidiaries. The Company prepares business code of conduct so called work book, implements the Key Performance Indicator (KPI) to control and evaluate the Company's operations and incorporates risk assessment based guidance from COSO (The Committee of Sponsoring Organization of Treachery Commission). Internal audit department will report the auditing results and comments to audit committee and board of directors on quarterly basis.

### 19.2 Conclusion of Audit Committee about the internal control

In the Board of Directors' meeting 2/2014 dated February 22, 2014, Audit and Corporate Governance Committee (three independent directors), management and internal audit participated in this meeting. Following is the conclusion from the meeting regarding internal control system covering five areas;



1. Corporate and environment
2. Risk management
3. Internal control and operations
4. Information technology and communication system
5. Follow-up report

Boards of Directors and the Audit Committee have the same opinions as the internal audit which is the Company's internal control system is adequate and appropriate. The Company has provided adequate personnel to operate under the system effectively. Including a system of internal control to monitor the operations of the subsidiaries to protect the assets of the Company and the subsidiaries from directors or the management team's abuse of asset spending, including transactions with the persons who may have conflicts and related party. Those are sufficient for internal control in other topics and the Committee considers that the Company has adequate internal control as well.

Audit and Corporate Governance Committee and management have continuously paid attention on corporate governance, internal control and risk management with aim to have good corporate governance, efficient internal control, acceptable risk management, reliable accounting and financial reports, and straight-forward rules and regulations.

### **19.3 Head of company's internal audit.**

At the meeting of the Audit Committee Meeting No. 1/ 2551 which held on October 27<sup>th</sup>, 2008 has appointed Mr. Worathep Luangsirapornchai, Senior Vice President of Internal Audit to be the head of internal audit of the company and Secretary to the Audit Committee due to 5 years experience in performing of internal and had been trained in many courses which related to the performing of internal audit such as Audit Committee Program (ACP) Class 24 /2551. The Thai Institute of Directors Association (IOD) Monitoring the Internal Audit Function Programme (MIA) Class 4/2008 The Thai Institute of Directors Association (IOD), and understanding in the activities and operations of the Company. Thus, he is appropriate to be assigned in this position.

In order to consider approving, transferring, dismissal of the incumbent as a head of internal audit of the company must be approved or get the approval from the Audit Committee.



## 20. Related Transactions

### 20.1 Summary of relationship between the Company, subsidiaries and related companies/persons

Company	Symbol	Type of Business	Relationship
Gunkul Group Co., Ltd.	GKG	Holding company	<ul style="list-style-type: none"> <li>- GKG is major shareholder of GUNKUL with 59.97% stake.</li> <li>- GKG is held by Dhumrongpiyawut family at 99.64% stake and has shared director with GUNKUL named Mr. Gunkul Dhumrongpiyawut</li> </ul>
G.K. Assembly Co., Ltd.	GKA	Manufacturing Electrical Products	As of December 31, 2013, GUNKUL was major shareholder of GKA for 99.99% stake. Shared shareholder between GKA and GUNKUL is Mr. Gunkul Dhumrongpiyawut holding 0.001% stake in GKA. Shared directors between GKA and GUNKUL are Miss Sopacha Dhumrongpiyawut and Mrs. Areewan Roonprapan.
G.K. Power Products Co., Ltd.	GKP	Manufacturing Electrical Products	As of December 31, 2013, GUNKUL was major shareholder of GKP for 99.99% stake. Shared shareholder between GKP and GUNKUL is Mr. Gunkul Dhumrongpiyawut holding 0.001% stake in GKP. Shared directors between GKP and GUNKUL are Miss Sopacha Dhumrongpiyawut and Mrs. Areewan Roonprapan.
K.N.P. Supply Co., Ltd	KNP	Supplying Electrical Products	As of December 31, 2013, GUNKUL was major shareholder of KNP for 99.99% stake. Shared shareholder between KNP and GUNKUL is Mr. Gunkul Dhumrongpiyawut holding 0.0002% stake in KNP. Shared director between KNP and GUNKUL is Mr. Chaloepon Srichaoren.
Wind Energy Development Co., Ltd. (WED)	WED	Generating Electrical Power	As of December 31, 2013, GUNKUL was major shareholder of WED for 70.00% stake. Shared shareholder between WED and GUNKUL is Mr. Gunkul Dhumrongpiyawut holding 0.001% stake in WED. Shared directors between WED and GUNKUL are Ms. Nanuechon Dhumrongpiyawut, daughter of Mr. Gunkul Dhumrongpiyawut, and Mr. Somboon Aueatchasai. Shared director between GCPG and GPS is Mr. Somboon Aueatchasai.



Company	Symbol	Type of Business	Relationship
N.K. Power Solar Co., Ltd.	NK	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of NK for 49.00% stake. Shared directors between GUNKUL and GPS are Miss Sopacha Dhumrongpiyawut and Mr.Somboon Aueatchasai. Shared directors with GCPG are Mr.Somboon Aueatchasai and Mr.Phongsakorn Damonoen. NK are controlled by GUNKUL.
Gunkul Solar Roof 1 Co., Ltd.	GSR-1	Generating Electrical Power	As of December 31, 2013, GUNKUL was major shareholder of GSR1 for 99.97% stake. Shared shareholder between GUNKUL and GSR1 is Miss Sopacha Dhumrongpiyawut holding 0.01% stake. Shared directors between GSR1 and GUNKUL are Mr.Sopacha Dhumrongpiyawut and Mr.Somboon Aueatchasai.
Gunkul Solar Roof 2 Co., Ltd.	GSR-2	Generating Electrical Power	As of December 31, 2013, GUNKUL was major shareholder of GSR2 for 99.97% stake. Shared shareholder between GUNKUL and GSR2 is Miss Sopacha Dhumrongpiyawut holding 0.01% stake. Shared directors between GSR2 and GUNKUL are Mr. Sopacha Dhumrongpiyawut and Mr.Somboon Aueatchasai.
Solar Energy Society Co., Ltd.	SES	Generating Electrical Power	As of December 31, 2013, GUNKUL was major shareholder of SES for 99.97% stake.
Bright Green Power Co., Ltd.	BGP	Generating Electric Power and Engineering, Procurement and Construction	As of December 31, 2013, GUNKUL was major shareholder of BGP for 99.97% stake. Shared shareholder between GUNKUL and BGP is Miss Sopacha Dhumrongpiyawut holding 0.01% stake.
Gunkul Power Development Co., Ltd.	GDP	Generating Electrical Power	As of December 31, 2013, GUNKUL was major shareholder of GDP for 99.97% stake. Shared shareholder between GUNKUL and GDP is Miss Sopacha Dhumrongpiyawut holding 0.01% stake. Shared directors between GDP and GUNKUL are Mr. Sopacha Dhumrongpiyawut and Mr.Somboon Aueatchasai.
Gunkul Solar Power 1 Co., Ltd.	GSP-1	Generating Electrical Power	As of December 31, 2013, GUNKUL was major shareholder of GSP1 for 99.97% stake. Shared shareholder between GUNKUL and GSP1 is Miss Sopacha Dhumrongpiyawut holding 0.01% stake. Shared director between GSP1 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.



Company	Symbol	Type of Business	Relationship
Gunkul Solar Power 2 Co., Ltd.	GSP-2	Generating Electrical Power	As of December 31, 2013, GUNKUL was major shareholder of GSP2 for 99.97% stake. Shared shareholder between GUNKUL and GSP2 is Miss Sopacha Dhumrongpiyawut holding 0.01% stake. Shared director between GSP2 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
Gunkul International (Mauritius)	GIM	Overseas Investment	As of December, 2013, GUNKUL was major shareholder of GIM for 100% stake.
Gunkul Investment (Singapore) Pte. Ltd. GIS	GIM	Overseas Investment	As of December, 2013, GIM was major shareholder of GIS for 100% stake.
Gunkul Myanmar Power (Hlawga) Pte. Ltd.GMP	GIM	Overseas Investment	As of December, 2013, GIS was major shareholder of GMP for 100% stake.
Gunkul Chubu Powergen	GCPG	Generating Electrical Power	As of December 31, 2013 GUNKUL was major shareholder of GCPG for 51% stake. Dhumrongpiyawut family holds 0.00002% stake in GCPG. Shared director between GCPG and GUNKUL are Mr. Somboon Aueatchasai. GUNKUL deposited the common shares in GCPG to Chubu Electric Power Gem B.V. at 49.00% on February 26, 2013. GCPG are not controlled by GUNKUL. As of June 28, 2013, Shareholder Meeting of GPG had passed a resolution to approve the company name's changing from "Gunkul Powergen Co., Ltd. (GPG) to be "Gunkul Chubu Powergen Co., Ltd. (GCPG).
Siam Wind Energy Co., Ltd.	SWE	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of SWE for 40.00% stake. Shared shareholder between GUNKUL and SWE is Miss Sopacha Dhumrongpiyawut holding 0.01% stake. Shared directors between SWE and GUNKUL are Mr.Sopacha Dhumrongpiyawut and Mr.Somboon Aueatchasai.
Siam Gunkul Solar Energy Co., Ltd.	SGSE	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of SGSE for 49.97% stake. Shared shareholder between GUNKUL and SGSE is Miss Sopacha Dhumrongpiyawut holding 0.01% stake. Shared director between SGSE and GUNKUL is Mr.Sopacha Dhumrongpiyawut. Shared director with GCPG and GPS is Mr.Phongsakorn Damnoen.
WHA Gunkul Green Solar Roof 1 Co., Ltd.	WHA_GSR-1	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-1 for 25.01% stake. Shared director between WHA_GSR-1 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.





Company	Symbol	Type of Business	Relationship
WHA Gunkul Green Solar Roof 2 Co., Ltd.	WHA_GSR-2	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-2 for 25.01% stake. Shared director between WHA_GSR-2 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 3 Co., Ltd.	WHA_GSR-3	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-3 for 25.01% stake. Shared director between WHA_GSR-3 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 4 Co., Ltd.	WHA_GSR-4	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-4 for 25.01% stake. Shared director between WHA_GSR-4 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 5 Co., Ltd.	WHA_GSR-5	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-5 for 25.01% stake. Shared director between WHA_GSR-5 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 6 Co., Ltd.	WHA_GSR-6	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-6 for 25.01% stake. Shared director between WHA_GSR-6 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 8 Co., Ltd.	WHA_GSR-8	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-8 for 25.01% stake. Shared director between WHA_GSR-8 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 9 Co., Ltd.	WHA_GSR-9	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-9 for 25.01% stake. Shared director between WHA_GSR-9 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 10 Co., Ltd.	WHA_GSR-10	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-10 for 25.01% stake. Shared director between WHA_GSR-10 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 16 Co., Ltd.	WHA_GSR-16	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-16 for 25.01% stake. Shared director between WHA_GSR-16 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
WHA Gunkul Green Solar Roof 17 Co., Ltd.	WHA_GSR-17	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of WHA_GSR-17 for 25.01% stake. Shared director between WHA_GSR-17 and GUNKUL is Mr.Sopacha Dhumrongpiyawut.
G-Power Source Co., Ltd.	GPS	Generating Electrical Power	As of December 31, 2013, GUNKUL was a shareholder of GPS for 40.00 % stake. Shared directors between GPS and GUNKUL are Miss Sopacha Dhumrongpiyawut and Mr.Sornboon Aueatchasai.



Company	Symbol	Type of Business	Relationship
Future Electrical Control Co., Ltd.	FEC	Contractor	FEC has jointed major shareholder with GUNKUL which is GKG Co., Ltd. and Dhumrongpiyawut family by holding 95.00% and 3.60% respectively. Shared directors between FEC and GUNKUL are Miss Sopacha Dhumrongpiyawut and Mr. Chabempon Sricharoen. Previously, FEC was importer of transmission equipment to sell to GUNKUL. Now FEC has changed its business objective to contractor, while transmission equipment business was terminated since 2008.
Gunkul Trading & Agency Co., Ltd.	GKT	International Marine Transport	GKT is held by Dhumrongpiyawut family, major shareholding of GKG. Dhumrongpiyawut family holds 66.00% stake in GKT. Shared director between GUNKUL and GKT is Miss Sopacha Dhumrongpiyawut.
Kuntee Co., Ltd. Asian Region	KNT	Marine Transport in	Major shareholder of KNT is Sricharoen family holding 97.93% stake. Sricharoen family is family of Miss Sopacha Dhumrongpiyawut
Gunkul Marine Line Co., Ltd.	GML	Operating Closed	GML is held by Dhumrongpiyawut family for 97.00% stake. Shared director between GML and GUNKUL is Mr. Gunkul Dhumrongpiyawut.
Joint venture between Sri-U-Thong and Future Electric Control	JV-Sri & FEC	Contractor	Joint venture between Sri-U-Thong and Future Electric Control has FEC as partner to do contracting business.
Gunkul Engineering (2000)	GK2000	Rental	GK2000 has Dhumrongpiyawut family as major shareholder for 76.00% Limited (GK2000) stake. Shared director between GK2000 and GUNKUL is Mr. Gunkul Dhumrongpiyawut.
G.M. Supply & Construction Co., Ltd.	GMS	Rental	GMS has Dhumrongpiyawut family as major shareholder for 98.00% stake. Co., Ltd. Shared director between GK2000 and GUNKUL is Mr. Gunkul Dhumrongpiyawut
Joint venture between FEC and SAC	JV-FEC & SAC	Contractor	Joint venture between FEC and SAC has FEC as partner to do contracting business.
Mr. Gunkul Dhumrongpiyawut	-	Director	Mr.Gunkul Dhumrongpiyawut and family holds 59.97% stake in GKG which is major shareholder of GUNKUL. He is GUNKUL's president.
Miss Sopacha Dhumrongpiyawut	-	Director	Miss Sopacha Dhumrongpiyawut is Mr.Gunkul Dhumrongpiyawut's wife. She is President and CEO of GUNKUL.





Company	Symbol	Type of Business	Relationship
Miss Naruechon Dhumrongpiyawut	-	Director	Miss Naruechon Dhumrongpiyawut is Mr.Gunkul Dhumrongpiyawut's daughter. She is a director of GUNKUL.
Mr.Pawich Dhumrongpiyawut	-	Mr.Gunkul Dhumrongpiya wut's son	Mr.Pawich Dhumrongpiyawut is Mr.Gunkul Dhumrongpiyawut's son.
Mr.Chaloempon Srichaoren	-	Director	Mr.Chaloempon Srichaoren is Miss Sopacha Dhumrongpiyawut 's brother. He is a director of GUNKUL.

## 20.2 Summary of related transactions in 2012 and 2013

### (1) Sales of goods and rendering of services

Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GUNKUL	GKP	Sale of goods	4.11	-	GUNKUL sells raw material to GKP on cost plus 5-30% profit, for production of finished goods.
		Account receivables	0.42	-	
	KNP	Sale of goods	35.37	15.98	GUNKUL sells finished goods to public sector clients on cost plus 5-30% profit.
		Account receivables	1.67	1.13	
	GKA	Sale of goods	1.76	1.56	GUNKUL sells raw material to GKA on cost plus 5-30% profit, for production of finished goods.
		Account receivables	2.78	1.25	
	FEC	Sale of goods	0.42	0.05	GUNKUL sells finished goods to FEC for use in contraction, FEC's core business, on cost plus 5-30% profit which is comparable to other clients.
		Account receivables	-	0.00	
	KNT	Sale of goods	0/02	0.01	GUNKUL sells finished goods to KNT for use in marine transport on cost plus 5-30% which is comparable to other clients.
		Account receivables	-	0.00	

Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GPS	GPS	Construction of power plants	1,562.83	58.04	GUNKUL signs Engineering Procurement & Construction (EPC) contract agreement of solar power plant and other construction work to GPS on cost plus 5-16.27% profit..
		Account receivables	304.13	-	
		Unearned revenue	17.04	-	
		Advanced construction revenue	3.61	-	
		Service revenue O&M	15.45	15.27	
		Unearned service revenue O&M	13.64	-	
GCPG	GCPG	Construction of power plants	1,465.50	-	GUNKUL signs Operation & Maintenance (O&M) contract agreement worth 104.30 million baht of 4 solar Power plants for GPS in the capacity of 6.5 MW x 4 sites, Takeed, Tasang, Dongkorn and Buengsampan, for 5 years.  GUNKUL signs contract EPC agreement to GCPG on cost plus 5.16.27% profit.
		Account receivables - construction work	92.67	-	
		Unearned revenue	0.03	-	
		Account receivables - work guarantee	68.83	145.00	
		Advanced construction revenue	66.55	-	
		Service revenue O&M	-	17.28	
		Unearned service revenue O&M	-	0.52	
		Advanced service revenue O&M	-	4.40	
		Service revenue S&A	-	4.20	





Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GKA		Unearned service revenue S&A	-	0.37	
	NKP	Construction of power plants	-	63.26	GUNKUL signs EPC contract agreement to construct solar power plant in the capacity of 0.94 MW to NKP in amount of 53.55 million baht on cost plus 5.16.27% profit.
		Account receivables - construction work	-	51.57	
		Service revenue O&M	-	0.19	
		Unearned service revenue S&A	-	0.20	
	GPD	Sale of goods	-	1.02	GUNKUL sells finished goods to GPD for solar power plant construction on cost plus 5-30%
GKA		Account receivables	-	1.09	
	KNP	Sale of goods	28.06	26.70	GKA sells finished goods to KNP and KNP resells the goods to public sector clients on cost plus 5.35%.
		Account receivables	0.06	5.07	
	GKP	Sale of goods	30.24	52.40	GKA sells raw materials to GKP on cost plus 5.35%, for production of finished goods.
		Service Revenue	-	2.20	
		Account receivables	17.75	36.29	
GKA	FEC	Sale of goods	168.76	6.14	GKA manufactures metal parts and render services to FEC on cost plus 15-35% with advanced deposit paid by FEC. FEC uses the goods for construction of steel structure of solar cell panels and EPC construction works.
		Service revenue	24.83	19.83	
		Account receivables	92.55	9.05	
		Advanced revenue	7.61	-	
	GM	Sale of goods	-	0.06	GKA sells manhole cover sized 1200 x 440 mm to GM for drain system repairing on cost plus 15-35%
		Account receivables	-	-	
GKP	KNP	Sale of goods	24.12	25.20	GKP sells finished goods to KNP on cost plus 5-35%. KNP resells the goods to public sector clients.
		Account receivables	0.56	7.83	

(2) Purchase of goods and taking of services

Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GUNKUL	GKP	Purchase of goods	167.55	346.01	GUNKUL buys finished goods from GKP to sell to GUNKUL's clients. Prices of goods are based on cost plus 5-30% profit, and services fees by GKP are on cost plus 15-20% profit.
		Account payables	112.09	224.68	
		Service fee	0.22	-	
		Accrued expenses	0.24	-	
	GKA	Purchase of goods	260.11	194.56	GUNKUL buys finished goods from GKA on cost plus 5-35% profit to sell to GUNKUL's clients.
		Account payables	66.52	22.23	
		Service fee	0.82	1.00	GUNKUL hires GKA on moving of supplies and equipment into construction site and repair work in power plant projects, on cost plus 15-20% profit.
		Accrued expenses	0.51	-	
	KNP	Purchase of goods	13.96	9.55	GUNKUL buys finished goods from KNP on cost plus 5-30% profit to sell to GUNKUL's clients.
		Account payables	10.29	0.44	
FEC		Construction/service fee	276.30	352.74	GUNKUL signs contracts with FEC to construct power stations and utilities systems for solar power plants, total contractual value is 992.20 million baht.
		Maintenance expenses	0.93	-	
		Account payables	29.50	-	
		Retention payable from contractor	37.16	85.51	
		Advanced payment for construction	109.97	7.14	
GCPG		Purchase of goods	-	0.01	GUNKUL buys DC Solar Cable sized 1x8 sqmm. from GCPG for solar power plant construction on cost plus 5-30%
		Account payables	-	-	
		Transportation/service fee	2.92	-	
G.E.S.		Accrued service expenses	0.02	-	GUNKUL uses service from G.E.S., Logistic of which a sister of Mr.Gunkul Dhumrongpiyawut is a shareholder. The fees are comparable to other service providers.





Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GKA	GKP	Purchase of goods	0.82	0.81	GKA buys prefabricated raw materials from GKP on cost plus 5-35% profit to produce finished goods.
		Account payables	1.03	0.41	
	FEC	Purchase of goods	-	0.07	GKA purchases net hedge from FEC for border setting of the factory in purpose of material keeping on cost plus 5-35%
		Account payables	-	-	
	FEC	Construction fee	-	0.56	WED hires FEC to investigate density of soil at the wind farm area for construction, Hua Bong, Nakornrachasrima Province.

### (3). Acquisition and divestment of assets and rental

Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GUNKUL	GKA	Sale of assets	0.39	-	GUNKUL sells 1 of 2.5-cc Isuzu pick-up truck, year 2003, license plate no. 34-8376, to GKA for internal use at a comparable market price.
		Purchase of assets	-	-	GUNKUL buys 1 harddisk from GKA for use in the company at a price of 3,198.38 baht, based on book value of the asset.
	GK2000	Rental	5.60	5.60	GK2000 rents land and building from Mr. Gunkul Dhumrongpiyawut and then re-rent it to GUNKUL to use as warehouse (Ruamjit) and warehouse (Pichai) with three-year contract starting from July 1, 2012 to June 30, 2015, at average rental rate of 328,000 baht/month or 79.43 baht/ sq.m. for land and building (average rental calculated from average rental to premise space) and 139,000 baht/month or 249.10 baht/sq.wah for land. This rental rate is close to rate that is appraised by independent appraiser, Noble Property Company Limited, at 79.51 baht/sq.m. for Ruamjit and 248.33 baht/sq.wah for Pichai warehouse.

Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GKA	GMS	Rental	-	1.01	GMS who leases 2 title deeds of land including building with Mr. Gunkul Dhumrongpiyawut in the total of 0-3-31 Rai (331 squaremeters) at Soi Watsawadiwari Srimaram, Nakornchaisri Road, Nakornchaisri, Dusit, Bangkok and sublease to GUNKUL in the purpose of office and garage using during 17th April 2013 - 31st December 2015 by retail fee in amount of 119,000 baht per month which referred to the appraisal from independent appraiser, Thai Surveyor and Advisory Co., Ltd.
	NK	Rental Income	-	0.10	NKP signs lease agreement with GUNKUL for title deed of land NorSor 3 no. 86 located at Nongkum, Borploi, Kamchanaburi Province in the total area of 19-2-23 Rai for solar power plant construction in the capacity of 0.94 MW strating 12th June 2013 for 26 years in total rental amount of 6.06 million baht.
		Advance Rental Revenue	-	0.08	
	PM Audit	Purchase of assets	0.60	-	GUNKUL buys Toyota Harrier, license plate นท-8884, year 2000, aged 12 years, from PM at comparable market price. PM has a brother of Mr. Gunkul Dhumrongpiyawut as a shareholder.
	GKP	Rental income	1.20	1.20	GKA rents manufacturing building to GKP to use for goods assembly, with 3-year contract starting from 1 <sup>st</sup> July 2012 - 30 <sup>th</sup> July 2015 at rental rate of 100,000 baht/month
		Unreceived rental income	0.10	-	
	FEC	Purchase of assets	0.01	-	GKA buys 1 coating thickness meter from FEC at 13,573.75 baht for use in coated metal inspection at construction site.
		Sale of assets	0.51	-	GKA sells 1 Toyota Vigo 2.5, year 2007, license plate กข- 8675, with GPS to FEC for use in the company at comparable market price.
	Director	Rental	0.69	0.69	GKA signs a contract to rent land 3,472 sq.m. on 2 title deeds of land from Mr.Gunkul Dhumrongpiyawut for use as supplies and goods storage in the rental fee of 57,800 baht per month during 1 <sup>st</sup> January 2012 until 31 <sup>st</sup> December 2012 where the land is located near GKA's factory.
		Unpaid rental	0.23	0.06	



Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GCPG	Director	Purchase of assets (land)	31.19	-	GCPG buys land on title deed no. 5657, no.48, area of 60 rai at Bungkasam district, Nongsue district, Pathumthani province, as approved by the Board of Directors Meeting no.4/2012, for power plant construction, at appraised price by Thai Surveyor & Advisory Co., Ltd., an independent appraiser.
GKP	GMS	Rental	1.54	0.50	GMS rents land and building from Mr. Gunkul Dhumrongpiyawut and re-lets them to GKP for use as office, testing building and warehouse. The term of rent agreement is 3 years starting from 1 <sup>st</sup> July 2012 - 30 <sup>th</sup> June 2015 at rental rate of 42,000 baht/month or 49.41 baht/sq.m., which is close to rental rate as appraised by Noble Property, an independent appraiser, at 49.75 baht/sq.m. GMS who rents a land of about 5 rai from Ms.Sopacha Dhumrongpiyawut re-lets the land to GKP for use as parking space and staff residence renew the term of contract is 6 months starting from 1 <sup>st</sup> July 2012 - 31 <sup>st</sup> December 2012 at rate of 86,000 baht/month or 41.61 baht/sq.wah which is close to rental rate as appraised by Noble Property, an independent appraiser, at 41.67 baht/sq.wah.
		Unpaid rental	0.13	0	
KNP	GK 2000	Rental	1.06	1.06	GK2000 who rents land and warehouse (Ratchaneekom) from Mr. Gunkul Dhumrongpiyawut re-lets the land and warehouse (Ratchaneekom) to KNP for use as office, testing building and warehouse. The term of contract is 3 years from 1 <sup>st</sup> July 2012 - 30 <sup>th</sup> June 2015 at total rental rate of 88,500 baht/month. When calculating only rental for head office building, the rental rate is 83.33 baht/month and the rental rate for warehouse (Ratchaneekom) is 135.71 baht/sq.m. which are close to rental rates as appraised by Noble Property, an independent appraiser, at 82.75 baht/sq.m. and 135.89 baht/sq.m. respectively.



(4) Financial aids

Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GUNKUL	KNP	Short term Borrowing			GUNKUL borrows money from KNP for working capital by issuing promissory notes with 5.763-6.1813% p.a. interest. The interest rates are mutually agreed.
		Borrowing	41.65	29.15	
		Payment	(12.50)	(8.54)	
		Balance	29.15	20.61	
		Interest expense	0.82	0.86	
		Unpaid interest	0.82	0.06	
		Receivables Advance	-	-	GUNKUL paid bank fee in advance for KNP's LG.
GUNKUL	GCPG	Short term lending			GUNKUL lends money to GCPG for working capital by issuing promissory notes with 5.7563-6.1813% p.a. interest. The interest rates are mutually agreed.
		lending	46.97	-	
		Payment	(46.97)	-	
		Balance	-	-	
		Interest income	0.68	-	
	GPS	Short term lending			GUNKUL lends money to GPS for working capital by issuing promissory notes with 5.7563-6.1813% p.a. interest. The interest rates are mutually agreed.
		lending	382.51	29.24	
		Payment	(353.27)	(29.24)	
		Balance	29.24	-	
	WED	Interest income	7.65	6.19	GUNKUL borrows money from WED for working capital by issuing promissory note with 5.00% p.a. The interest rates are mutually agreed.
		Short term borrowing			
		Borrowing	-	105.00	
		Payment	-	(80.00)	
		Balance	-	25.00	
		Interest expense	-	0.69	
		Unpaid Interest	-	0.28	





Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GKA	WED	Other borrowing	0.05	-	GUNKUL paid miscellaneous expenses in advance for WED. GUNKUL paid company set-up expenses in advance for GDP.
	GPD	Receivables Advance	-	0.02	
	GKA	Borrowing from related person			GKA borrows money from GKP on short term for working capital by issuing promissory notes with 3% p.a. interest. The interest rate is mutually agreed.
		Borrowing	46.16	32.16	
		Payment	(14.00)	(32.16)	
		Balance	32.16	-	
		Interest expense	1.18	0.43	
		Unpaid interest	1.18	-	
	KNP	Borrowing from related person			GKA borrows money from KNP on short term for revolving capital by issuing promissory notes with 3% p.a. interest. The interest rate is mutually agreed.
		Borrowing	2.00	-	
		Payment	(2.00)	-	
		Balance	-	-	

#### 5). Other items

Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
GUNKUL	GKA	Dividend income	1.68	-	GUNKUL gets dividend, by December 2012, from GKA at rate of 0.841 baht/share for 1,999,998 shares held (par value 100.00 baht each), totaling 1.68 million baht. The payment is according to resolution of 2012 annual general shareholders meeting on 27 <sup>th</sup> April 2012.
		Unreceived dividend income			

Company	Related companies	Type of transaction	Size		Reason and necessity
			2012 (Million baht)	2013 (Million baht)	
	GKP	Dividend income	8.61	56.15	GUNKUL gets dividend, by April 2013, from GKP at rate of 181.53 baht/share for 999,998 shares held (par value 1,000.00 baht each), totaling 56.15 million baht. The payment is according to resolution of 2013 annual general shareholders meeting on 27 <sup>th</sup> March 2013
		Unreceived dividend income	-	-	
	KNP	Dividend income	15.28	36.50	GUNKUL gets dividend, by April 2013, from KNP at rate of 20.58 baht/share for 499,998 shares held (par value 1,000 baht each), totaling 18.50 million baht. The payment is according to resolution of 2013 annual general shareholders meeting on 18 <sup>th</sup> March 2013. As resolution of the Board of Directors no.4/2556 on June 25, 2013 had approved for interim dividend payment as performance as of March 31, 2013 from unappropriated retained earnings. THB 36.00 per share (par value 1,000 baht each) in the total amount of 18.00 million baht for 499,998 shares held and expected to pay in August 2013.
		Unreceived dividend income	-	-	
	GPS	Dividend income	-	76.40	As resolution of the Board of Directors no.4/2556 on September 27, 2013 had approved for interim dividend payment to GPS as performance as of January - June 2013 from unappropriated retained earnings 20.54 per share (par value 100 baht each) in the total amount of 76.40 million baht for 3,719,998 shares held.
		Unreceived dividend income	-	28.40	
	GCPG	Dividend income	-	56.11	As resolution of the Board of Directors no.4/2556 on August 27, 2013 had approved for interim dividend payment to GCPG as performance as of January - June 2013 from unappropriated retained earnings 5.24 per share (par value 100 baht each) in the total amount of 26.51 million baht for 5,059,195 shares held.
		Unreceived dividend income	-	-	
					As resolution of the Board of Directors no.5/2556 on November 19, 2013 had approved for interim dividend payment to GCPG as performance as of July - December 2013 from unappropriated retained earnings 29.60 per share (par value 100 baht each) in the total amount of 29.60 million baht for 5,059,195 shares held and expected to pay within 2013 year.



### Opinions of audit committee on related transactions between the Company and subsidiaries

- Transactions between GUNKUL and subsidiaries and associated companies take place as normal business practice and benefit the Company's operations. As of December 31, 2013 GUNKUL holds 99.99% stakes in subsidiaries GKA, GKP, KNP and holds 99.97% stakes in subsidiaries GSR1, GSR2, SES, BGP, GPD, GSP1, GSP2 and holds 100% stakes in subsidiaries GIM, GIS, GMP and holds 70% stakes in WED. Also, GUNKUL holds in associated companies, 51% in GCPG, 49% in NK, 40% in GPS and SWE, 49.97% in SGSE, and 25.01% in WHA\_GSR-1, WHA\_GSR-2, WHA\_GSR-3, WHA\_GSR-4, WHA\_GSR-5, WHA\_GSR-6, WHA\_GSR-8, WHA\_GSR-9, WHA\_GSR-10, WHA\_GSR-16 and WHA\_GSR-17. However, these transactions do not pose any conflict of interest in the future.

### Opinions of audit committee on related transactions between the Company and subsidiaries, associated companies, and related persons and companies

- Buy/sell transactions benefit the Company's operations, are reasonable and have normal trade conditions.
- Rental contracts between the Company and subsidiaries and related persons are made under rental contracts and re-let contracts to match with rates appraised by independent appraiser, Noble Property Valuation Co., Ltd and Thai Surveyer Advisory Co., Ltd. Hence, these rental and re-let contracts by the Company's group have conditions and rental rates which are comparable to others and are reasonable and necessary.
- Service of O&M and Management between the Group are made under both agreed on service fee which are useful for the Company's operation and are reasonable.
- The Group made solar power plant construction contracts, on part of civil works and steel structure for solar cell panels, with related companies at prices lower than those of solar power plant construction in the initial phase, and comparable to construction contract made with a company on the same site. Moreover, after being a SET-listed company, the Company must comply with rules on connected transactions of the SET. If such transactions are consider not as "normal business" of the Group (details in "Manual of Listed Companies" under connected transaction section) and the transaction size is more than 1 million baht or 0.03% of NTA, the Company must seek approval from the Board of Directors meeting or the shareholders meeting (depending on transaction size) beforehand.
- Asset acquisitions from related persons and companies to use for operation are necessary for and benefit the Company's operation. Conditions and prices of these acquisitions are comparable to acquisitions from a third party.
- All borrowing transactions between the Group companies and related companies are based



on 3.00 - 6.1813% p.a. interest charges. Such interest rates are averagely close to or slightly lower than interest charges on borrowings from financial institutions. These borrowings are necessary and reasonable and benefit the Company's operations.

- All lending transactions between the Group companies and related companies are based on 3.00 - 6.1813 p.a. interest charges. Such interest rates are averagely close to or slightly higher than interest rates of financial institutions. These lendings are necessary and reasonable and benefit the Company's operations.

As of 31<sup>st</sup> December 2013, the Company got credit lines from 4 commercial banks for total amount of 5,608.00 million baht. Details are as follows:-

- Overdraft of 20.00 million baht,
- Letter of credit/trust receipt of 665.00 million, in which GKA can share for 130.00 million baht and GKP can share for 90.00 million baht respectively,
- Bank guarantee of 345.00 million baht, in which KNP can share for 50 million baht and GKA can share 180 million baht respectively,
- Letter of guarantee and letter of credit/trust receipt (Multi) of 1,649 million baht, in which GKA, GKP, KNP, GCPG and GPS can share for 1,649 million baht,
- Short term credit line of 2,334 million baht,
- Credit line for foreign exchange forward contracts of 1,754.00 million baht, in which GKA and GKP can share for 5.00 million baht and 9.00 million baht respectively.

All these credit lines are guaranteed by the right to claim the Company's deposit, mortgages of land and buildings of the Company's and subsidiaries' directors (details in 5.1 Operating fixed assets), collaterals by the Company's subsidiaries, and collaterals by the Company's directors - Mr.Gunkul Dhumrongpiyawut and Ms.Sopacha Dhumrongpiyawut, and pledge of GUNKUL shares held by GKG.



Related companies/persons	Relationship	Summary	Reason and necessity
1. Mr.Gunkul Dhumrongpiyawut	Chairman of the Board of Directors	Borrowing collaterals, total value of 1,135.00 million baht	- Banks asked Mr.Gunkul Dhumrongpiyawut to place collateral for borrowings as he is a major shareholder and director.
2. Ms.Sopacha Dhumrongpiyawut	President, Chairman of Executive Directors	Borrowing collaterals, total value of 900.00 million baht	- Banks asked Ms.Sopacha Dhumrongpiyawut to place collateral for borrowings as she is a major shareholder and director.
3. G.K. Assembly Co., Ltd.	Subsidiary	Borrowing collaterals, total value of 410.00 million baht	- Banks asks GKA to place collateral for borrowings as it is a subsidiary and an owner of collateral assets.
4. K.N.P. Supply Co., Ltd.	Subsidiary	Borrowing collaterals, total value of 410.00 million baht	- Banks asks KNP to place collateral for borrowings as it is a subsidiary, an owner of collateral assets, and shares the borrowing amount.
5. G.K. Power Products Co., Ltd.	Subsidiary	Borrowing collaterals, total value of 490.00 million baht	- Banks asks GKP to place collateral for borrowings as it is a subsidiary, shares the borrowing amount.

Notes : Including credit line for foreign exchange forward contracts.

**Opinion of audit committee:** These transactions benefit the Company, and the persons and subsidiaries have placed their assets as collaterals without asking for any return.

As of 31<sup>st</sup> December 2013, K.N.P. Supply Co., Ltd., a subsidiary, got credit lines from 4 commercial banks, for total amount of 1,781.85 million baht. Details are as follows:-

- Letter of credit/trust receipt of 15.00 million baht,
- Promissory notes of 10.00 million baht,
- Credit line for foreign exchange forward contracts of 16.35 million baht,
- Letter of guarantee of 1,740.00 million baht, 1,699.00 million of which is a part of the 1,829.00 million-baht credit line given to GUNKUL.

All these credit lines are guaranteed by pledges of the subsidiary's deposit and promissory notes, collaterals by the parent company and its subsidiaries, and collaterals by the company's directors - Mr.Gunkul Dhumrongpiyawut and Ms. Sopacha Dhumrongpiyawut.

Related companies/persons	Relationship	Summary	Reason and necessity
1. Mr.Gunkul Dhumrongpiyawut	Chairman of the Board of Directors.	Borrowing collaterals, total value of 66.35 million baht	- Banks asked Mr.Gunkul Dhumrongpiyawut to place collateral for borrowings as he is the company's director.
2. Ms.Sopacha Dhumrongpiyawut	President, Chairman of Executive Directors	Borrowing collaterals, total value of 82.35 million baht	- Banks asked Ms.Sopacha Dhumrongpiyawut to place collateral for borrowings as she is the company's director.

Notes : Including credit line for foreign exchange forward contracts.

**Opinion of audit committee:** These transactions are reasonable as they are guarantees for a subsidiary, and the persons have placed collaterals for the subsidiary's borrowing without asking for any return.

As of 31<sup>st</sup> December 2013, Gunkul Chubu Powergen Co., Ltd., a subsidiary, got credit lines from 1 commercial banks, for total amount of 3,996.10 million baht. Details are as follows:-

- Long term credit line of 2,347.10 million baht,
- Currency hedge contract of 784.00 million baht.
- Letter of guarantee of 1,649.00 million baht which is a part of the 1,649.00 million-baht credit line given to GUNKUL.

All these credit lines are guaranteed by the right to claim the subsidiary's deposit, pledges of deposit account of the subsidiary, mortgages of land, buildings and equipment of the subsidiary, and pledge of GUNKUL shares held by GKG.

Note : Including foreign exchange forward contract and excluding currency hedge contract.

**Opinion of audit committee:** These transactions are reasonable as they are guarantees for a subsidiary, and the said company has placed collaterals for the subsidiary's borrowing without asking for any return.



As of 31<sup>st</sup> December 2013, G.K. Power Products Co., Ltd., a subsidiary, got credit lines from 2 commercial banks, which are joint credit lines with the parent company. Details are as follows:-

- Letter of credit/trust receipt of 90.00 million baht, which is a part of 390-million-baht credit line given to GUNKUL,
- Letter of guarantee of 1,649.00 million baht, which is the same as 1,649.00 million-baht credit line given to GUNKUL,
- Foreign exchange forward contracts of 9.00 million baht, which is a part of 10.00 million-baht foreign exchange forward contracts given to GUNKUL.

All these credit lines are guaranteed by the parent company, and Mr.Gunkul Dhumrongpiyawut and Ms.Sopacha Dhumrongpiyawut, the company's directors.

**Opinion of audit committee:** These transactions are reasonable as they are guarantees for a subsidiary by the parent company and persons without asking for any return.

As of 31<sup>st</sup> December 2013, G.K. Assembly Co., Ltd., a subsidiary, got credit lines from 2 commercial banks, which are joint credit lines with the parent company. Details are as follows:-

- Letter of credit/trust receipt of 130.00 million baht, which is a part of 1,849 million baht credit line given to GUNKUL,
- Letter of guarantee of 1,750.00 million baht, which is the same as 1,750,.00 million baht credit line given to GUNKUL,
- Foreign exchange forward contracts of 5.00 million baht, which is a part of 20.00 million baht foreign exchange forward contracts given to GUNKUL.

All these credit lines are guaranteed by the parent company, and Mr.Gunkul Dhumrongpiyawut and Ms.Sopacha Dhumrongpiyawut, the company's directors.

**Opinion of audit committee:** These transactions are reasonable as they are guarantees for a subsidiary by the parent company and persons without asking for any return.

As of 31<sup>st</sup> December 2013, Wind Energy Development Co., Ltd., a subsidiary, got a credit line from 1 commercial bank in the form of borrowing of 348.00 million baht. Details are as follows:-

- Short term credit line of 348.00 million baht for purchase of land.

This credit line is guaranteed by the mortgage of land, pledge of share certificate of the company, and pledge of GUNKUL's shares held by GKG.





**Opinion of audit committee:** This transaction is reasonable as its guarantees are made by placing the company's assets as collaterals.

As of 31<sup>st</sup> December 2013, G-Power Source Co., Ltd., an associated company, got credit lines from 2 commercial banks, in the form of borrowings of 4,030.00 million baht in total. Details are as follows:-

- Letter of guarantee of 1,649.00 million baht, , which is a part of 1,649 million baht credit line given to GUNKUL,
- Long term credit line of 205.74 million baht for purchase of land and project reserve,
- Long term credit line of 2,175.26 million baht for power plant construction.

All these credit lines are guaranteed by mortgages of the company's land and buildings, pledges of machinery and equipment, pledges of the company's share certificate and pledges of the company's deposit.

**Opinion of audit committee:** This transaction is reasonable as the guarantees are made by placing the company's assets as collaterals.

## 20.3 Policy and procedure of related transaction approval

Related transactions between the Company and its subsidiaries and related companies/ persons depend on reason, necessity and benefit to the Company as a whole. Price has to be fair or equivalent to normal business condition and in compliance with rules and regulations. The Company sets procedures and steps of approving such related transactions by not allowing management or related persons who have conflict of interest in that transaction to participate in the approval process. In case this transaction involves related person who may have conflict of interest, the Company will propose it to the audit committee for consideration. In case that the audit committee has no experience in that field, the Company may hire an independent expert or the Company's auditor to give opinions on that deal and then propose the transaction to the board of directors or shareholders meeting for approval.



The Company's board of directors has complied with Securities and Exchange Act and other related rules and regulations, including criteria on related transactions and acquisition and disposal of material assets of the Company and its subsidiaries, in order to avoid any conflict of interest and to create maximum benefit to all shareholders.

## 20.4 Policy and trend to do related transactions in the future

### 1. Trend of related transactions with persons with possible conflict of interest

- K.N.P. Supply Co., Ltd., G.K. Assembly Co., Ltd. and G.K. Power Products Co., Ltd.:  
The Company will continue to have related transactions with these subsidiaries, which are purchase/sale of goods, purchase/sell of assets, lending/borrowing including guarantees of loans, and taking pledges of the subsidiaries' assets for the Company's loans.
- Wind Energy Development Co., Ltd., N.K. Power Sola Co., Ltd. and Gunkul Power Development Co., Ltd. : operate electricity power production and generating business. Therefore, the Company and the subsidiaries may have related transactions constantly, which are sale of goods, purchase/sale of assets, lending/borrowing including guarantees of loans, and taking pledges of the subsidiaries' assets for the Company's loans.
- Gunkul Chubu Powergen Co., Ltd.: operate electricity power production and generating business. Therefore, the Company and the associated company may have related transactions constantly, which are sale of goods, purchase/sale of assets, lending/borrowing including guarantees of loans, and taking pledges of the subsidiaries' assets for the Company's loans.
- G-Power Source Co., Ltd. : operates electricity power production and generating business. Therefore, the Company and the associated company may have related transactions constantly, which are sale of goods, purchase/sale of assets, lending/borrowing, all of which would be done according to necessity and on a normal business practice.
- Gunkul Group Co., Ltd. : Being the major shareholder of the Company, it has given the Company some financial supports such as loans and credit guarantees. After the successful debt restructuring, GUNKUL will seek less financial support from this company.
- Future Electrical Control Co., Ltd., JV Sri-U-Thong & FEC, and JV FEC & SAC : As the Company and those JVs are in construction business for civil and system works, related transactions happens as usual like purchase of goods or hire to produce



finished goods etc. Such related transactions are necessary and based on normal business practice to support the Company's operations. The Company, however, has no policy to sell its products to JVs for any other purpose, such as for re-reselling, except for its core business. The Company also has no policy to give financial aids or guarantee/pledge to JVs.

- Gunkul Marine Line Co., Ltd. : GUNKUL will no long give financial aids to this company.
- Kulnatee Co., Ltd., and Gunkul Trading & Agency Co., Ltd. : After successful debt restructuring with financial institutions, it is expected that the Company will no longer borrow money from these company.
- Gunkul Engineering (2000) Co., Ltd., and G.M. Supply and Construction Co., Ltd. : As these two companies rent land and buildings which belong to Mr.Gunkul Dhumrongpiyawut during 1<sup>st</sup> July 2009 - 30<sup>th</sup> June 2012 and extend the rental for another 3 years from 1<sup>st</sup> July 2012 - 30<sup>th</sup> June 2015. So the Company has to sub-rent such land and buildings from these companies for use in business operations.
- Mr.Gunkul Dhumrongpiyawut and Ms.Sopacha Dhumrongpiyawut : One subsidiary has signed a land lease contract with Mr.Gunkul Dhumrongpiyawut for use as goods and equipment storage. Guarantees of credit line and use of the directors' assets for loan collateral will continue.

## **2. Policy on related transactions in the future**

If the Company has to do related transactions between persons who may have conflict of interest, the Company has policy to request the audit committee to give opinions on necessity and suitability of the transaction. In case the audit committee has no experience on that field, the Company will hire independent expert or internal auditor to give opinions on that transaction and then propose this to board of directors or shareholders.

Policy on related transactions is classified as follows:-

- Normal practice transactions and transactions in support of normal business include buy/sell goods and/or hiring to produce finished goods. The Company has policy to let audit committee to consider and give opinions on reason and necessity of transaction. Pricing & trade conditions should be fair and have no conflict of interest involved. The Company has policy to let audit committee to consider and give opinions on that transaction on reason and necessity on quarterly basis and to comply with Securities and Exchange Act and related rules and regulations including disclosure of related transaction.



- Other transactions apart from normal transactions and transactions in support of normal business included sell/buy other assets or other services or giving/taking financial aids. The Company has policy to request the audit committee to consider and give opinions on reason and necessity of that transaction and comply with Securities and Exchange Act and other related rules and regulations including disclosure of related transaction as well as the acquisition and disposal of material of the Company and subsidiaries. The Company, however, has no policy to lend money to person with conflict of interest for use in doing business for the Company

The Company's board of directors will comply with Securities and Exchange Act and other related rules and regulations including disclosure of related transactions as well as the acquisition and disposal of material assets of the Company or subsidiaries, in order to prevent such transactions from posing any conflict of interest and to create maximum wealth to shareholders. The Company discloses related transactions in its annual report and in the notes to the audited financial statements.



## 21. Board of Directors' Responsibility for Financial Reporting

According to the Public Company Act B.E. 2535 (1992), Accounting Act, B.E. 2543 (2000) Securities, the Exchange Act BE 2535 (1992) and the Notification of Capital Market by the subject of criteria, conditions, and procedures for disclosing information in financial status and performance of a securities issuing company stated that the board of directors should prepare the financial statement to present their financial status, operational performance, the change of shareholder's equity, and statement of cash flows of the previous fiscal year which is true and reasonable.

Since the board of directors becomes aware of obligations and responsibilities of overseeing the financial reports preparation to ensure efficient operational processes, the audit committee has been appointed to response for auditing the accounting policy and quality of the financial report, reviewing the internal control system, internal auditing to an organization's overall risk management framework, developing appropriate and efficiency internal controls ensuring accurate, complete, reasonably and consistent accounting data and must be sufficient to maintain the property and to significantly prevent fraud or unusual operations, disclosure transparent information related to all transactions between each other and financial information contained in the annual report. The financial statements prepared in accordance with a generally accepted accounting standard by selecting the most appropriate policy, practice consistently, very careful in the judgments, preparing a good estimate, and adequate disclosure of important information in notes to the financial statement for benefit of shareholders and general investors with transparency.

The financial statements of the Company and the consolidated financial statements of Company and its subsidiaries for the year ended December 31, 2013 have been examined by an external auditor, SP Auditor Co., Ltd. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Gunkul Engineering Public Company Limited and its subsidiaries' consolidated financial statements for the year ended December 31, 2013. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principle and related regulations.



(Mr. Gunkul Dhumrongpiyawut)

Chairman of the Board

22<sup>nd</sup> February 2014



## 22. Report of the Audit Committee

Dear Shareholders of Gunkul Engineering Public Company Limited,

The Audit Committee of Gunkul Engineering Public Company Limited consists of three independent directors which are Mr.Sathaporn Kotheeranurak as Chairman of the Audit Committee, Pol. Maj. Gen. Visit Sukarasep and Mr.Sombat Santijaree as Audit Committee who have experience in law, accounting and finance, management and also knowledge of energy business.

The Audit Committee acts as assigned from the Board of Directors in accordance with duties and responsibilities as defined in “Audit Committee Charter” which complies with guidelines and best practices for Audit Committee of the Stock Exchange of Thailand, Re: Qualifications and Scope of Work of the Audit Committee, 2008.

In 2013, the Audit Committee arranged six meetings and arranged a meeting between the Audit committee and the Auditors without management in attendance. The meetings were attended by all directors of Audit Committee, the management as well as the company's Internal Auditor Department and External Auditor in order to share information, comments and give suggestions which were benefit to administration proposes. The results of each meeting were presented to the Board of Directors of the Company and the company's subsidiaries. During past year, the Audit Committee had carried out important activities, which could be summarized as follows.

1. In reviewing the financial statements, the Audit Committee has asked for the accuracy and completeness of the quarterly and annual separated financial statements and consolidated financial statements. With the explanation from the management and auditor, the quarterly and annual separated financial statements and consolidated financial statements are prepared in accordance with the legal requirements and generally accepted accounting principles before presenting to the Board of Directors.
2. In reviewing the internal control system, the Audit Committee in cooperation with the auditors and the internal auditors has asked for the internal control system. The Audit Committee is of the opinion that the company has adequate and suitable internal controls in the acceptable criteria.
3. In reviewing the internal auditing plans, the Audit Committee has asked and considered the internal auditing plans to ensure that the internal auditing plans has been adjusted and been consistent with current situation for more effective work.



4. In reviewing the risk management, the Audit Committee has asked risk management plan in order to ensure that the risk has been managed properly in the acceptable criteria. The company has focused and developed Risk Management System by appointing Risk Management Committee in order to set risk management regulations and policies. Because of that, the company has effectively managed the risk in accordance with the company's target. As the result of reviewing, The Audit Committee is of the opinion that the company has adequate and suitable the risk management.
5. In reviewing the related party transactions, the Audit Committee has considered and asked for the transactions that may have conflicts of related party transactions. As the result of reviewing, the majority of the transactions between the company and subsidiaries were normal commercial transaction in accordance with good corporate governance.
6. The Securities and Exchange Commission Law and Regulations, the Audit Committee has preformed the full scope of authority set forth in the Charter of the Audit Committee in compliance with the Securities and Exchange Commission Law and Regulations.
7. In consideration of determining, selecting, nominating and recommending remuneration of annual external auditor for year 2014, the Audit Committee had nominated SP Audit Co., Ltd. as External Auditor of the company and the company's subsidiaries. The remuneration of annual external auditor of the company which was THB 892,000. The Audit Committee already presented this proposal to the Board of Directors to propose to the shareholders in the Annual General Meeting.

In conclusion, the Audit Committee has opinion that the consolidated and separated financial statements of the company and its subsidiaries have presented fairly, sufficiently, completely in accordance with general financial reporting standard. The internal control has enough efficiency and effectiveness to control any frauds by separating authorization. The company and its subsidiaries have operated businesses in accordance with the Securities and Exchange Act, Stock Exchange of Thailand Act or any related laws.



(Mr.Sathaporn Kotheeranurak)  
Chairman of the Audit Committee

22<sup>nd</sup> February 2014



## 23. Report of Risk Management Committee

Risk Management in business operation is to be main activity and essential for organization. The Company is committed to implementing risk management at the core of the business operation. The Company and its subsidiaries are tasked with assessing risks that might have impacted the business. It appointed Risk Management Committee comprising 4 members who are either independent directors or executives, namely Air Vice Marshal Dr. Pian Totarong as a chairman, Mr.Sathaporn Kotheeranurak, Miss Sopacha Dhumrongpiyawut and Mr.Papangkorn Sakulvorakarn. The Committee's duties are to review and approve risk management plan, monitor risk assessment and formulate risk mitigation plan.

The Committee met 4 times in 2013 to review important issues pertaining to risk management. Key duties are summarized as follows:

### 1. Risk Management Plan for 2013

The Committee appointed the secretary of the committee to coordinate meetings with all departments of the Management. The Management presented risk management plan for 2013 to the Committee for review and approval. Risk management plan encompasses all aspects of business operations, including operational risk, financial risk, strategic risk and information technology risk.

### 2. Risk Assessment and Mitigation Plan

The Committee reviewed factors and risk assessment results in accordance with the enterprise-wide risk management plan, including impact to business goal of the Company and its subsidiaries caused by an uncontrollable external factor such as political uncertainty. The Committee classified risks according to the magnitude of the impact and assigned responsible persons to formulate both preventive action and mitigation plan so that the risks were within the tolerance level and strategic goals were achieved.

### 3. Risk Monitoring and Management

The Committee closely oversaw risk management operation. Quarterly meetings were held with relevant departments to review risk assessment result and any risks that might have increased and changed. The Committee would make suggestions as appropriate so that risk management is efficient and effective.

The Committee has reviewed key activities above and is of opinion that the Company had developed effective risk management plan and its operation had been in line with corporate governance principles, including sufficient and proper internal audit, good governance and compliance with applicable laws, rules and regulations.



(Air Vice Marshal Dr.Pian Totarong)  
Chairman of the Risk Management Committee  
22<sup>nd</sup> February 2014



## 24. Report of Nomination and Remuneration Committee

In 2013, the Company's Nomination and Remuneration Committee is consisted of 3 members, namely Police Major General Visit Sukarasep as a chairman, Mr.Decha Chooligorn, Mr.Charan Lerththeerapoj and Mrs. Somluk Kanuenghet. All members of the Committee

The Committee convened 5 times in 2013 to nominate qualified persons to be appointed as a board member, replacing a member whose term expires and who resigns, through a fair and transparent nomination process. In nominating a person, the Committee considers skills, experiences, ethics, moral, maturity, professionalism and dedication to the Company. In addition, the Committee reviewed and recommended remuneration for the Company's Board and Committees by taking into account duties, responsibilities and the Board's performance in relation to companies similar in industry sector and size. This is to ensure that remuneration is appropriate and incentivize the Board members to perform the duties with a view to achieving not only targets and direction set forth by the Board but also long-term value for the Company and shareholders, thereby building shareholders' confidence in the Company.

In the past year, the Committee reviewed compensation for staff and executives to ensure that it was competitive and the Company was able to retain high-performing employees. It defined key performance indicators to drive the Company's performance to achieve the targets, which are linked to annual compensation increase and bonus payment. Details of criteria pertaining nomination and remuneration of the Board's members and executives are disclosed in this annual report.



(Police Major General Visit Sukarasep)

Chairman of the Nomination and Remuneration Committee

22<sup>nd</sup> February 2014



## 25. Report of Good Corporate Governance Committee

In 2013, the Company's Good Corporate Governance Committee was comprised of 3 independent directors, namely Mr.Sombat Sarntijaree as a Chairperson, Mr.Somchai Trairattanapirom and Mr. Pongthep Thithapan. All member of the Good corporate Governance.

The principal duties and responsibilities of the Committee include provision of corporate governance and corporate social responsibility policies with a view of equitable treatment to all stakeholders in order to promote sustainability of the Company and the society.

The Committee met 3 times in 2013 where it reviewed and recommended policies pertaining to social responsibility, environment and community development. It oversaw and approved operating framework and implementation of the projects for social development. In order to ensure that the Company is in full compliance with rules and regulations prescribed by the Stock Exchange of Thailand (SET), it reviewed and approved operation of the management team by adhering to SET's listing rules and SET's principles of good corporate government for listed companies. The principles have been revised to be in line with criteria set forth in ASEAN CG Scorecard. Scheduled to launch in 2014, the updated guidelines cover 5 categories of corporate governance as follows: rights of shareholders, equitable treatment of shareholders, stakeholders, disclosure and transparency, and responsibilities of the Board.



(Mr.Sombat Sarntijaree)

Chairman of the Good Corporate Governance Committee

22<sup>nd</sup> February 2014

## 26. Summary of Financial Statements

### Financial Statements

#### (1) Accounting Audit Report

- The report of the accounting auditor for the company's financial statements and the consolidated financial statements for the company and its subsidiaries for the years 2011 and 2010, which were audited by Mr.Somyot Wiwatapinai, Certified Public Accountant (Thailand) No. 5476 from SP Audit Company Limited, who expressed his unbiased opinion that the above financial statements show the company's consolidated financial status on 31 December 2011 and 2010; the consolidated business performance and consolidated cash flow of the company and its subsidiaries for the years ending 31 December 2011 and 2010; the separate financial statements showing the financial status on 31 December 2011 and 2010; the company's business performance for cash flow for the years ending 2011 and 2010 as being properly accurate in terms of relevant content and in compliance with generally accepted accounting principles.
- The report of the accounting auditor for the company's financial statements and the consolidated financial statements for the company and its subsidiaries on 31 December 2012, which were audited by Miss Susan Eiamvanicha, Certified Public Accountant (Thailand) No.4306 from SP Audit Company Limited, who expressed her unbiased opinion that the above financial statements show the company's consolidated financial status on 31 December 2012; the consolidated business performance and consolidated cash flow of the company and its subsidiaries for the years ending 31 December 2012; the separate financial statements showing the financial status on 31 December 2012; the company's business performance for cash flow for the years then ended as being properly accurate in terms of relevant content and in compliance with generally accepted accounting principles.
- The report of the accounting auditor for the company's financial statements and the consolidated financial statements for the company and its subsidiaries on 31 December 2013, which were audited by Miss Susan Eiamvanicha, Certified Public Accountant (Thailand) No.4306 from SP Audit Company Limited, who expressed her unbiased opinion that the above financial statements show the company's consolidated financial status on 31 December 2013; the consolidated business performance and consolidated cash flow of the company and its subsidiaries for the years ending 31 December 2013; the separate financial statements showing the financial status on 31 December 2013; the company's business performance for cash flow for the years then ended as being properly accurate in terms of relevant content and in compliance with generally accepted accounting principles.



(2) Table Summary of Financial Statements

Gunkul Engineering Public Company Limited & Subsidiaries

Financial Statements for 31 December 2011 - 2013

(Unit : Million Baht)

Description	Consolidated			Separate Financial Statements		
	2013 <sup>1)</sup>	2012 <sup>2)</sup>	2011 <sup>3)</sup>	2013	2012	2011
<b>Current Assets</b>						
Cash & Cash Equivalents	224.89	581.93	314.96	125.93	396.92	265.71
Trade and Other Account Receivables - Net	496.60	1,254.79	644.03	386.12	1,191.29	1,413.61
Unbilled Receivables - Related Parties	35.25	17.06	-	35.25	17.09	176.47
Inventories	15.11	10.67	60.45	7.90	5.88	60.45
Construction in Progress	13.43	146.96	23.23	13.42	146.96	23.23
Receivable from Revenue Department	16.75	37.71	140.95	5.42	-	-
Deposit for Purchase of Goods	350.84	412.59	382.59	225.64	234.70	180.08
Advance payments to subcontractor	96.67	55.82	150.30	81.83	55.82	808.54
Short-Term Loans to Related Parties		29.25	-		29.25	176.15
Other Current Assets	73.10	-	-	72.50	-	-
<b>Total Current Assets</b>	<b>1,322.64</b>	<b>2,546.78</b>	<b>1,716.51</b>	<b>954.01</b>	<b>2,077.91</b>	<b>3,104.24</b>
<b>Non-Current Assets</b>						
Fixed deposits and bill of exchange pledged as collateral	61.94	605.17	493.90	45.54	259.18	143.06
Investments in associate	340.5	321.41	-	397.69	383.19	-
Investments in subsidiaries	867.07	-	-	1,682.44	1,816.85	1,378.36
Machinery for investment in advance	268.34	-	-	268.35	-	-
Investment property	-	31.19	-	-	-	-
Property, Plant and Equipment - Net	657.67	2,763.89	3,243.47	60.19	46.53	26.70
Intangible Assets -Net	967.42	681.50	66.05	7.85	0.07	0.19
Retention receivables	73.10	-	-	72.50	68.83	-
Other Non-Current Assets	20.93	8.33	19.85	9.44	0.65	0.47
<b>Total Non-Current Assets</b>	<b>3,256.97</b>	<b>4,411.49</b>	<b>3,823.27</b>	<b>2,544.00</b>	<b>2,575.30</b>	<b>1,548.78</b>
<b>Total Assets</b>	<b>4,579.61</b>	<b>6,958.27</b>	<b>5,539.78</b>	<b>3,498.01</b>	<b>4,653.21</b>	<b>4,653.02</b>



(Unit : Million Baht)

Description	Consolidated			Separate Financial Statements		
	2013 <sup>1)</sup>	2012 <sup>2)</sup>	2011 <sup>3)</sup>	2013	2012	2011
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Short-term loans from financial institutions	241.61	1,686.25	2,572.45	122.26	1,231.78	2,552.22
Trade and Other Accounts Payable - Net	269.93	879.21	446.77	426.79	1,028.14	533.45
Advances Received from Employers and						
Construction Revenue in Advance	70.05	3.45	225.33	70.05	3.45	225.32
Payable for purchase shares of subsidiary	199.44	92.36	-	199.44	92.36	-
Payable for purchase of assets	1.55	246.09	35.98	0.55	-	-
Revenue Department payable	9.16	10.84	12.30	-	6.30	10.09
Accrued income tax payable	9.87	114.11	53.57	-	101.36	40.76
Current portion of obligation under finance lease	7.17	4.79	5.19	5.51	3.97	4.81
Current portion of long-term loans	156.50	122.17	85.75		-	-
Provision for sales return	-	19.41	-		19.41	-
Provision for Warranty	-	2.17	2.67		1.63	1.64
Short-term loans from related parties	-	-	-	45.61	29.15	-
Retention payables	103.26	-	-	103.13	-	-
Other Current Liabilities		-	-		-	-
<b>Total Current Liabilities</b>	<b>1,068.54</b>	<b>3,180.85</b>	<b>3,440.01</b>	<b>973.34</b>	<b>2,517.55</b>	<b>3,368.29</b>





(Unit : Million Bant)

Description	Consolidated			Separate Financial Statements		
	2013 <sup>(1)</sup>	2012 <sup>(2)</sup>	2011 <sup>(3)</sup>	2013	2012	2011
<b>Non-Current Liabilities</b>						
Payable for purchase shares of subsidiary	-	172.50	-	-	172.50	-
Obligation under finance lease	21.80	16.10	8.57	16.81	12.41	6.75
Long-term loans from financial institutions	156.50	1,363.69	896.66	-	-	-
Provision for Warranty		0.23	0.56	-	0.08	0.39
Employee benefit obligation	12.56	7.29	6.62	8.88	5.14	4.51
Retention payables	23.34	69.28	3.15	22.45	69.28	-
Other Non-Current Liabilities	176.14	3.77	0.62	0.92	0.62	0.62
<b>Total Non-Current Liabilities</b>	<b>390.34</b>	<b>1,632.86</b>	<b>916.18</b>	<b>49.06</b>	<b>260.03</b>	<b>12.27</b>
<b>TOTAL LIABILITIES</b>	<b>1,458.88</b>	<b>4,813.71</b>	<b>4,356.19</b>	<b>1,022.4</b>	<b>2,777.58</b>	<b>3,380.56</b>
<b>Equity</b>						
Authorized share capital	660.00	440.00	400.00	660.00	440.00	400.00
Issued and paid up share capital	660.00	440.00 <sup>(4)</sup>	400.00	660.00	440.00	400.00
Premium on share capital	425.12	425.12	425.12	425.12	425.12	425.12
Surplus from reorganization under common control	93.62	93.62	93.62	-	-	-
Retained earnings	1,669.95	964.42	264.85	1,390.49	1,010.52	447.34
Non-controlling interests of the subsidiary	272.04	221.40	-	-	-	-
<b>Total shareholders' equity</b>	<b>3,120.73</b>	<b>2,144.56</b>	<b>1,183.59</b>	<b>2,475.61</b>	<b>1,875.64</b>	<b>1,272.46</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,579.61</b>	<b>6,958.27</b>	<b>5,539.78</b>	<b>3,498.01</b>	<b>4,653.22</b>	<b>4,653.02</b>

# Gunkul Engineering Public Company Limited & Subsidiaries

## Profit-Loss Statements for the Years Ending 31 December 2011 - 2013

(Unit : Million Baht)

Description	Consolidated			Separate Financial Statements		
	2013 <sup>1)</sup>	2012 <sup>2)</sup>	2011 <sup>3)</sup>	2013	2012	2011
Revenues from Sales and services	2,044.60	4,305.52	2,651.52	1,843.98	4,646.97	4,145.75
Other income	811.12	458.36	17.19	587.53	189.75	30.72
Total revenues	2,855.72	4,763.88	2,668.71	2,431.51	4,836.72	4,176.47
Cost of sales and services	1,586.26	3,235.96	2,006.12	1,454.76	3,689.02	3,390.00
Selling and Administrative expenses	283.39	339.98	328.31	203.90	228.46	243.20
Finance cost	47.38	103.77	57.16	21.53	47.52	41.85
Management benefit expense	46.43	37.97	23.12	38.56	31.70	19.17
Share of profit (loss) from investments in associates and jointly controlled entity	150.01	48.67	-	-	-	-
Income tax expense	174.30	227.92	164.47	98.11	196.85	140.20
Profit for the year	867.97	769.61	89.53	614.62	643.17	342.05
Equity holders of the Company	882.90	779.56	89.53	614.62	643.17	342.05
Non-controlling interests of the subsidiary	(15.08)	(9.95)	-	-	-	-
Number of weighted average ordinary shares						
(Unit : Million share <sup>4)</sup> )	660.00	440.00	400.00	660.00	440.00	400.00

<sup>1)</sup> As consolidated financial statements as of 31<sup>st</sup> December 2012, the percentage of shares holding in subsidiaries has been mentioned in topic 14. General Information.

<sup>2)</sup> As consolidated financial statements as of 31<sup>st</sup> December 2012, Gunkul Engineering Public Company Limited holds of 99.99% shares in G.K. Assembly Co., Ltd., G.K. Power Products Co., Ltd., K.N.P. Supply Co., Ltd. and Gunkul Powergen Co., Ltd. and also holds of 70.00% shares in Wind Energy Development Co., Ltd. The Company disposed the common shares in G-Power Source Co., Ltd. ("GPS") at 60.00% shares to Electricity Generating Public Co., Ltd. Therefore, the operation of GPS was not included in the consolidated financial statements.

<sup>3)</sup> As consolidated financial statements as of 31<sup>st</sup> December 2011, Gunkul Engineering Public Company Limited holds of 99.99% shares in G.K. Assembly Co., Ltd., G.K. Power Products Co., Ltd., K.N.P. Supply Co., Ltd. and Gunkul Powergen Co., Ltd. and also holds of 98.98% shares in G-Power Source Co., Ltd. ("GPS").

<sup>4)</sup> Registered Capital as of 31<sup>st</sup> December 2013 is 659,999,984 baht and Paid -up is 659,999,929 baht



Gunkul Engineering Public Company Limited & Subsidiaries

Statements of Cash Flow for the Years Ending 31 December 2011 - 2013

(Unit : Million Baht)

Description	Consolidated		Separate Financial Statements		
	2013 <sup>(1)</sup>	2012 <sup>(2)</sup>	2011 <sup>(3)</sup>	2012	2011
<b>Cash Flow from Operating Activities</b>					
Net profit before income tax <sup>(1)</sup>	1,057.20	1,007.48	254.00	840.02	482.26
Adjustments to reconcile net profit for cash from operations					
Bad debts and doubtful debts (reversal)	(1.74)	1.90	0.82	1.02	0.36
Unrealized (gain) loss on exchange rate	2.00	6.91	62.91	7.59	62.26
Loss on decline in the value of inventories (reversal)	(5.03)	25.55	5.76	17.82	(1.08)
Loss on impairment	-	1.38	-	-	-
Written off expense	-	6.62	-	-	-
Other revenue	-	-	(0.68)	-	(0.53)
Dividend income					
Depreciation and amortization	17.59	47.99	32.62	(25.57)	(19.84)
Gain from disposal of fixed assets	(1.07)	(0.97)	0.03	4.76	3.90
Provision for warranty (reversal)	(1.72)	(0.83)	(0.13)	(0.81)	-
Provision for sales return (reversal)	(19.41)	19.42	(1.15)	(0.32)	0.07
Provisions for delivery delay	0.61	-	-	19.42	-
Provisions for employee benefits	5.59	1.03	-	-	-
Gain on disposal of investments in subsidiary	(775.04)	(416.22)	1.03	0.63	0.63
Share of (profit) loss from investments in associates and jointly controlled entity	(150.01)	48.67	-	(141.53)	-
Share of loss of uncontrolled interest	(15.08)	(9.94)	-	-	-
Intragroup profit recognized in fixed assets	-	(8.32)	-	-	-
Interest income	(10.39)	(15.93)	(11.94)	(11.12)	(8.18)
Interest expenses	47.38	103.77	57.15	47.52	41.85







Description	Consolidated			Separate Financial Statements		
	2013 <sup>(1)</sup>	2012 <sup>(2)</sup>	2011 <sup>(3)</sup>	2013	2012	2011
Net profit before changes in operating assets and liabilities	150.89	818.48	401.57	153.46	759.43	561.70
(Increase) decrease in trade and other receivable	743.61 (18.17)	769.08	(212.37)	840.52 (18.17)	414.79	(1,195.51)
(Increase) decrease in deposit for purchase of goods	(4.19)	49.78	(7.86)	(1.78)	54.57	(15.80)
(Increase) decrease in advances payment to subcontractors	133.53 (32.45)	(123.72)	(23.23)	133.53 (5.42)	(123.72)	(23.23)
(Increase) decrease in Revenue Department	66.78	(56.32)	(45.32)	7.11	(72.45)	2.01
(Increase) decrease in inventories	(40.85)	358.23	(150.30)	(26.00)	752.72	(334.81)
(Increase) decrease in construction in progress	(146.20)	66.13	-	(76.17)	0.45	(486.30)
(Increase) decrease in retention receivables	3.90	0.88	2.97	0.01	(0.19)	-
(Increase) decrease in other non-current assets	(575.60)	426.70	258.11	(528.41)	491.35	0.04
Increase (decrease) in trade payable						301.17
<b>Cash Flow from Operating Activities (continued)</b>						
Increase(decrease) in non - current liabilities	3.15	3.15	3.15		-	-
Increase(decrease) in advances received from employers and construction revenue received in advance	62.99 (1.68)	(221.88)	225.33	(3.57)	(221.88)	225.33
Increase(decrease) in Revenue Department	162.12	(1.46)	11.02	(6.30)	(3.79)	10.09
Increase(decrease) in retention payables	-	-	-	56.29	-	-
(Increase) decrease in other current assets	(0.32)	(0.36)	(2.54)	(0.32)	-	9.00
Cash paid for employee benefits	11.82	8.28	11.99	10.70	6.31	(2.54)
Cash received for interest income	(53.57)	(94.18)	(58.69)	(24.01)	(43.68)	6.15
Cash paid for interest expense	(225.67)	(167.22)	(152.21)	(220.66)	(136.24)	(40.60)
Cash paid for income tax <sup>(1)</sup>						(121.93)
<b>Net Cash Provided from Operating Activities</b>	<b>236.91</b>	<b>1,820.09</b>	<b>131.84</b>	<b>308.81</b>	<b>1,877.67</b>	<b>(1,105.23)</b>

Description	Consolidated			Separate Financial Statements		
	2013 <sup>(1)</sup>	2012 <sup>(2)</sup>	2011 <sup>(3)</sup>	2013	2012	2011
<b>Cash Flow from Investing Activities</b>						
Cash paid for shares subscription	(195.02)	-	(57.90)	(129.60)	(195.02)	(57.90)
Cash paid for investments in associate	(19.58)	(57.60)	-	(19.58)	(57.60)	-
Cash paid for investments in subsidiaries	(17.00)	(218.41)	-	(216.98)	(979.98)	(929.00)
Cash received from disposal of investment in subsidiary	754.16	594.82	-	824	594.92	-
Dividend income	104.11	-	-	196.76	28.33	17.08
(Increase)decrease in short-term loans to related parties	29.25	(29.25)	-	29.25	146.91	(171.20)
Cash paid for investment property	-	(32.57)	-	-	-	-
Cash paid for purchase of property, plant and equipment and payable for purchase of assets	(570.08)	(1,194.03)	(2,832.22)	(10.51)	(15.43)	(2.43)
Proceed from disposal of property, plant and (Increase) decrease in fixed deposits and bill of exchange pledged as collateral	1.08	2.81	0.07	0.01	1.27	0.06
Cash paid for purchase of intangible assets	320.88	(419.98)	(330.68)	213.64	(116.11)	(30.02)
	(94.92)	(0.23)	(0.11)	(7.85)	-	-
<b>Net Cash Provided (used) from Investing Activities</b>	<b>44.52</b>	<b>(1,354.43)</b>	<b>(3,220.84)</b>	<b>545.38</b>	<b>(405.34)</b>	<b>(1,173.42)</b>



Description	Consolidated			Separate Financial Statements		
	2013 <sup>1)</sup>	2012 <sup>2)</sup>	2011 <sup>3)</sup>	2013	2012	2011
<b>Cash Flow from Financing Activities</b>						
Cash received from capital increment of non-controlling interest in subsidiary	65.72	-	-	-	-	-
Increase(decrease) in bank overdrafts and short-term loans from financial institutions	(1,085.47)	(1,237.89)	2,243.96	(1,109.77)	(1,324.48)	2,389.88
Proceeds from long-term loans from banks	414.60	937.53	982.42		-	-
Increase(decrease) in short-term loans from related parties	-	157.08	(2.05)	16.46	29.15	(7.65)
Repayment of obligation under finance lease	(5.41)	(5.46)	(4.28)	(4.27)	(4.68)	(3.54)
Repayment of interest-obligation under finance lease	(1.72)	(1.35)	(0.88)	(1.19)	(1.12)	(0.74)
Dividend paid	(26.40)	(48.61)	(30.00)	(26.40)	(40.00)	(29.99)
Effect of exchange rate changes on cash and cash equivalent	0.20	-	-	-	-	-
<b>Net Cash Provided (used) from Financing</b>	<b>(638.48)</b>	<b>(198.70)</b>	<b>3,189.16</b>	<b>(1,125.17)</b>	<b>(1,341.13)</b>	<b>2,347.96</b>
Net Increase (Decrease) in Cash and Cash	(357.04)	266.96	100.16	(270.98)	131.21	69.32
Cash and Cash Equivalent at the Beginning of the Year	581.93	314.97	214.80	396.92	265.71	196.39
Cash and Cash Equivalent at the End of the Year	224.89	581.93	314.96	125.93	396.92	265.71

**Remark** <sup>1)</sup> As Thai Accounting Standard effective after 1st January 2008 determined to use profit before income tax for calculation of cash flow of operating activities

(3) Table Showing Key Financial Ratios

Description	Consolidated			Separate Financial Statements		
	2013 <sup>1)</sup>	2012 <sup>2)</sup>	2011 <sup>3)</sup>	2013	2012	2011
<b>Liquidity Ratios</b>						
Liquidity Ratio (Time)	1.24	0.80	0.50	0.98	0.83	0.92
Quick Liquidity Ratio (Time)	0.91	0.65	0.34	0.75	0.55	0.55
Cash Flow Liquidity Ratio (Time)	0.21	0.18	0.09	0.13	0.16	0.08
Trade Accounts Receivable Turnover (Time)	2.34	4.49	5.09	2.34	3.32	4.25
Average Collection Period (days)	156.15	81.21	71.66	156.07	109.90	85.89
Inventory Turnover (Time)	4.52	6.46	4.58	6.45	7.27	5.87
Average Sales Period (days)	80.73	56.47	79.66	56.61	50.24	62.18
Payable Turnover (Time)	2.76	4.78	5.32	2.00	3.83	8.89
Credit (days)	132.04	76.30	68.59	182.27	95.28	41.05
Cash Cycle (days)	104.83	61.38	82.73	30.41	64.86	107.02
<b>Profitability Ratios</b>						
Gross Profit Margin (%)	22.42	24.84	24.34	21.11	20.61	18.23
Operating Profit Margin (%)	43.63	23.33	11.74	38.65	18.35	12.64
Net Profit Margin (%)	42.44	16.36	3.35	33.33	13.30	8.19
Return on Equity (%)	27.81	36.35	7.56	24.83	34.29	26.88





Description	Consolidated			Separate Financial Statements		
	2013 <sup>1)</sup>	2012 <sup>2)</sup>	2011 <sup>3)</sup>	2013	2012	2011
<b>Efficiency Ratios</b>						
Return on Assets (%)	18.95	11.20	1.62	17.57	13.82	7.35
Return on Fixed Assets (%)	131.95	27.84	2.76	1,021.13	1,382.36	1,280.92
Asset Turnover (Time)	0.45	1.72	0.82	0.53	103.95	155.25
<b>Financial Ratios</b>						
Debt to Equity Ratio (Time)	0.47	2.24	3.68	0.41	1.48	2.66
Interest Coverage Ratio (Time)	20.99	8.71	3.44	32.10	16.68	10.52
Dividend Payout (%)	0.25		0.34	0.35		0.09
<b>Other Ratios</b>						
Earnings Per Share (baht) <sup>1)</sup>	1.31	1.77	0.22	0.93	1.46	0.86
Basic Earnings Per Share (baht) <sup>2)</sup>	1.64	1.77	0.22	0.93	1.46	0.86
Book Value Per Share (baht) <sup>2)</sup>	4.73	4.87	2.96	3.75	4.26	3.18

**Remarks :**

<sup>1)</sup> Earnings Per Share: Calculate with the number of all average weighted common shares which have been paid up.

<sup>2)</sup> Basic Earnings Per Share and Book Value Per Share: Calculate with the total number of all paid up common stocks at the end of the period by using the par value of the shares at 1 baht/share to be used for comparison.

## 27. Management Discussion and Analysis

### PERFORMANCE

#### Revenue

The main revenue of the Group company during 2011-2013 were from 3 main types of income including the income from manufacturing, supplying and distributing the equipment for the electrical system, renewable energy systems, building renewable energy power plants and income from services provided since 2013 by supplying and distributing business. It's representing approximately 22.51 percentages, manufactures for selling accounted for approximately 41.19 percentages; the production and distribution of electricity from renewable energy accounted for 0.94 percentages, construction the renewable power plant energy accounted for 33.33 percentages and services business accounted for 2.03 percentages from entire revenue of the Group of company in year 2013.

In 2013, revenue from sales of group in 2013, was 2,044.60 million baht according to the consolidated financial statements, on a consolidated basis decreased by 52.51 compared to the year 2012, the revenue of the group sale was 4,305.52 million baht, revenue also decreased on construction and equipment associated with the alternative energy plant for a company that is not associated or subsidiary decreased by 1,566.07 million baht and revenue from existing business areas decreased for 591.78 million baht, but the income from domestic sales increased amount of 129.88 million baht.

Revenue from the foreign decreased by 591.78 million baht remains due to the procurement policies of expansion projects and electricity transmission stations change the currency in the Union of Myanmar. Currently, the Company Awarded to U.S. dollar. As announced on the Stock Exchange of Thailand in the year 2014 already.



## Revenue structure by product line

Revenue Type	2011		2012		2013	
	MB	%	MB	%	MB	%
1. Revenue from manufacturing, procurement and sales of equipment for electrical system and renewable power system						
1.1 Procurement for sale						
- Safety and control equipment	430.26	16.22	75.19	1.75	65.52	3.20
- Accessory equipment	1,248.40	47.08	986.15	22.97	265.87	13.00
- Equipment and instrument	46.64	1.76	28.22	0.65	127.15	6.22
- Street light equipment	38.58	1.46	10.1	0.24	1.78	0.09
- Wind turbine equipment	-	-	-	-	-	-
Total	1,763.88	66.52	1,099.66	25.61	460.33	22.51
1.2 Manufacturing for sale						
- Safety and control equipment	78.61	2.96	353.16	8.23	413.07	20.20
- Accessory equipment	279.2	10.53	298.93	6.97	228.12	11.16
- Equipment and instrument	1.66	0.06	3.17	0.08	153.35	7.50
- Street light equipment	5.82	0.22	50.98	1.18	47.54	2.33
Total	365.29	13.78	706.24	16.46	842.08	41.19
2. Revenue from generation and sale or power from renewable energy						
- Generation and sale of solar-based power	72.5	2.73	168.81	3.94	19.21	0.94
3. Revenue from construction or renewable energy power plant	449.84	16.97	2,318.06	53.99	681.39	33.33
4. Revenue from Services	-	-	-	-	41.59	2.03
Total revenue	2,651.51	100.00	4,292.77	100.00	2,044.60	100.00

The Group has sold products to domestic and international markets, the domestic sales accounted for about 80 percent of total sales revenue of the Group in the years 2011-2013 by the Group's major customers include government agencies, both domestic and foreign. And business customers generating electricity from renewable energy power plant.



## Revenue structure by customer segment

Revenue	2011		2012		2013	
	MB	%	MB	%	MB	%
State sector customers						
- Revenue from sale of equipment for electrical systems and renewable power systems	344.57	13.00	413.03	9.63	472.31	23.10
- Revenue from sale of power	72.5	2.73	168.81	3.94	19.21	0.94
Private sector customers						
- Revenue from sale of equipment for electrical systems and renewable power systems	416.78	15.72	789.00	18.38	859.60	42.04
- Revenue from power plant construction	449.84	16.96	2318.06	53.99	681.39	33.33
Foreign customers	1,367.82	51.59	603.87	14.06	12.09	0.59
<b>Total revenue</b>	<b>2,651.51</b>	<b>100.00</b>	<b>4,292.77</b>	<b>100.00</b>	<b>2,044.60</b>	<b>100.00</b>

In 2012, revenue from sales according to consolidated financial statement totaled 4,292.77 million baht, increasing by 62.38 percentages from 2011 which the sale revenue was 2,651.51 million baht. The increased amount was from revenue from renewable energy, the new business, which from sale of power by comprised 96.31 million from power manufacturing and 1,868.22 million baht from construction and selling the related-equipment of renewable energy power plants for non-related companies or subsidiaries, revenue from existing oversea trade business which decreased by 763.95 million baht and increased from domestic deals by 372.22 million baht.

## Cost of sales and gross profit

According to the consolidated financial statements, the Group had gross profit of 22.42 percentages, 24.84 percentages and 24.34 percentages for 2011, 2012 and 2013 respectively. The trend of said profit was in the same direction as the increase in revenue from outsourced manufacturing and procurement for sales and from renewable energy business, in response to changing market demands.



## Sales and administrative expenses

The Company's sales and administrative expenses account for approximately 9-16 percentages of total revenue of the Group, and differ under a flexible budget control.

The Group's sales and administrative expenses in 2011, 2012 and 2013 were 351.43 million baht, 377.95 million baht and 329.82 million baht respectively, equal to 13.25 percentages, 8.78 percentages and 16.13 percentages of sale and services revenue. Such ratio varied according to sales volumes, expenses in business expansion, and accounting standards.

## Net profit

The Company's net profit for 2013 according to the consolidated financial statements was 867.97 million baht, increasing by 98.36 million baht when compared to 2012 that registered net profit of 769.61 million baht, due to the increase in revenue from domestic sale which was 129.88 million baht, revenue from sale of investment which was 775.04 million baht. Revenue from service rendered increased by 28.84 million baht. Financial costs for 2013 reduced to 47.38 million, decreasing from 103.77 million baht in 2012 by 56.39 million baht or by 54.34 percentages because of the sale of investment lead to reduction of both long-term loans and short -term loans in the accounting entry.

## Financial status

### Total assets

The Company's total assets at ending 2013, 2012 and 2011 according to consolidated financial statements were 4,579.61 million baht, 6,958.27 million baht and 5,539.78 million baht respectively. Main circulating assets were trade receivables and inventory which varied according to sales volumes, construction of renewable energy power plants for third parties, the ability to collect payments from customers, increase in investment in subsidiaries, including cash flow reserved for investment, operations and dividend payment. Main non-circulating assets were buildings and equipment, in which the Group invested for higher power generating productivity.

In mobilizing funds for use as revolving capital and investment in fixed assets, the Group obtained funding from increase of registered capital, borrowings from financial institutions, and divestments. As a result the Group's debt to equity ratio according to the consolidated financial statements decreased to 0.47 times, 2.24 times and 3.68 times at ending 2013, 2012 and 2011 respectively.



## Trade receivables

The Company and its subsidiaries have policy to grant credit to customers by considering their financial status, payment history, ordering frequency and order value. Average credit terms are 60 days for private and state sector customers and 90-120 days for overseas customers.

According to the consolidated financial statements, the Group's trade receivables (excluding receivables for construction, other items and bad debt allowance) at ending 2011, 2012 and 2013 were 617.51 million baht, 1,169.76 million baht and 431.70 million baht respectively, with average collection period at respective year-ends of 71 days, 81 days and 156 days. The Company had lower outstanding of trade receivables due to trade receivables-construction of G-Power Source Co., Ltd. of 304 million baht was not yet due, and trade receivables-construction of other companies 298 million baht.

Terms of the Group's trade receivables are as follows:-

### Trade receivables for related businesses

	2011		2012		2013	
	MB	%	MB	%	MB	%
Not yet due	0.08	0.35	400.88	97.69	5.67	59.12
Overdue						
- 3 months or less	22.27	99.65	9.45	2.31	3.63	37.86
- 3-6 months	-	-	-	-	0.29	3.02
- 6-12 months	-	-	-	-	-	-
- Over 12 months	-	-	-	-	-	-
<b>Total trade receivables</b>	<b>22.35</b>	<b>100.00</b>	<b>410.33</b>	<b>100.00</b>	<b>9.59</b>	<b>100.00</b>
Less Bad debt allowance	-	-	-	-	-	-
<b>Total trade receivables</b>	<b>22.35</b>	<b>100.00</b>	<b>410.33</b>	<b>100.00</b>	<b>9.59</b>	<b>100.00</b>

## Trade receivables for other companies

	2011		2012		2013	
	MB	%	MB	%	MB	%
Not yet due	312.18	52.62	533.53	70.57	292.39	69.51
Overdue						
- 3 months or less	176.57	29.76	181.62	24.01	71.65	17.03
- 3-6 months	103.77	17.49	40.28	5.32	17.63	4.19
- 6-12 months	1.66	0.27	2.29	0.30	36.17	8.60
- Over 12 months	0.97	0.16	1.71	0.22	4.27	1.02
<b>Total trade receivables</b>	<b>595.15</b>	<b>100.31</b>	<b>759.43</b>	<b>100.42</b>	<b>422.11</b>	<b>100.35</b>
Less Bad debt allowance	(1.88)	(0.31)	(3.21)	(0.42)	(1.47)	(0.35)
<b>Total trade receivables</b>	<b>593.27</b>	<b>100.00</b>	<b>756.22</b>	<b>100.00</b>	<b>420.64</b>	<b>100.00</b>

## Inventory

According to the consolidated financial statements, the Group's inventory at ending 2011, 2012 and 2013 were 411.29 million baht, 467.60 million baht and 350.84 million baht respectively.

	2011		2012		2013	
	MB	%	MB	%	MB	%
Raw materials	131.63	32.00	88.06	18.83	70.82	20.18
Products in manufacturing	46.34	11.26	63.74	13.63	42.39	12.08
Readymade products	214.52	52.15	288.37	61.67	222.54	63.44
Products en route	18.80	4.57	27.43	5.87	15.09	4.30
<b>Total</b>	<b>411.29</b>	<b>100.00</b>	<b>467.60</b>	<b>100.00</b>	<b>350.84</b>	<b>100.00</b>
Less Allowance for product devaluation	(28.70)	(6.97)	(55.01)	(11.76)	-	-
<b>Net inventory</b>	<b>382.59</b>	<b>93.03</b>	<b>412.59</b>	<b>88.24</b>	<b>350.84</b>	<b>100.00</b>

The Group has a policy to set allowances for devaluation of degenerated products, outdated products and old-stock inventory by considering conditions of each product. The Company's products are generally used for infrastructure electrical systems in countries where technology is rarely changed, thereby enabling the Company's products to be sold continually without becoming outdated. However, the Group has set devaluation allowance for readymade products older than 3 years at a rate of 40 percentages of the product value amounting to 28.70 million baht and 55.01 million baht at ending 2011 and 2012 respectively.



The Company had average product sale periods of 79 days, 56 days and 80 days in 2011, 2012 and 2013 respectively. Most of them were products relating to procurement for sale and for construction of solar-based power plant construction

### Investments in subsidiaries and associated companies

The Company has an investment structure as follows:-

Company	Paid-up capital (thousand baht)		Investment proportion (%)		Cost method (thousand baht)		Dividend (thousand baht)	
	2013	2012	2013	2012	2013	2012	2013	2012
G.K. Power Product Co., Ltd.	100,000	100,000	100.00	100.00	80,425	80,425	56,152	8,610
G.K. Assembly Co., Ltd.	200,000	200,000	100.00	100.00	163,188	163,188	-	1,682
K.N.P. Supply Co., Ltd.	50,000	50,000	100.00	100.00	41,408	41,408	36,500	15,280
Gunkul Powergen Co., Ltd.	-	992,000	-	100.00	-	992,000	-	-
Wind Energy Development Co., Ltd.	321,525	103,475	70.00	70.00	692,467	539,832	-	-
N.K. Power Sola Co., Ltd.	2,600	-	100.00	-	40,854	-	-	-
Gunkul Solar roof 1 Co., Ltd.	500	-	100.00	-	500	-	-	-
Gunkul Solarroof 2 Co., Ltd.	250	-	100.00	-	250	-	-	-
Solar Energy Society Co., Ltd.	500	-	100.00	-	500	-	-	-
Bright Green Power Co., Ltd.	250	-	100.00	-	250	-	-	-
Gunkul Power Development Co., Ltd.	15,000	-	100.00	-	15,000	-	-	-
Gunkul Solar Power 1 Co., Ltd.	250	-	100.00	-	250.00	-	-	-
Gunkul Solar Power 12 Co., Ltd.	500	-	100.00	-	500	-	-	-
Gunkul International (Mauritius) Ltd.	6,240	-	100.00	-	6,240	-	-	-
Gunkul Chubu Powergen Co., Ltd.	-	992,000	-	100.00	-	992,000	-	-
<b>Total</b>					<b>1,041,832</b>	<b>1,816,853</b>	<b>92,652</b>	<b>25,572</b>

### Land, buildings and equipment

Offices and warehouse of the Company are on land sub-let from Mr. Gunkul Dhumrongpiyawut. The Company had buildings and equipment with net worth equal to 26.70 million baht, 46.53 million baht and 60.19 million baht 2011, 2012 and 2013 respectively. The Company did not significantly make additional investments in buildings and equipment, except in more vehicles in 2013 for use in the Company's operations.



Land, buildings and equipment according to the consolidated financial statements of the Group for the years ended 2011, 2012 and 2013 equated to 3,243.47 million baht, 2,763.89 million baht and 657.67 million baht respectively. When compared to the separate financial statements, the increase in net land, buildings and equipment according to the consolidated financial statements was very high due to consolidation of values of land, buildings and equipment owned by 4 subsidiaries, especially G.K. Assembly Co., Ltd., which had land and buildings of its own, while another 2 subsidiaries operated businesses on land sub-let from Mr.Gunkul Dhumrongpiyawut as the Company did. Details of land, buildings and equipment of subsidiaries are as follows:-

- **Gunkul Chubu Powergen Co., Ltd.**

In 2010, the Company purchased land for operating power plant business at the price of 20.10 million baht. It had solar power plant and machinery under construction which was operational in 2011 with a value of 312.59 million baht.

In 2011, construction of solar power plant, value of 460.17 million baht, was completed in the fourth quarter. The Company bought land for further construction of power plant project at the price of 11.91 million baht.

In 2012, there were 4 solar power plants and machineries under construction, value of 1,646.32 million and capacity of 23.5 mw. The plants were expected to become operational in March 2013.

- **G-Power Source Co., Ltd.**

In 2012, the Company sold 4,500,000 common shares of G-Power Source Co., Ltd., totaling 629.92 million baht or equal to 60.00 percentages of total registered capital of said company, to the Electricity Generating Public Company Limited. As a result, investment in subsidiaries item was now recorded as investment in associated companies. Therefore, 2012 consolidated financial statements did not included assets and liabilities of said company as the general standard of accounting.

## **Total liabilities**

According to the consolidated financial statement, the Company's total liabilities for the years ended 2011, 2012 and 2013 were 3,440.01 million baht, 3,180.85 million baht and 1,068.54 million baht respectively. In 2011, the Group had increased consolidated liabilities because the Company's exports had increased, and the Company and its subsidiaries launched construction of solar power plants, thereby causing the Company to require short- and long-term loans with trust



receipts payable to support the aforementioned increases in exports and construction in 2011, including in 2012.

Almost all of the Company's total liabilities were circulating liabilities. Main categories included overdrafts and short-term loans from financial institutions at a rate of approximately 15-55 percentages of the Group's consolidated liabilities, trade payables at a rate of approximately 10-30 percentages of the Group's consolidated liabilities, and long-term loans at a rate of 15-20 percentages of consolidated liabilities. The Company used these 4 categories above as sources of funds for providing raw materials and trade credit, and for construction of solar power plants of Gunkul Chubu Powergen Co., Ltd., a subsidiary.

The Group had liquidity ratios according to the consolidated financial statements in 2011-2013 amounting to 0.50 times, 0.80 times and 1.24 times respectively. Quick liquidity ratios were equal to 0.34 times, 0.65 times and 0.91 times. Average debt payment periods were 67 days, 76 days and 132 days, while cash cycles of the Group were 83 days, 61 days and 105 days. The product sale periods were 79 days, 56 days and 80 days against the debt collection periods of 71 days, 81 days and 156 days. The period in debt collection was longer because of the increasing in the revenue from the construction and the revenue recognition through the payment system which was different from of the trading.

In 2011, the Company mobilized money through loans and constant increase of registered capital of subsidiaries in preparation for business expansion. Consequently, the Company's consolidated financial statements registered increasing debt to equity ratios, which were 3.68 times. However, in 2011 and 2012 the company's debt to equity ratios were decreased significantly to 2.24 times and 0.47 times respectively due to divestments in 2011 and 2012 according to the consolidated financial statements, and paying back the loans from the financial institutes.

### **Shareholders' equity**

The Company's shareholders' equity was 1,272.46 million baht, 1,875.64 million baht and 2,475.61 million baht at ending 2011, 2012 and 2013 respectively.

As for the consolidated financial statements for the years ended 2011, 2012 and 2013, the Group had total shareholders' equity amounting to 1,183.60 million baht, 2,144.57 million baht and 3,120.73 million baht respectively. The increase in the consolidated shareholders' equity in 2011, 2012 and 2013 as compared to separate financial statements was a result of the inclusion of assets, liabilities and operating results of subsidiaries along with surplus of capital from merger of business under single control, which was caused by differences between the acquisition costs of subsidiaries and net asset book values of subsidiaries. The consolidated shareholders' equity in



2011 decreased due to net profits from taxes, which were profits from constructing solar power plants for subsidiaries. Then the consolidated shareholders' equity in 2012 increased due to net profits from taxes, which were profits from constructing solar power plants for third parties and from sale of investments in subsidiaries to third parties. In year 2012 and 2013, non-controlling interest of subsidies amounted to 221.41 million baht and 272.04 respectively, derived from acquisition of control over a subsidiary (Wind Energy Development Co., Ltd.).

## Cash flow

The Company's cash flow from normal business operations in 2011 was increased by 199.18 million baht. However, the Company had already paid 2,832.22 million baht for supplies and equipment needed for construction solar-based power plants, and made reserve for procurement of products for sales.

Therefore, the Company mobilized additional funds for the amount of 3,226.37 million baht in 2011 and paid dividend for 2010 performance for the amount of 30 million baht. Cash flow available for 2012 was 314.96 million baht.

In 2012, the Company's net cash flow generated from operations was over 1,000 million baht owing to higher revenue especially from construction services, higher debt collection of 769.08 million baht, increase in credit for procurement of products and supplies for sales and construction of 850.77 million baht. Despite cash flow paid for main items such as taxes and interest, the Company had remaining net cash flow from operations of 1,820.09 million baht.

Still, the Company had to use cash flow for investment activities, e.g. investments in subsidiaries and associated companies of 276.01 million baht, purchase of the Group's products and deposits with guarantee obligations of 5.42 million baht, 1,194.03 million baht and 419.98 million baht, and other items of 59.23 million baht. The Company obtained 594.82 million baht from divestments, and had to pay net investments of 1,354.43 million baht.

Therefore, the Company sought additional financial supports from financial institutions amounting to 937.53 million baht and from related persons and businesses amounting to 157.08 million baht. Meanwhile, it had already paid 1,237.89 million baht for debts incurred from funding, 48.60 million baht for dividends and 8 million baht for other obligations. The Company had a cash flow of 581.93 million baht for 2013 business management.

In 2013, the company's net cash flow generated from operations activities was 240 million baht owing to the large decline in revenue from construction services and foreign sale. However, the company still received higher debt collection of 743.61 million baht.



For the investment, the company had to use cash flow for investment activities, e.g. investments in subsidiaries and associated companies of 231.60 million baht, purchase of the Group's assets and deposits with guarantee obligations of 570.08 million baht and 320.08 million baht. The company obtained 104.11 million baht from dividends, and 754.16 million baht from divestments. Therefore, the company's net cash flow from investment activities was 45 million baht.

In 2012, the Company sought additional financial supports from financial institutions amounting to 414.60 million baht. Meanwhile, it had already paid 1,085.47 million baht for debts incurred from funding, 26.40 million baht for dividends. The Company had a cash flow of 255 million baht for 2014 business management.





# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Gunkul Engineering Public Company Limited

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are 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 referred to above present fairly, in all material respects, the consolidated and separate financial position of Gunkul Engineering Public Company Limited and its subsidiaries and of Gunkul Engineering Public Company Limited as at December 31, 2013, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Emphasis of matter

As mentioned in Note 2 and 5 to the financial statements, from January 1, 2013, the Group has changed the accounting policy for income tax in accordance with Thai Accounting Standard 12 "Income Tax". Thus, the comparative information has been retroactively adjusted for the change in accounting policy concerning income tax. My opinion is not qualified in respect of this matter.

SP Audit Company Limited



(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand) No. 4306

Bangkok

February 22, 2014





# STATEMENTS OF FINANCIAL POSITION

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2013

(Unit : Baht)

	Notes	Consolidated		Separate financial statements			
		December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
ASSETS							
Current Assets							
Cash and cash equivalent		224,891,550.41	581,932,818.58	314,963,736.25	125,934,392.24	396,915,264.53	265,709,067.14
Trade and other receivable - related parties	6.1,7	44,578,457.33	417,983,693.65	22,356,314.69	90,771,434.35	423,014,071.69	906,319,388.83
Trade and other receivable - third parties	8	452,020,576.31	834,770,876.67	621,223,806.40	295,341,524.27	767,839,783.95	506,838,770.80
Unbilled receivables	9	35,254,354.23	17,060,967.27	-	35,254,354.23	17,088,550.59	176,469,389.82
Deposit for purchase of goods		15,105,957.24	11,116,150.20	60,897,293.65	7,899,942.39	6,328,072.93	60,897,293.65
Advance payments to subcontractor		13,424,941.80	146,955,478.65	23,234,109.47	13,424,941.80	146,955,478.65	23,234,109.47
Retention receivables		73,101,557.62	-	-	72,501,342.70	-	-
Revenue Department receivable		16,748,449.19	37,710,854.35	140,949,189.88	5,422,501.92	-	-
Inventories	10	350,839,087.17	412,590,503.10	382,586,586.23	225,634,641.48	234,704,904.32	180,075,310.37
Construction in progress		96,673,804.32	55,822,510.70	150,301,512.14	81,825,452.64	55,822,510.70	808,542,623.38
Short-term loans to related parties	6.1	-	29,245,658.91	-	-	29,245,658.91	176,153,240.00
Total Current Assets		1,322,638,735.62	2,545,189,512.08	1,716,512,548.71	954,010,528.02	2,077,914,296.27	3,104,239,193.46

Notes to financial statements are an integral part of these financial stat

# STATEMENTS OF FINANCIAL POSITION (Continued)

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2013

(Unit : Baht)

	Notes	Consolidated		Separate financial statements			
		December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)	December 31, 2012 (Restated)	January 1, 2012 (Restated)	January 1, 2012
Non-Current Assets							
Fixed deposits and bill of exchange pledged as collateral	11	61,941,363.39	605,167,149.86	493,900,421.71	45,534,890.09	259,174,638.01	143,063,780.45
Investments in associate	12	340,500,627.81	321,406,043.05	-	397,694,800.00	383,194,800.00	-
Investments in jointly controlled entities	13	737,473,890.11	-	-	511,002,407.50	-	-
Investments in subsidiaries	14	-	-	-	1,041,831,989.01	1,816,853,489.01	1,378,357,991.51
Advance for shares subscription	15	129,600,000.00	-	-	129,600,000.00	-	-
Machinery for investment in advance	16	268,344,850.00	-	-	268,344,850.00	-	-
Investment property	17	-	31,190,000.00	-	-	-	-
Property, plant and equipment	18	657,667,664.02	2,748,416,037.04	3,243,488,240.30	60,194,970.42	46,527,516.94	26,703,706.39
Intangible assets	19	967,422,016.59	867,176,067.11	85,466,627.65	7,851,001.00	72,899.29	191,908.89
Retention receivables		73,101,557.62	-	-	72,501,342.69	68,827,686.23	-
Deferred tax assets	20	17,496,581.28	68,874,495.41	70,140,655.69	8,798,784.96	11,751,860.57	4,176,762.95
Other non-current assets	21	3,422,083.10	9,921,986.90	19,847,355.35	643,705.10	650,173.10	464,145.12
Total Non-Current Assets		3,256,970,633.92	4,652,151,779.37	3,912,823,300.70	2,543,998,740.77	2,587,053,063.15	1,552,958,295.31
TOTAL ASSETS		4,579,609,369.54	7,197,341,291.45	5,629,335,849.41	3,498,009,268.79	4,664,967,359.42	4,657,197,488.77

Notes to financial statements are an integral part of these financial stat



# STATEMENTS OF FINANCIAL POSITION (Continued)

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2013

(Unit : Baht)

	Notes	Separate financial statements					
		December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
			(Restated)	(Restated)		(Restated)	(Restated)
<b>LIABILITIES AND EQUITY</b>							
Current Liabilities							
Short-term loans from financial institutions	22	241,611,504.93	1,686,248,892.33	2,572,447,739.06	122,262,841.83	1,231,783,763.08	2,552,220,051.56
Trade and other payable - related parties	6, 1, 23	4,398,243.05	41,160,893.54	7,733,004.68	252,179,001.50	290,506,141.20	152,061,830.17
Trade and other payable - third parties	24	265,533,326.46	836,625,032.32	441,713,642.18	174,614,542.37	735,658,534.08	383,029,405.86
Advances received from employers and construction revenue received in advance		70,052,837.46	3,453,130.34	225,325,703.66	70,052,837.46	3,458,671.31	225,325,703.66
Payable for purchase shares of subsidiary		199,442,500.00	92,357,500.00	-	199,442,500.00	92,357,500.00	-
Payable for purchase of assets		1,552,618.15	246,093,767.95	35,976,059.70	551,135.60	-	-
Revenue Department payable		9,160,279.26	10,838,745.74	12,301,672.33	-	6,301,150.74	10,086,743.97
Accrued income tax payable		9,873,979.29	114,108,774.79	53,567,712.64	-	101,361,574.68	40,757,251.81
Retention payables		103,248,252.78	3,586,700.00	-	103,116,124.53	3,586,700.00	-
Current portion of obligation under finance lease	25	7,162,867.27	4,790,440.65	5,191,595.07	5,514,578.22	3,967,476.70	4,807,469.41
Current portion of long-term loans	26	156,500,000.00	122,170,971.74	85,745,115.48	-	-	-
Provision for sales return		-	19,413,456.58	-	-	19,413,456.58	-
Short-term loans from related parties	6, 1	-	-	-	45,607,433.94	29,146,966.57	-
Total Current Liabilities		1,068,536,408.65	3,180,848,305.98	3,440,002,244.80	973,340,995.45	2,517,541,934.94	3,368,288,456.44

Notes to financial statements are an integral part of these financial stat





# STATEMENTS OF FINANCIAL POSITION (Continued)

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2013

(Unit : Baht)

Notes	Consolidated		Separate financial statements			
	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)
Non-Current Liabilities						
Payable for purchase shares of subsidiary	-	172,500,000.00	-	-	172,500,000.00	-
Obligation under finance lease	21,797,478.95	16,096,202.30	8,567,121.47	16,807,115.70	12,409,560.38	6,751,711.60
Long-term loans from financial institutions	156,500,000.00	1,363,687,722.71	896,663,305.51	-	-	-
Employee benefit obligation	12,559,137.00	7,290,657.98	6,618,112.98	8,883,776.00	5,143,323.00	4,512,746.00
Retention payables	23,339,701.44	69,282,635.87	3,148,931.94	22,452,856.18	69,282,635.87	-
Deferred tax liabilities	174,431,193.67	170,196,244.63	19,415,584.42	-	-	-
Other Non-Current Liabilities	1,713,871.74	3,998,870.84	1,176,276.10	917,104.20	702,595.30	1,010,711.72
Total Non-Current Liabilities	390,341,382.80	1,803,052,334.33	935,589,332.42	49,060,852.08	260,038,114.55	12,275,169.32
TOTAL LIABILITIES	1,458,877,791.45	4,983,900,640.31	4,375,591,577.22	1,022,401,847.53	2,777,580,049.49	3,380,563,625.76

Notes to financial statements are an integral part of these financial stat

# STATEMENTS OF FINANCIAL POSITION (Continued)

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2013

(Unit : Baht)

Notes	Consolidated		Separate financial statements			
	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)	December 31, 2012 (Restated)	January 1, 2012 (Restated)	
Equity						
Share Capital						
28						
Authorised share capital						
659,999,984 ordinary shares of Baht 1.00 each	659,999,984.00	-	-	-	-	-
440,000,000 ordinary shares of Baht 1.00 each	-	440,000,000.00	-	440,000,000.00	-	-
400,000,000 ordinary shares of Baht 1.00 each	-	-	400,000,000.00	-	400,000,000.00	-
Issued and paid up share capital						
659,999,929 ordinary shares of Baht 1.00 each	659,999,929.00	-	-	-	-	-
439,999,984 ordinary shares of Baht 1.00 each	-	439,999,984.00	-	439,999,984.00	-	-
400,000,000 ordinary shares of Baht 1.00 each	-	-	400,000,000.00	-	400,000,000.00	-
Premium on share capital	425,120,000.00	425,120,000.00	425,120,000.00	425,120,000.00	425,120,000.00	-
Surplus from reorganisation under common control	93,622,449.53	93,622,449.53	93,622,449.53	-	-	-
Retained earnings						
Appropriated						
Legal reserve	66,000,000.00	44,000,000.00	40,000,000.00	66,000,000.00	40,000,000.00	-
Unappropriated	1,603,787,051.13	989,291,157.66	295,001,822.66	1,324,487,492.26	978,267,325.93	411,513,863.01
Other components of shareholders' equity	159,000.63	-	-	-	-	-
Equity attributable to owners of the Company	2,848,688,430.29	1,992,033,591.19	1,253,744,272.19	2,475,607,421.26	1,887,387,309.93	1,276,633,863.01
Non-controlling interests of the subsidiary	272,043,147.80	221,407,059.95	-	-	-	-
Total shareholders' equity	3,120,731,578.09	2,213,440,651.14	1,253,744,272.19	2,475,607,421.26	1,887,387,309.93	1,276,633,863.01
TOTAL LIABILITIES AND EQUITY	4,579,609,369.54	7,197,341,291.45	5,629,335,849.41	3,498,009,268.79	4,664,967,359.42	4,657,197,488.77

Notes to financial statements are an integral part of these financial stat



# STATEMENTS OF COMPREHESIVE INCOME

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unit : Baht)

หมายเหตุ	Consolidated		Separate financial statements	
	2556	2555	2556	2555
		(Restated)		(Restated)
Revenues				
Revenues from construction services	681,388,287.63	2,318,058,621.73	842,211,513.42	3,102,590,441.80
Sales of goods	1,302,402,879.34	1,876,472,215.21	959,985,943.07	1,531,632,138.71
Government granted	19,212,828.00	98,241,040.00	-	-
Service income	41,592,262.89	12,750,000.00	41,779,762.89	12,750,000.00
Dividend income	-	-	225,158,436.63	25,571,765.00
Gain on exchange rate	-	13,141,644.65	-	6,130,689.08
Gain on disposal of investments 14	775,042,773.28	416,221,998.33	337,920,000.00	141,525,150.00
Other income	36,079,768.70	29,000,839.24	24,454,620.36	16,523,333.67
Total revenues	2,855,718,799.84	4,763,886,359.16	2,431,510,276.37	4,836,723,518.26
Expenses				
Cost of construction services	613,952,319.26	1,755,408,420.55	672,812,874.61	2,358,000,079.70
Cost of sales	952,046,170.36	1,475,629,611.36	761,686,113.46	1,326,099,041.33
Cost of service	20,261,457.95	4,918,680.00	20,261,457.95	4,918,680.00
Selling expenses	18,822,049.04	36,771,730.54	18,488,450.87	35,192,035.14
Administrative expenses	260,233,928.02	303,214,985.21	180,927,578.86	193,269,788.82
Loss on exchange rate	4,488,170.75	-	4,522,151.45	-
Management benefit expense 6.3	46,431,002.13	37,971,268.98	38,555,630.04	31,702,790.87
Finance cost	47,378,385.44	103,771,517.54	21,530,617.41	47,516,805.63
Total expenses	1,963,613,482.95	3,717,686,214.18	1,718,784,874.65	3,996,699,221.49
Share of profit (loss) from investments				
in associates and jointly controlled entity	150,007,484.19	(48,670,867.60)	-	-
Net profit before income tax	1,042,112,801.08	997,529,277.38	712,725,401.72	840,024,296.77
Income tax expense 30	(174,301,853.72)	(229,189,668.14)	(98,105,244.35)	(189,270,833.85)
Profit for the year	867,810,947.36	768,339,609.24	614,620,157.37	650,753,462.92
Other comprehensive income				
Exchange differences on translation	159,000.63	-	-	-
Other comprehensive income for the year	159,000.63	-	-	-
Total comprehensive income for the year	867,969,947.99	768,339,609.24	614,620,157.37	650,753,462.92

Notes to financial statements are an integral part of these financial stat





# STATEMENTS OF COMPREHESIVE INCOME

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unit : Baht)

หมายเหตุ	Consolidated		Separate financial statements	
	2556	2555	2556	2555
		(Restated)		(Restated)
Profit (loss) attributable to :				
Equity holders of the Company	882,895,884.51	778,289,335.00	614,620,157.37	650,753,462.92
Non-controlling interests of the subsidiary	(15,084,937.15)	(9,949,725.76)	-	-
	867,810,947.36	768,339,609.24	614,620,157.37	650,753,462.92
Total comprehensive income attributable to:				
Equity holders of the Company	883,054,885.14	778,289,335.00	614,620,157.37	650,753,462.92
Non-controlling interests of the subsidiary	(15,084,937.15)	(9,949,725.76)	-	-
	867,969,947.99	768,339,609.24	614,620,157.37	650,753,462.92
Basic earnings per shares 31	1.34	1.18	0.93	0.99
Number of weighted average ordinary shares (Unit : share)	659,999,929	659,999,929	659,999,929	659,999,929

Notes to financial statements are an integral part of these financial stat





# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unit : Baht)

Notes	Parent's Shareholders' Equity							Non-controlling interests of the subsidiary	Total
	Issued and paid-up share capital	Premium on share capital	Surplus from reorganisation under common control	Retained earnings		Exchange differences on translation	Total equity holder of the Company		
				Appropriated legal reserve	Unappropriated				
Balance as at January 1, 2012	400,000,000.00	425,120,000.00	93,622,449.53	40,000,000.00	224,861,166.97	-	1,183,603,616.50	-	1,183,603,616.50
Effect of changes in accounting policies	-	-	-	-	70,140,655.69	-	70,140,655.69	-	70,140,655.69
Restated balance	400,000,000.00	425,120,000.00	93,622,449.53	40,000,000.00	295,001,822.66	-	1,253,744,272.19	-	1,253,744,272.19
Change in equity for the year									
Increase from increment of capital	39,999,984.00	-	-	-	-	-	39,999,984.00	231,356,785.71	271,356,769.71
Legal reserve	-	-	-	4,000,000.00	(4,000,000.00)	-	-	-	-
Cash dividends and stock dividends	-	-	-	-	(80,000,000.00)	-	(80,000,000.00)	-	(80,000,000.00)
Total comprehensive income (loss) for the year (restated)	-	-	-	-	778,289,335.00	-	778,289,335.00	(9,949,725.76)	768,339,609.24
Balance as at December 31, 2012	439,999,984.00	425,120,000.00	93,622,449.53	44,000,000.00	989,291,157.66	-	1,992,033,591.19	221,407,059.95	2,213,440,651.14
Change in equity for the year									
Increase from increment of capital	219,999,945.00	-	-	-	-	-	219,999,945.00	204,000.00	220,203,945.00
Legal reserve	-	-	-	22,000,000.00	(22,000,000.00)	-	-	-	-
Cash dividends and stock dividends	-	-	-	-	(246,399,991.04)	-	(246,399,991.04)	-	(246,399,991.04)
Increase from share increment of non-controlling interest	-	-	-	-	-	-	65,517,025.00	65,517,025.00	65,517,025.00
Total comprehensive income(loss) for the year	-	-	-	-	-	-	883,054,885.14	(15,084,937.15)	867,969,947.99
Balance as at December 31, 2013	659,999,929.00	425,120,000.00	93,622,449.53	66,000,000.00	1,603,787,051.13	159,000.63	2,848,668,430.29	272,043,147.80	3,120,731,578.09

Notes to financial statements are an integral part of these financial stat

# SEPARATE STATEMENTS OF CHANGES IN EQUITY

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unit : Baht)

	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
				Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2012		400,000,000.00	425,120,000.00	40,000,000.00	407,337,100.06	1,272,457,100.06
Effect of changes in accounting policies	5	-	-	-	4,176,762.95	4,176,762.95
Restated balance		400,000,000.00	425,120,000.00	40,000,000.00	411,513,863.01	1,276,633,863.01
Change in equity for the year						
Increase from increment of capital	28	39,999,984.00	-	-	-	39,999,984.00
Legal reserve	29	-	-	4,000,000.00	(4,000,000.00)	-
Cash dividends and stock dividends	32	-	-	-	(80,000,000.00)	(80,000,000.00)
Total comprehensive income for the year (restated)		-	-	-	650,753,462.92	650,753,462.92
Balance as at December 31, 2012		439,999,984.00	425,120,000.00	44,000,000.00	978,267,325.93	1,887,387,309.93
Change in equity for the year						
Increase from increment of capital	28	219,999,945.00	-	-	-	219,999,945.00
Legal reserve	29	-	-	22,000,000.00	(22,000,000.00)	-
Cash dividends and stock dividends	32	-	-	-	(246,399,991.04)	(246,399,991.04)
Total comprehensive income for the year		-	-	-	614,620,157.37	614,620,157.37
Balance as at December 31, 2013		659,999,929.00	425,120,000.00	66,000,000.00	1,324,487,492.26	2,475,607,421.26

Notes to financial statements are an integral part of these financial stat



# STATEMENTS OF CASH FLOWS

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unit : Baht)

Notes	Consolidated		Separate financial statements	
	2013	2012	2013	2012
Cash Flow from Operating Activities				
Net profit before income tax	1,057,197,738.23	1,007,479,003.14	712,725,401.72	840,024,296.77
Adjustments to reconcile net profit for cash received (used) from operations				
Bad debts and doubtful debts (reversal)	(1,738,218.53)	1,895,240.89	(821,378.33)	1,015,823.69
Unrealized (gain) loss on exchange rate	2,003,569.36	6,909,549.91	(1,375,912.02)	7,593,140.80
Loss on decline in the value of inventories (reversal)	(5,029,990.45)	25,548,942.53	1,964,421.80	17,822,327.23
Loss on impairment	-	1,382,545.00	-	-
Written off expense	-	6,615,822.08	-	-
Dividend income	-	-	(225,158,436.63)	(25,571,765.00)
Depreciation and amortisation	17,591,524.90	47,993,344.81	7,663,272.91	4,761,159.21
Gain from disposal of fixed assets	(1,068,465.64)	(974,148.19)	(1,719.35)	(810,355.97)
Provision for warranty (reversal)	(1,722,320.47)	(829,236.96)	(1,152,749.56)	(319,351.31)
Provision for sales return (reversal)	(19,413,456.58)	19,413,456.58	(19,413,456.58)	19,413,456.58
Provisions for delivery delay	613,632.04	-	429,099.24	-
Provisions for employee benefits	5,594,439.27	1,032,425.00	4,057,914.25	630,577.00
Gain on disposal of investments in subsidiary	(775,042,773.28)	(416,221,998.33)	(337,920,000.00)	(141,525,150.00)
Share of (profit) loss from investments in associates and jointly controlled entity	(150,007,484.18)	48,670,867.60	-	-
Share of loss of non controlling interest	(15,084,937.15)	(9,949,725.76)	-	-
Intragroup profit recognised in fixed assets	-	(8,324,142.18)	-	-
Interest income	(10,385,519.95)	(15,930,564.96)	(9,066,120.73)	(11,122,680.23)
Interest expenses	47,378,385.35	103,771,517.98	21,530,617.41	47,516,805.63
Net profit before changes in operating assets and liabilities	150,886,122.92	818,482,899.14	153,460,954.13	759,428,284.40
(Increase)decrease in trade and other receivable - related parties	400,345,891.23	970,038,181.05	359,183,292.25	485,405,770.15
(Increase)decrease in trade and other receivable - third parties	343,263,484.16	(182,312,904.88)	481,344,885.53	(230,009,045.32)
(Increase)decrease in unbilled receivables	(18,193,386.96)	(17,060,967.27)	(18,165,803.64)	159,380,839.23
(Increase)decrease in deposit for purchase of goods	(4,194,445.41)	49,781,143.45	(1,776,507.83)	54,569,220.72
(Increase)decrease in advances payment to subcontractors	133,530,536.85	(123,721,369.18)	133,530,536.85	(123,721,369.18)

Notes to financial statements are an integral part of these financial stat



# STATEMENTS OF CASH FLOWS (Continued)

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unit : Baht)

Notes	Consolidated		Separate financial statements	
	2013	2012	2013	2012
Cash Flow from Operating Activities (continued)				
(Increase)decrease in Revenue Department receivable	(32,451,068.02)	(15,274,093.85)	(5,422,501.92)	-
(Increase)decrease in inventories	66,781,406.38	(56,316,686.14)	7,105,841.04	(72,451,921.18)
(Increase)decrease in construction in progress	(40,851,293.62)	358,026,426.84	(26,002,941.94)	752,720,112.68
(Increase)decrease in retention receivables	(146,203,115.24)	-	(76,174,999.16)	(68,827,686.23)
(Increase)decrease in other non-current assets	3,899,426.00	(708,019.89)	6,468.00	(186,027.98)
Increase(decrease) in trade and other payable - related parties	(33,155,242.83)	33,427,888.86	32,307,234.65	137,621,713.60
Increase(decrease) in trade and other payable - third parties	(542,443,274.57)	393,276,046.81	(560,718,089.64)	353,729,773.11
Increase(decrease) in advances received from employers and construction revenue received in advance	62,986,758.49	(221,880,604.82)	(3,565,503.13)	(221,880,604.82)
Increase(decrease) in Revenue Department payable	(1,678,466.48)	(1,462,926.59)	(6,301,150.74)	(3,785,593.23)
Increase(decrease) in retention payables	162,120,588.86	66,133,703.93	56,286,344.84	69,282,635.87
Increase(decrease) in non - current liabilities	-	3,148,931.94	-	-
Cash paid for employee benefits	(317,461.25)	(359,880.00)	(317,461.25)	-
Cash generate from operation	504,326,460.51	2,073,217,769.40	524,780,598.04	2,051,276,101.82
Cash received for interest income	11,824,095.90	8,279,059.80	10,697,000.06	6,308,860.98
Cash paid for interest expense	(53,566,247.32)	(94,180,245.77)	(24,005,074.24)	(43,680,719.51)
Cash received for income tax	-	459,013.63	-	-
Cash paid for income tax	(225,671,068.11)	(167,684,053.59)	(202,664,604.98)	(136,241,608.60)
Net Cash Provided from Operating Activities	236,913,240.98	1,820,091,543.47	308,807,918.88	1,877,662,634.69

Notes to financial statements are an integral part of these financial stat



# STATEMENTS OF CASH FLOWS (Continued)

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unit : Baht)

Notes	Consolidated		Separate financial statements	
	2013	2012	2013	2012
Cash Flow from Investing Activities				
Cash paid for shares subscription				
in advance	(129,600,000.00)	-	(129,600,000.00)	(7,642,500.00)
Cash paid for payable for purchase				
shares of subsidiary	(65,415,000.00)	-	(65,415,000.00)	-
Cash paid for investments in associate	(14,500,000.00)	(57,600,000.00)	(14,500,000.00)	(57,600,000.00)
Cash paid for investments in jointly				
controlled entities	(5,082,907.50)	-	(5,082,907.50)	-
Cash paid for investments in subsidiaries	(17,000,000.00)	(218,407,146.47)	(216,978,000.00)	(979,982,497.50)
Cash received from disposal of investment				
in subsidiary	754,156,121.55	594,823,147.93	824,000,000.00	594,917,350.00
Dividend income	104,106,436.75	-	196,758,167.69	28,331,762.24
(Increase)decrease in short-term loans to				
related parties	29,245,658.91	(29,245,658.91)	29,245,658.91	146,907,581.09
Cash paid for machinery for investment				
in advance	(268,344,850.00)	-	(268,344,850.00)	-
Cash paid for investment property	-	(32,572,545.00)	-	-
Cash paid for purchase of property,				
plant and equipment and payable for				
purchase of assets	(570,084,342.46)	(1,194,034,560.40)	(10,505,796.67)	(15,428,635.35)
Proceed from disposal of property, plant				
and equipment	1,080,534.03	2,809,230.41	10,917.90	1,270,180.69
Cash paid for purchase of intangible assets	(94,923,047.46)	(227,680.00)	(7,851,000.00)	-
(Increase) decrease in fixed deposits				
and bill of exchange pledged as collateral	320,884,883.00	(419,979,671.08)	213,639,747.92	(116,110,857.56)
Net Cash Provided (used) from Investing Activities	44,523,486.82	(1,354,434,883.52)	545,376,938.25	(405,337,616.39)
Cash Flow from Financing Activities				
Cash received from capital increment of				
non-controlling interest in subsidiary	65,721,025.00	-	-	-
Increase(decrease) in bank overdrafts				
and short-term loans from financial				
institutions	(1,085,467,997.83)	(1,237,886,055.28)	(1,109,772,251.53)	(1,324,483,054.23)

Notes to financial statements are an integral part of these financial stat



# STATEMENTS OF CASH FLOWS (Continued)

GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unit : Baht)

Notes	Consolidated		Separate financial statements	
	2013	2012	2013	2012
Increase(decrease) in short-term loans from related parties	-	157,083,240.00	16,460,467.37	29,146,966.57
Proceeds from long-term loans from banks	414,600,871.58	1,012,575,816.47	-	-
Cash paid for long-term loans from banks	-	(75,050,455.35)	-	-
Dividend paid	(26,398,735.54)	(48,602,007.64)	(26,397,466.48)	(39,992,007.64)
Repayment of obligation under finance lease	(5,414,344.71)	(5,459,223.13)	(4,265,437.54)	(4,679,293.47)
Repayment of interest-obligation under finance lease	(1,721,136.67)	(1,348,892.69)	(1,191,041.24)	(1,111,432.14)
Effect of exchange rate changes on cash and cash equivalent	202,322.20	-	-	-
Net Cash Provided (used) from Financing Activities	(638,477,995.97)	(198,687,577.62)	(1,125,165,729.42)	(1,341,118,820.91)
Net Increase (Decrease) in Cash and Cash Equivalent	(357,041,268.17)	266,969,082.33	(270,980,872.29)	131,206,197.39
Cash and Cash Equivalent at the Beginning of the Year	581,932,818.58	314,963,736.25	396,915,264.53	265,709,067.14
Cash and Cash Equivalent at the End of the Year	33.1	224,891,550.41	125,934,392.24	396,915,264.53

Notes to financial statements are an integral part of these financial stat



# NOTES TO FINANCIAL STATEMENTS

## GUNKUL ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

DECEMBER 31, 2013

### 1. General information

Gunkul Engineering Public Company Limited ("the Company") is a public limited company and is incorporated in Thailand. The address of the Company's registered office is 1038-1046 Nakornchaisri Road, Nakornchaisri, Dusit, Bangkok.

The principal activities of the Company and subsidiaries ("the Group") involve manufacture, distribution and importation and exportation of electrical hardware and equipment including generate and sell electricity.

### 2. Basis of preparation of financial statements

The consolidated and separate financial statements are presented in Thai language and Thai Baht, and in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Capital Market Supervisory Board under the Securities and Exchange Act B.E.2535 (or 1992).

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates. Although the management has most well prepared the figures of estimation from the understanding of events and the things that have been done presently.

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





The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2013.

TFRS No. 8	Operating Segments
TAS No. 12	Income Taxes
TAS No. 20	Accounting for Government Grants and Disclosure of Government Assistance (revised 2009)
TAS No. 21	The Effects of Changes in Foreign Exchange Rates (revised 2009)
TSI No. 10	Government Assistance - No Specific Relation to Operating Activities
TSI No. 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSI No. 25	Income Taxes - Change in the Tax Status of an Entity or its Shareholders
Guide to Accounting Practice : Transfer and Transferred of Financial Assets	

The Group has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period except the implementation of TAS No.12 "Income Tax", which have an effect to the financial statement as described in notes to financial information no.5 and the implementation of TFRS No.8 "operating segments" as described in notes to financial information no.36.

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

		<u>Effective date</u>
TFRS No. 2	Share-based Payment (revised 2012)	January 1, 2014
TFRS No. 3	Business Combinations (revised 2012)	January 1, 2014
TFRS No. 5	Non-current Assets Held for Sale and Discontinued Operations (revised 2012)	January 1, 2014
TFRS No. 8	Operating Segments (revised 2012)	January 1, 2014
TAS No. 1	Presentation of Financial Statements (revised 2012)	January 1, 2014
TAS No. 7	Statement of Cash Flows (revised 2012)	January 1, 2014
TAS No. 12	Income Taxes (revised 2012)	January 1, 2014
TAS No. 17	Leases (revised 2012)	January 1, 2014
TAS No. 18	Revenue (revised 2012)	January 1, 2014
TAS No. 19	Employee Benefits (revised 2012)	January 1, 2014
TAS No. 21	The Effects of Changes in Foreign Exchange Rates (revised 2012)	January 1, 2014
TAS No. 24	Related Party Disclosures (revised 2012)	January 1, 2014
TAS No. 28	Investments in Associates (revised 2012)	January 1, 2014
TAS No. 31	Interests in Joint Ventures (revised 2012)	January 1, 2014



TAS No. 34	Interim Financial Reporting (revised 2012)	January 1, 2014
TAS No. 36	Impairment of Assets (revised 2012)	January 1, 2014
TAS No. 38	Intangible Assets (revised 2012)	January 1, 2014
TFRI No. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRI No. 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRI No. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRI No. 7	Applying the Restatement Approach under TAS No. 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRI No. 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRI No. 12	Service Concession Arrangements	January 1, 2014
TFRI No. 13	Customer Loyalty Programmes	January 1, 2014
TFRI No. 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRI No. 18	Transfers of Assets from Customers	January 1, 2014
TSI No. 15	Operating Leases-Incentives	January 1, 2014
TSI No. 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2014
TSI No. 29	Service Concession Arrangements : Disclosures	January 1, 2014
TSI No. 32	Intangible Assets-Web Site Costs	January 1, 2014
TFRS No. 4	Insurance Contracts	January 1, 2016

The Group has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management is currently assessing the first-year impact on the Group's financial statements.

### 3. Principles of consolidation financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries, which are those entities in which the Group has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.



Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred for acquisition is measured at the sum of the fair value of the assets given, the liabilities incurred, and equity instruments issued by the Group at the date of exchange. Acquisition-related costs are accounted as expenses in the period in which the costs are incurred. The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of the net identifiable assets of the subsidiary acquired is recognized as goodwill and to be tested for impairment annually. If, after reassessment, the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in profit or loss as a bargain purchase gain.

Acquisitions of subsidiaries under common control are accounted for using the similar to pooling of interest method. The cost of business combination under common control are the sum of the fair value of the assets given, the liabilities incurred, and equity instruments issued by the Group at the date of exchange. The costs related to the business combination under common control are accounted as expenses in the period in which the costs are incurred. The excess of the costs related to the business combination under common control over or under the carrying amount of the net assets of the subsidiary acquired is recorded as "Surplus from reorganization under common control" in the consolidated financial statements.

Related party transactions, balances and unrealized gains on transactions between the Company and its subsidiaries are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The consolidated financial statements for the year ended December 31, 2013 and 2012 have been prepared by including the financial statements of Gunkul Engineering Public Company Limited and subsidiaries after eliminate the significant related party balances and transactions. The percentage directly and indirectly owned by the Company as follows:-



Name of subsidiaries	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
G.K. Power Product Co., Ltd.	Manufacture electrical hardware and equipment	Thailand	100.00	100.00
G.K. Assembly Co., Ltd.	Manufacture electrical hardware and equipment	Thailand	100.00	100.00
K.N.P. Supply Co., Ltd.	Import-export electrical hardware and equipment	Thailand	100.00	100.00
Wind Energy Development Co., Ltd.	Generating and selling electricity	Thailand	70.00	70.00
NK Power Sola Co., Ltd.	Generating and selling electricity	Thailand	100.00	-
Gunkul Solar Roof 1 Co., Ltd.	Generating and selling electricity	Thailand	100.00	-
Gunkul Solar Roof 2 Co., Ltd.	Generating and selling electricity	Thailand	100.00	-
Solar Energy Society Co., Ltd.	Generating and selling electricity	Thailand	100.00	-
Bright Green Power Co., Ltd.	Generating and selling electricity	Thailand	100.00	-
Gunkul Power Development Co., Ltd.	Construction	Thailand	100.00	-
Gunkul Solar Power 1 Co., Ltd.	Generating and selling electricity	Thailand	100.00	-
Gunkul Solar Power 2 Co., Ltd.	Generating and selling electricity	Thailand	100.00	-
Gunkul International (Mauritius) Ltd.	Holding company	Mauritius	100.00	-
Gunkul Investment (Singapore) Pte. Ltd. (Holding by Gunkul International (Mauritius) Ltd.)	Holding company	Singapore	100.00	-
Gunkul Myanmar Power (Hlawga) Pte. Ltd (Holding by Gunkul Investment (Singapore) Pte. Ltd.)	Holding company	Singapore	100.00	-
Gunkul Chubu Powergen Co., Ltd.	Generating and selling electricity	Thailand	-	100.00

On February 26, 2013, the Company disposed investment in ordinary shares of Gunkul Chubu Powergen Co., Ltd. to other company as per mentioned in the note no. 14. As a result, such company is no longer regarded as subsidiary of the Company since the Company has no power to control such subsidiary. As a result, the consolidated statement of financial position as at December 31, 2013 did not combine statement of financial position of such subsidiary. However, the consolidated statement of comprehensive income for the year ended December 31, 2013 has consolidated the result of operation of such company from January 1, 2013 to February 26, 2013.



The financial statements of the subsidiaries are prepared for the same reporting periods as the Company and using consistent significant accounting policies.

The non-controlling interest is measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

## **4. Accounting policies**

### **4.1 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

### **4.2 Trade account receivable**

Trade account receivable are carried in the statement of financial position at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at the end of the reporting period. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

### **4.3 Inventories**

Inventories are stated at the lower of cost or net realizable value. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods and work in process comprise raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

Costs of inventories are calculated as the follow method:-

Finished goods	- FIFO method
Work in process	- FIFO method
Raw material and supplies	- FIFO method



The Group estimates the net realisable value by using the selling price in the ordinary course of business less selling expenses.

The Group makes the allowance for diminutions in the value of obsolete, defective or slow-moving inventories.

#### **4.4 Investments**

##### **Investments in associates**

Investments in associates are accounting for using the cost method of accounting in the separate financial statements less allowance for impairment investment (if any). And investments in associates are accounted for using the equity method in the consolidated financial statements.

##### **Investments in jointly controlled companies**

Investments in jointly controlled company are accounting for using the cost method of accounting in the separate financial statements less allowance for impairment investment (if any). And investments in jointly controlled company is accounted for using the equity method in the consolidated financial statements.

Where there is the necessary, accounting policies of associates and jointly controlled have been changed to ensure consistency with the policies adopted by the Group. The financial statements of the associates and jointly controlled are prepared for the same reporting periods as the Company.

##### **Investments in subsidiaries**

Investments in subsidiaries are reported by using the cost method of accounting in the separate financial statements less allowance for impairment investment.

#### **4.5 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation is measured initially at its costs, including transaction cost. Subsequent to initial recognition, investment property is measured at the cost method net from the allowance for impairment (if any).



## 4.6 Property, plant and equipment

Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any).

Buildings and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Group's depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows:

Buildings and power plant	25 - 30 years
Machinery and factory equipment	5 - 25 years
Tools and equipments	5 years
Fixtures and office equipments	5 years
Motor vehicles (Including vehicle under lease agreements)	5 years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

## 4.7 Intangible assets

Intangible assets with finite useful lives which the Group acquired are stated at historical cost less accumulated amortization and impairment loss (as if). The Group's amortization is calculated on the straight-line method over their estimated useful life as follows:



Computer software	5 years
Copyright	3 - 5 years
Right to use grid network	25 years

Power purchase agreement acquired in a business combination is initially recognized at their fair value at the acquisition date which is regarded as their cost and amortized over the period of power purchase agreement.

#### 4.8 Impairment of assets

The carrying amounts of the Group's assets and also intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Group will recognize impairment losses in profit or loss, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognized in profit or loss or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

#### 4.9 Loans from financial institutions

Loans from financial institutions are initially measured at fair value, including transaction costs directly attributable to the issue of the loans. And after initial recognition, the loans from financial institutions are subsequently measured at amortized cost, using the effective interest method.

#### 4.10 Accounting for leases

##### Where the Group is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance





charges, are included in other long-term payables. The interest element of the finance cost is charged in profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

#### **Where the Group is the lesser**

##### **Operating leases**

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group.

#### **4.11 Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

#### **4.12 Provision for decommissioning cost**

The Group recognises provision for decommissioning costs, which are provided at the onset of completion of the project, for the estimate of the eventual cost that relate to the removal of the power plants. The recognised provision for decommissioning cost are based on future removal cost estimates and incorporate many assumptions such as abandonment times and future inflation rate and discounted to present value at the discount rate estimated by management. Those cost are included as part of the power plants.



#### 4.13 Revenue recognition

Sales are recognized on the delivery of goods or on customer acceptance. Sales are shown net of sales taxes and discounts.

Revenues from construction shall comprise the initial amount of revenue agreed in the contract and a claim collect from third parties are recognized on a percentage of completion basis. The percentage of completion is measured based on comparison of the completion of a physical proportion of the contract work at the end of the reporting period and the total contract work surveyed by the engineer project manager. In case, it is probable that the total construction costs will exceed the total construction income, the expected foreseeable loss is immediately recognized as an expense in profit or loss. The recognized revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position. The unrecognized revenue which is due per the contracts has been presented under the caption of "Advances received from employers and construction revenue received in advance - third parties" in the statement of financial position.

Service income is recognized when services have been rendered.

Rental income is recognized as income over the lease period.

Interest income is recognized using the effective interest method.

Other income is recognized on an accrual basis.

#### 4.14 Government grants

The Group will not recognize the Government grants until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The Group recognizes the Government grants in profit on a systematic basis over the period in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

The Group presents the grants related to income as a credit separately in the statement of comprehensive

#### 4.15 Foreign currency transactions

The Group translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the end of the reporting period denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation



of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss as incurred.

#### **4.16 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### **4.17 Employee benefits**

##### **Defined contribution plan**

The Group operates a provident fund which is funded by payments from employees and by the Group. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

##### **Defined benefit plan**

The Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost. All actuarial gains and losses are recognized immediately in profit or loss.

#### **4.18 Corporate income tax**

The Group recognizes the unpaid current tax for current period as a liability in the statement of financial position. In a case where the amount already paid in respect of current period exceeds the amount due for such period, the excess will be recognized as an asset in the statement of financial position.



The Group recognizes a deferred tax liability for all taxable temporary difference, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit at the time of the transaction. The Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. And the Group recognizes a deferred tax asset for all deductible temporary differences arising from investment in subsidiaries and associates, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Group measures the current tax liabilities and assets for the current period using the tax rate that have been enacted by the end of the reporting period. And the deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The Group recognizes the current and deferred tax as an income or an expense and includes it in profit or loss for the period, except the current and deferred tax for items that are recognized in the other comprehensive income or directly in the equity will be recognized in the other comprehensive income or directly in the equity.

#### **4.19 Financial instruments**

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, investment in equity securities, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Forward contracts are carried at fair value and presented in other current

assets or other current liabilities. Unrealized gains or losses on changes in fair value are recognized in profit or loss.

#### **4.20 The important accounting estimation, supposition and judgment application**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Plant, equipment and intangible assets**

Management determines the estimated useful lives and residual values for the Group's plant, equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been abandoned or sold.

##### **Financial lease/ Operation lease**

The Group has entered into lease agreements for rental vehicle, machine and equipment. The Group has determined, based on an evaluation on terms and conditions of the arrangements, that the lease transfers ownership of these assets to the lessee, and so accounts for the contracts as financial leases.

##### **Estimated construction project costs**

The Group estimate costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

## **5. Change in accounting policy**

From January 1, 2013 onward, the Group applied TAS No.12 "Income Taxes". The accounting standard requires that the Group is required to recognize the deferred tax liabilities or the deferred tax assets when the temporary difference between the tax base and the carrying amount of the asset or the liability is occurred. Previously, the Group doesn't recognize such transaction. The Group applied the retrospective adjustment to the comparative financial information.



The amount of adjustment, which effects to the financial statements on applying the accounting standard, as follows :-

(Unit : Baht)

	Consolidated statement of financial position			Separate statement of financial position		
	As at					
	December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
Increase in deferred tax assets	17,496,581.28	68,874,495.41	70,140,655.69	8,798,784.96	11,751,860.57	4,176,762.95
Increase in power purchase agreement	174,431,193.67	170,196,244.63	19,415,584.42	-	-	-
Increase in deferred tax liabilities	174,431,193.67	170,196,244.63	19,415,584.42	-	-	-
Increase in retained earnings	17,496,581.28	68,874,495.41	70,140,655.69	8,798,784.96	11,751,860.57	4,176,762.95

(Unit : Baht)

	Consolidated statement of comprehensive income		Separate statement of comprehensive income	
	2013	2012	2013	2012
Increase (decrease) in income tax expense	51,377,914.13	1,266,160.28	2,953,075.61	(7,575,097.62)
Increase (decrease) in comprehensive income	(51,377,914.13)	(1,266,160.28)	(2,953,075.61)	7,575,097.62
Increase (decrease) in basic earnings per share	(0.078)	(0.002)	(0.004)	0.011

## 6. Related party transactions

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

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

Gunkul.Group.Co.,Ltd..is.a.major.shareholder,.holding.59.97%.(2012.:59.97%).of.the.share.capital.of.the.Gunkul Engineering Public Co., Ltd.The principal shareholder of the Company's major shareholder is Dhumrongpiyawut family. Transactions related to companies in which the Dhumrongpiyawut family is the principal shareholders or directors are recognized as related parties to the Company.

The Company has transactions with related persons and companies for the year ended December 31, 2013 and 2012 as follows:

## 6.1 Inter-assets and liabilities

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Trade receivable - sale				
- G.K. Assembly Co., Ltd.	-	-	1,250,950.83	2,780,984.97
- G.K. Power Product Co., Ltd.	-	-	-	419,386.50
- Kulnatee Co., Ltd.	10,700.00	-	10,700.00	-
- K.N.P Supply Co., Ltd.	-	-	1,125,375.59	1,673,155.45
- Future Electrical Control Co., Ltd.	9,056,475.72	92,552,793.71	6,072.25	-
- Gunkul Power Development Co., Ltd	-	-	1,094,545.50	-
Total	9,067,175.72	92,552,793.71	3,487,644.17	4,873,526.92
Construction receivable				
- G-Power Source Co., Ltd.	-	304,132,391.35	-	304,132,391.35
- Gunkul Chubu Powergen Co., Ltd.	-	-	-	92,666,961.66
- NK Power Sola Co., Ltd.	-	-	51,570,905.35	-
Total	-	304,132,391.35	51,570,905.35	396,799,353.01
Maintenance service receivable				
- Gunkul Chubu Powergen Co., Ltd.	521,755.94	13,642,500.00	521,755.94	13,642,500.00
- NK Power Sola Co., Ltd.	-	-	200,625.00	-
Total	521,755.94	13,642,500.00	722,380.94	13,642,500.00
Other receivable				
- Wind Energy Development Co., Ltd.	-	-	-	46,631.00
- Gunkul Chubu Powergen Co., Ltd.	374,500.00	-	374,500.00	-
- Future Electrical Control Co., Ltd.	2,400.00	3,947.83	-	-
Total	376,900.00	3,947.83	374,500.00	46,631.00



(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Accrued dividend receivable				
- G-Power Source Co., Ltd.	28,400,268.94	-	28,400,268.94	-
Accrued interest receivable				
- G-Power Source Co., Ltd.	6,192,446.73	7,652,060.76	6,192,446.73	7,652,060.76
Advance payment				
- K.N.P Supply Co., Ltd.	-	-	3,378.22	-
- Siam Gunkul Solar Energy Co., Ltd.	19,910.00	-	19,910.00	-
Total	19,910.00	-	23,288.22	-
Total trade and other receivable				
- related parties	44,578,457.33	417,983,693.65	90,771,434.35	423,014,071.69
Unbilled receivables				
- G-Power Source Co., Ltd.	-	17,036,723.56	-	17,036,723.56
- Gunkul Chubu Powergen Co., Ltd	-	-	-	27,583.32
Total	-	17,036,723.56	-	17,064,306.88
Advance payments to subcontractor				
- Future Electrical Control Co., Ltd.	7,138,649.40	109,967,548.57	7,138,649.40	109,967,548.57
Short-term loans to related parties				
- Gunkul Chubu Powergen Co., Ltd.				
Beginning balance	-	-	-	19,070,000.00
Addition	-	-	-	27,900,000.00
Repayment	-	-	-	(46,970,000.00)
Ending balance	-	-	-	-
- G-Power Source Co., Ltd.				
Beginning balance	29,245,658.91	157,083,240.00	29,245,658.91	157,083,240.00
Addition	-	225,431,266.37	-	225,431,266.37
Repayment	(29,245,658.91)	(353,268,847.46)	(29,245,658.91)	(353,268,847.46)
Ending balance	-	29,245,658.91	-	29,245,658.91
Total	-	29,245,658.91	-	29,245,658.91





(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Disposal of assets				
- G.K. Assembly Co., Ltd.	-	-	-	390,395.89
- Future Electrical Control Co., Ltd.	-	512,328.74	-	-
Total	-	512,328.74	-	390,395.89
Purchase of assets				
- G.K. Assembly Co., Ltd.	-	-	-	3,198.38
- Future Electrical Control Co., Ltd.	-	13,573.75	-	-
- P.M. Audit Co., Ltd.	-	600,000.00	-	600,000.00
- G.E.S. Logistics (Thailand) Co., Ltd.	-	23,642.45	-	23,642.45
Total	-	637,216.20	-	626,840.83
Purchase of property, plant and equipment jointing ownership with director	-	31,190,000.00	-	-
Retention receivable				
- Gunkul Chubu Powergen Co., Ltd.	145,002,685.39	-	145,002,685.39	68,827,686.23
- Future Electrical Control Co., Ltd.	1,200,429.85	-	-	-
Total	146,203,115.24	-	145,002,685.39	68,827,686.23
Construction in progress				
- Siam Gunkul Solar Energy Co., Ltd.	43,884.24	-	-	-
- WHA Gunkul Green Solar Roof 1 Co., Ltd.	1,690,108.45	-	-	-
- WHA Gunkul Green Solar Roof 3 Co., Ltd.	2,161,674.55	-	-	-
- WHA Gunkul Green Solar Roof 6 Co., Ltd.	2,151,030.38	-	-	-
- WHA Gunkul Green Solar Roof 10 Co., Ltd.	2,229,038.41	-	-	-
- WHA Gunkul Green Solar Roof 17 Co., Ltd.	317,339.84	-	-	-
Total	8,593,075.87	-	-	-
Trade payable				
- G.K. Assembly Co., Ltd.	-	-	22,233,732.14	66,516,163.66
- G.K. Power Product Co., Ltd.	-	-	224,682,463.77	112,087,898.15
- K.N.P Supply Co., Ltd.	-	-	438,550.66	10,293,031.48
- Future Electrical Control Co., Ltd.	-	29,503,281.20	-	29,503,281.20
Total	-	29,503,281.20	247,354,746.57	218,400,374.49



(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Advances received for construction				
- Gunkul Chubu Powergen Co., Ltd.	-	-	-	66,552,261.62
- G-Power Source Co., Ltd.	-	3,607,407.66	-	3,607,407.66
Total	-	3,607,407.66	-	70,159,669.28
Advance received for service revenue				
- Gunkul Chubu Powergen Co., Ltd.	4,398,243.05	-	4,398,243.05	-
Advance received for goods				
- Future Electrical Control Co., Ltd.	-	7,605,004.68	-	-
Advance received for rental of land				
- NK Power Sola Co., Ltd.	-	-	78,119.52	-
Accrued interest				
- K.N.P Supply Co., Ltd.	-	-	63,645.79	822,597.43
- Wind Energy Development Co., Ltd.	-	-	284,246.57	-
Total	-	-	347,892.36	822,597.43
Other payable				
- G.K. Assembly Co., Ltd.	-	-	-	513,600.00
- G.K. Power Product Co., Ltd.	-	-	-	235,400.00
- K.N.P Supply Co., Ltd.	-	-	-	160,500.00
- Future Electrical Control Co., Ltd.	-	214,000.00	-	214,000.00
- Director	-	231,200.00	-	-
Total	-	445,200.00	-	1,123,500.00
Total trade and other payable - related parties	4,398,243.05	41,160,893.54	252,179,001.50	290,506,141.20
Retention payable				
- Future Electrical Control Co., Ltd.	85,509,390.20	37,161,982.64	85,509,390.20	37,161,982.64
Short-term loans from related parties				
- K.N.P Supply Co., Ltd.				
Beginning balance	-	-	29,146,966.57	-
Addition	-	-	-	41,646,966.57
Repayment	-	-	(8,539,532.63)	(12,500,000.00)
Ending balance	-	-	20,607,433.94	29,146,966.57



(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
- Wind Energy Development Co., Ltd.				
Beginning balance	-	-	-	-
Addition	-	-	105,000,000.00	-
Repayment	-	-	(80,000,000.00)	-
Ending balance	-	-	25,000,000.00	-
Total	-	-	45,607,433.94	29,146,966.57

As at December 31, 2013, the Group constitutes loans to and loans from related parties. Such inter-loan is in form of promissory note, at call and interest is carried by the rate of 3.0000% - 6.1813% per annum (2012 : 3.0000% - 6.1813% per annum).

## 6.2 Inter-revenue and expenses

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Sales of goods				
- G.K. Assembly Co., Ltd.	-	-	1,557,371.93	1,761,525.90
- G.K. Power Product Co., Ltd.	-	-	-	4,107,044.75
- K.N.P Supply Co., Ltd.	-	-	15,978,088.38	35,374,926.74
- Future Electrical Control Co., Ltd.	25,473,829.05	169,184,017.28	49,182.00	422,143.28
- Kulnatee Co., Ltd.	24,441.20	17,850.00	24,441.20	17,850.00
- Gunkul Power Development Co., Ltd	-	-	1,022,939.72	-
- G-Power Source Co., Ltd.	9,900.00	-	9,900.00	-
- G.M. Supply and Construction Co., Ltd.	61,750.00	-	-	-
Total	25,569,920.25	169,201,867.28	18,641,923.23	41,683,490.67
Revenues from construction services				
- G-Power Source Co., Ltd.	58,037,350.35	1,562,825,770.17	58,037,350.35	1,562,825,770.17
- Gunkul Chubu Powergen Co., Ltd.	548,900,637.81	-	665,500,573.90	1,465,501,892.74
- NK Power Sola Co., Ltd.	-	-	63,256,097.60	-
Total	606,937,988.16	1,562,825,770.17	786,794,021.85	3,028,327,662.91



(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Operation and maintenance service income				
- Gunkul Chubu Powergen Co., Ltd.	17,278,490.40	-	17,278,490.40	-
- NK Power Sola Co., Ltd.	-	-	187,500.00	-
- G-Power Source Co., Ltd.	15,276,625.01	12,750,000.00	15,276,625.01	12,750,000.00
Total	32,555,115.41	12,750,000.00	32,742,615.41	12,750,000.00
Management service income				
- Gunkul Chubu Powergen Co., Ltd.	4,200,000.00	-	4,200,000.00	-
- G-Power Source Co., Ltd.	-	2,700,000.00	-	2,700,000.00
Total	4,200,000.00	2,700,000.00	4,200,000.00	2,700,000.00
Rental income				
- NK Power Sola Co., Ltd.	-	-	97,890.48	-
Other income				
- Future Electrical Control Co., Ltd.	-	1,469,520.00	-	-
Interest income				
- Gunkul Chubu Powergen Co., Ltd.	-	-	-	681,178.96
- G-Power Source Co., Ltd.	1,167,776.05	6,206,304.13	1,167,776.05	6,206,304.13
Total	1,167,776.05	6,206,304.13	1,167,776.05	6,887,483.09
Dividend income				
- G.K. Assembly Co., Ltd.	-	-	-	1,681,998.32
- G.K. Power Product Co., Ltd.	-	-	56,151,876.94	8,609,827.80
- K.N.P Supply Co., Ltd.	-	-	36,499,854.00	15,279,938.88
- Gunkul Chubu Powergen Co., Ltd.	-	-	56,106,472.55	-
- G-Power Source Co., Ltd.	-	-	76,400,233.14	-
Total	-	-	225,158,436.63	25,571,765.00
Purchase of goods and service				
- G.K. Assembly Co., Ltd.	-	-	195,559,349.20	260,112,096.06
- G.K. Power Product Co., Ltd.	-	-	346,013,562.00	167,554,686.00
- K.N.P Supply Co., Ltd.	-	-	9,554,073.46	13,962,775.92
- Gunkul Chubu Powergen Co., Ltd.	10,000.00	-	10,000.00	-
- Future Electrical Control Co., Ltd.	71,475.00	-	-	-
Total	81,475.00	-	551,136,984.66	441,629,557.98



(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Cost of construction service				
- Future Electrical Control Co., Ltd.	352,739,852.09	276,296,712.51	352,739,852.09	276,296,712.51
Transportation and service fee				
- G.E.S. Logistics (Thailand) Co., Ltd.	561,000.00	3,097,492.00	-	2,915,000.00
Office, warehouse and land rental fee				
- Gunkul Engineering (2000) Co., Ltd.	6,666,000.00	6,666,000.00	5,604,000.00	5,604,000.00
- G.M. Supply and Construction Co., Ltd.	1,511,500.00	1,536,000.00	1,007,500.00	-
- Director	693,600.00	693,600.00	-	-
Total	8,871,100.00	8,895,600.00	6,611,500.00	5,604,000.00
Maintenance expense				
- Future Electrical Control Co., Ltd.	-	932,800.00	-	932,800.00
Interest expense				
- K.N.P Supply Co., Ltd.	-	-	863,790.00	822,597.43
- Wind Energy Development Co., Ltd.	-	-	689,726.03	-
Total	-	-	1,553,516.03	822,597.43

### 6.3 Management benefit expenses

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Short-term employee benefits	44,214,945.98	37,651,819.98	38,260,051.04	31,429,116.87
Post-employment benefits	2,216,056.15	319,449.00	295,579.00	273,674.00
Total	46,431,002.13	37,971,268.98	38,555,630.04	31,702,790.87



## 6.4 Pricing policies

<u>Trading Transaction</u>	<u>Pricing Policy</u>
Sales and purchase of goods	Cost price plus 5% to 30%
Maintenance service fee	Contract price
Management service fee	Contract price
Interest income and expenses	Interest rate equal to interest rate of loan from financial institution
Rental	Nearby the appraisal value by independent appraiser
Sales and purchase of assets	Net book value
Purchase of land	Nearby book value or the appraisal value by independent appraiser
Construction expense	Contract price
Service for subsoil	Nearby market price

## 6.5 Commitments with related parties

As at December 31, 2013 and 2012 the Company has performed leased contract of land plus property in 1 contract with one related company for the period of 3 years with option to renew. The Company constitutes obligation commitment that has to repay leased fee by Baht 467,000.00 per month.

As at December 31, 2013 and 2012 one subsidiary has performed the sublet contract of land plus property in 1 contract with a subsidiary for the period of 3 year with option to renew. The subsidiary constitutes obligation commitment that has to repay leased fee by Baht 100,000.00 per month.

As at December 31, 2013, one related company has performed the sublet contract of land plus property in 2 contracts (2012 : 2 contract) with the Company and subsidiary with option to renew. The Company and subsidiary constitutes obligation commitment that has to repay leased fee by Baht 42,000.00 and 119,000.00 per month. (2012 : Baht 42,000.00 and 86,000.00 per month)

As at December 31, 2013 and 2012 one related company has performed the sublet contract of land plus property in 1 contract with subsidiary for the period of 3 years with option to renew. The subsidiary constitutes obligation commitment that has to repay leased fee by Baht 88,500.00 per month.



As at December 31, 2013 and 2012 one subsidiary has performed the sublet contract of land plus property in 1 contract with director for the period of 3 years with option to renew. The leased fee is determined by the appraisal value of an independent appraiser. The subsidiary constitutes obligation commitment that has to repay leased fee by Baht 57,800.00 per month.

One jointly controlled company has performed the contract of land rental in 2 contract with subsidiary for the period of 26 years. Such the contract price was in amount of Baht 3.93 million. As at December 31, 2013, the jointly controlled company had outstanding commitments totaling approximately Baht 3.68 million. (2012 : Baht 3.81 million)

As at December 31, 2013 and 2012, one subsidiary has used of property of the Company in order to use as factory and operate related business while does not charge inter-leased fee.

As at December 31, 2013 and 2012 two subsidiaries and two directors with land plus buildings of one subsidiary as collateral against credits that the Company has received from a commercial bank in amount of Baht 410.00 million.

As at December 31, 2013 and 2012 one director with his land plus building as collateral against credits that the Company has received from one commercial bank in amount of Baht 235.00 million.

As at December 31, 2013 and 2012, one subsidiary and two directors with land plus building of one director as collateral for against credits that the Company has received from a commercial bank in amount of Baht 490.00 million.

As at December 31, 2013 and 2012, two directors of the Company with fixed deposit of one subsidiary as collateral against credits that such subsidiary has received from a commercial bank in amount of Baht 56.00 million and amount of USD 0.50 million.

As at December 31, 2013 and 2012, one director of the Company with bill of exchange of one subsidiary as collateral against credits that such subsidiary has received from a commercial bank in amount of Baht 10.00 million.

As at December 31, 2013 and 2012, the Company has pledged a jointly controlled company's ordinary shares, which the ownership belongs to the Company, together with land plus buildings, machinery equipment and deposits of the said jointly controlled as collateral against credits that such jointly controlled has received from a commercial bank in amount of Baht 2,347.10 million.



As at December 31, 2013, the Company has pledged an associate's ordinary shares, which the ownership belongs to the Company, together with land plus property, land leasehold right, machine and equipment-during-installation and bank deposit of the said associate for as collateral against credits that such associate received from a commercial bank in amount of Baht 2,381.00 million (2012 : Baht 2,384.90 million).

As at December 31, 2013 and 2012, the Company has mortgaged land plus building which the ownership belongs to two directors of the Company as collateral against credits that the Company has received from a commercial bank in amount of USD 100.00 million.

As at December 31, 2013 and 2012, one subsidiary has mortgaged land of them and has pledged the ordinary shares of the Company, which the ownership belongs to Gunkul Group Co., Ltd. including the transferral of the rights of the Power Purchase Agreement offer the collateral for the credit facilities of the one subsidiary received from a commercial bank at the credit line of Baht 348.00 million. Moreover, such loan was granted by the Company some amount of Baht 219.00 million

As at December 31, 2013, the Company has pledged the ordinary shares of the Company, which the ownership belongs to Gunkul Group Co., Ltd., offer the collateral for the credit facilities the Company received from a commercial bank at the credit line of Baht 1,175.00 million (2012 : Baht 2,169.00 million).

One associated and a jointly controlled company entered and into a power plant service and maintenance agreement in 4 contracts with the Company which has the value in amount is Baht 362.76 million (2012 : Baht 111.60 million). As at December 31, 2013, such associate's outstanding obligation remains at Baht 279.61 million. (2012 : Baht 98.85 million)

One subsidiary has performed leased contract of land for the solar power plant construction with the Company for the period of 26 years. As at December 31, 2013, such subsidiary had outstanding commitments totaling approximately Baht 5.88 million

As at December 31, 2013, one jointly controlled company entered into a management service with the Company for the period of 5 years. The jointly controlled company constitutes obligation commitment that has to repay management service fee by Baht 350,000.00 per month

One subsidiary has entered into a subcontract and installation with a related company which has the value in amount is Baht 147.07 million. As at December 31, 2013, such subsidiary had outstanding obligation remains at Baht 147.07 million.





One subsidiary has entered in to a solar rooftop power plant construction agreement with another subsidiary. The value of agreement in amount of Baht 35.41 million. As at December 31, 2013, such subsidiary had outstanding commitments in total of agreement.

The Company has entered in to a design and installation ground screw, fence and utility system with one related company in 2 contract. The value of contract in amount of Baht 199.80 million. As at December 31, 2013, the Company had outstanding commitments in totaling approximately Baht 142.77 million.

## 6.6 Relationship

<u>Company</u>	<u>Relationship</u>
Gunkul Group Co., Ltd.	The majority shareholder
G.K. Assembly Co., Ltd.	Common directors and direct shareholding
G.K. Power Product Co., Ltd.	Common directors and direct shareholding
K.N.P Supply Co., Ltd.	Common directors and direct shareholding
Wind Energy Development Co., Ltd.	Common directors and direct shareholding
NK Power Sola Co., Ltd.	Common directors and direct shareholding
Gunkul Solar Roof 1 Co., Ltd.	Common directors and direct shareholding
Gunkul Solar Roof 2 Co., Ltd.	Common directors and direct shareholding
Solar Energy Society Co., Ltd.	Common directors and direct shareholding
Bright Green Power Co., Ltd.	Common directors and direct shareholding
Gunkul Power Development Co., Ltd	Common directors and direct shareholding
Gunkul Solar Power 1 Co., Ltd.	Common directors and direct shareholding
Gunkul Solar Power 2 Co., Ltd.	Common directors and direct shareholding
Gunkul International (Mauritius) Ltd.	Common directors and direct shareholding
Gunkul Investment (Singapore) Pte. Ltd.	Common director and indirect shareholding
Gunkul Myanmar Power (Hlawga) Pte. Ltd.	Common director and indirect shareholding
G-Power Source Co., Ltd.	Direct shareholding
Siam Wind Energy Co., Ltd.	Direct shareholding
Gunkul Chubu Powergen Co., Ltd.	Direct shareholding and jointly controlled
Siam Gunkul Solar Energy Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 1 Co., Ltd.	Direct shareholding and jointly controlled



<u>Company</u>	<u>Relationship</u>
WHA Gunkul Green Solar Roof 2 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 3 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 4 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 5 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 6 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 8 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 9 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 10 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 16 Co., Ltd.	Direct shareholding and jointly controlled
WHA Gunkul Green Solar Roof 17 Co., Ltd.	Direct shareholding and jointly controlled
Gunkul Trading and Agency Co., Ltd.	Common directors
BE - FEC Joint venture	Common directors
Sri - Uthong and Future Electrical Control Joint venture	Common directors
FEC & SAC Joint venture	Common directors
G.M. Supply and Construction Co., Ltd.	Common directors
Gunkul Engineering(2000) Co., Ltd.	Common directors
Future Electrical Control Co., Ltd.	Common directors
Gunkul Marine Line Co., Ltd.	Holding by the director
Kulnatee Co., Ltd.	Holding by close relative of a director
P.M. Audit Co., Ltd.	Holding by close relative of a director
G.E.S. Logistics (Thailand) Co., Ltd.	Holding by close relative of a director
Green filed energy Co., Ltd.	Holding by close relative of a director



## 7. Trade and other receivable - related parties

Outstanding trade receivable - related parties can be aged as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Trade receivables				
Within credit term	5,664,922.40	400,882,409.82	1,178,391.42	412,647,774.03
Overdue 1 month to 3 months	3,632,541.26	9,445,275.24	53,900,944.94	599,108.25
Overdue 3 months to 6 months	291,468.00	-	396,430.10	528,666.03
Overdue 6 months to 12 months	-	-	305,164.00	861,263.87
Overdue over 12 months	-	-	-	678,567.75
Total	9,588,931.66	410,327,685.06	55,780,930.46	415,315,379.93
Other receivables	6,589,256.73	7,656,008.59	6,590,234.95	7,698,691.76
Accrued dividend receivable	28,400,268.94	-	28,400,268.94	-
Total	44,578,457.33	417,983,693.65	90,771,434.35	423,014,071.69

## 8. Trade and other receivable - third parties

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Trade receivable				
Post dated cheques	3,688,427.96	52,484,953.42	3,688,427.96	51,770,009.74
Trade receivables	395,020,230.94	407,381,568.81	254,535,159.95	358,816,168.51
Returned cheques receivable	1,040,312.65	987,142.65	1,040,312.65	987,142.65
Construction receivables	22,370,356.04	298,578,676.54	22,370,356.04	298,578,676.54
Total	422,119,327.59	759,432,341.42	281,634,256.60	710,151,997.44
Less Allowance for doubtful debts	(1,477,292.64)	(3,215,511.17)	(1,477,292.64)	(2,298,670.97)
Total trade receivable	420,642,034.95	756,216,830.25	280,156,963.96	707,853,326.47
Other receivables	15,572,822.06	54,035,030.56	4,797,618.26	41,779,111.11
Withholding tax	6,164,854.47	-	6,150,861.56	-
Suspense input tax	10,236,229.83	25,192,739.07	4,682,688.49	18,732,312.58
Less Allowance for doubtful debts	(595,365.00)	(673,723.21)	(446,608.00)	(524,966.21)
Net	452,020,576.31	834,770,876.67	295,341,524.27	767,839,783.95



Outstanding trade receivable - third parties can be aged as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Within credit term	292,392,547.68	533,530,611.62	158,654,780.95	495,193,191.88
Overdue 1 month to 3 months	71,646,998.48	181,616,212.63	71,400,720.32	174,870,384.79
Overdue 3 months to 6 months	17,635,871.68	40,287,522.42	17,635,871.68	37,404,942.42
Overdue 6 months to 12 months	36,173,057.91	2,292,353.33	31,128,542.91	1,497,000.93
Overdue over 12 months	4,270,851.84	1,705,641.42	2,814,340.74	1,186,477.42
Total	422,119,327.59	759,432,341.42	281,634,256.60	710,151,997.44
Less Allowance for doubtful debts	(1,477,292.64)	(3,215,511.17)	(1,477,292.64)	(2,298,670.97)
Net	420,642,034.95	756,216,830.25	280,156,963.96	707,853,326.47

The movement of allowance for doubtful debts - trade receivable third parties for the year ended December 31, 2013 and 2012 are as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Opening balance	(3,215,511.17)	(1,886,731.52)	(2,298,670.97)	(1,700,551.52)
Allowance increased during the year	-	(2,586,107.62)	-	(1,855,447.42)
Collected during the year	1,738,218.53	1,257,327.97	821,378.33	1,257,327.97
Ending balance	(1,477,292.64)	(3,215,511.17)	(1,477,292.64)	(2,298,670.97)

The movement of allowance for doubtful debts - other receivables for the year ended December 31, 2013 and 2012 are as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Opening balance	(673,723.21)	(524,966.21)	(524,966.21)	(524,966.21)
Allowance increased during the year	-	(148,757.00)	-	-
Collected during the year	78,358.21	-	78,358.21	-
Ending balance	(595,365.00)	(673,723.21)	(446,608.00)	(524,966.21)



## 9. Unbilled receivables and construction revenue received in advance

Consisted of :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Unbilled receivables :				
Value of contract	4,931,808,860.63	4,269,331,008.44	4,494,005,442.63	5,539,520,382.44
Revenue recognised on percentage of completion basis	3,894,602,767.92	4,233,377,242.33	3,956,799,349.92	5,009,559,062.40
Less Value of contract billed	(3,859,348,413.69)	(4,216,316,275.06)	(3,921,544,995.69)	(4,992,470,511.81)
Unbilled receivables	35,254,354.23	17,060,967.27	35,254,354.23	17,088,550.59
Construction revenue received in advance :				
Value of contract	-	304,936,879.00	-	484,774,358.00
Value of contract billed	-	282,414,512.59	-	290,764,512.59
Less Revenue recognised on percentage of completion basis	-	(282,406,481.09)	-	(290,750,940.12)
Construction revenue received in advance	-	8,031.50	-	13,572.47

The additional data of construction contracts are as follow :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Cost of construction and gain are recognized (less loss are recognized) until present	3,894,602,767.92	4,515,783,723.42	3,956,799,349.92	5,300,310,002.52
Less Value of contract billed	(3,859,348,413.69)	(4,498,730,787.65)	(3,921,544,995.69)	(5,283,235,024.40)
	35,254,354.23	17,052,935.77	35,254,354.23	17,074,978.12
Amount of the Company has authority from employer(customer) for construction be regarded as assets/liabilities Unbilled receivables	35,254,354.23	17,060,967.27	35,254,354.23	17,088,550.59
Construction revenue received in advance	-	(8,031.50)	-	(13,572.47)
	35,254,354.23	17,052,935.77	35,254,354.23	17,074,978.12



## 10. Inventories

Consisted of:-

(Unit : Baht)

	Consolidated					
	2013			2012		
	Cost	Allowance for diminution in value of inventory	Net	Cost	Allowance for diminution in value of inventory	Net
Finished goods	261,973,486.14	(39,427,997.63)	222,545,488.51	288,373,023.43	(41,878,933.61)	246,494,089.82
Work in process	45,048,657.59	(2,659,577.12)	42,389,080.47	63,740,127.08	(3,697,506.14)	60,042,620.94
Raw materials	77,056,611.97	(7,719,647.27)	69,336,964.70	83,248,386.80	(9,055,533.85)	74,192,852.95
Supplies	1,659,573.59	(174,756.31)	1,484,817.28	4,823,813.40	(379,995.18)	4,443,818.22
Goods in transit	15,082,736.21	-	15,082,736.21	27,417,121.17	-	27,417,121.17
Total	400,821,065.50	(49,981,978.33)	350,839,087.17	467,602,471.88	(55,011,968.78)	412,590,503.10

(Unit : Baht)

	Separate financial statement	
	2556	2555
Finished goods	253,083,744.10	265,496,345.85
Goods in transit	8,948,370.86	3,641,610.15
Total	262,032,114.96	269,137,956.00
Less Allowance for diminutions in value of inventories	(36,397,473.48)	(34,433,051.68)
Net	225,634,641.48	234,704,904.32

The movement of allowance for diminutions of inventories for the year ended December 31, 2013 and 2012 are as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Opening balance	(55,011,968.78)	(28,814,043.88)	(34,433,051.68)	(16,610,724.45)
Allowance increased during the year	(4,518,266.40)	(27,398,385.37)	(1,964,421.80)	(17,822,327.23)
Allowance reversal during the year	9,548,256.85	1,200,460.47	-	-
Ending balance	(49,981,978.33)	(55,011,968.78)	(36,397,473.48)	(34,433,051.68)



For the years ended December 31, 2013, the costs of inventories recognized as expenses are Baht 898.50 million and Baht 759.72 million in the consolidated and separate financial statement, respectively (2012 : Baht 1,425.02 million and Baht 1,308.28 million in the consolidated and separate financial statements, respectively).

For the years ended December 31, 2013, the Group has reversed allowance for diminutions in the value of inventories in amount of Baht 1.53 million in the consolidated (2012 : Baht 1.20 million in the consolidated).

As at December 31, 2013, the some inventories with the carrying amount of Baht 118.87 million in the consolidated financial statement and Baht 86.51 million in the separate financial statement, respectively, are expected to be sold more than twelve months after the reporting period (2012 : Baht 112.53 million in the consolidated financial statement and Baht 83.18 million in the separate financial statement).

## 11. Fixed deposits and bill of exchange pledged as collateral

As at December 31, 2013 and 2012, the bank deposits and bill of exchange that equipped with guarantee burden of the Group, has been pledged as surety against credit facility and letter of guarantee that issued by banks in order to use in business operation.

## 12. Investments in associate

The nature and carrying value of investment in associate can be summarized as follows :-

Name of company	Nature of business	Percentage		Equity Method		(Unit : '000 Baht)		Dividends	
		% of holding				Cost Method			
		2013	2012	2013	2012	2013	2012	2013	2012
Associate incorporated in Thailand									
G-Power Source Co., Ltd.	Generating and selling electricity	40.00	40.00	340,425	321,406	397,595	383,195	76,400	-
Siam Wind Energy Co., Ltd.	Generating and selling electricity	40.00	-	76	-	100	-	-	-
Total				340,501	321,406	397,695	383,195	76,400	-



The financial information of the associate can be summarized as follows :-

(Unit : '000 Baht)

	2013			2012		
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
G-Power Source Co., Ltd.	3,229,253	2,249,205	980,048	3,244,248	2,275,891	968,357
Siam Wind Energy Co., Ltd.	196	6	190	-	-	-
Total	3,229,449	2,249,211	980,238	3,244,248	2,275,891	968,357

(Unit : '000 Baht)

	2013		2012	
	Total revenues	Total comprehensive income for the period	Total revenues	Total comprehensive income for the period
G-Power Source Co., Ltd.	526,509	224,376	293,657	82,028
Siam Wind Energy Co., Ltd.	1	(60)	-	-
Total	506,510	224,316	293,657	82,028

Regarding to the resolution of the G-Power Source Co., Ltd., of director meeting no. 1/2013 held on February 22, 2013, the meeting has approved the 4<sup>th</sup> payment of share capital increase from Gunkul Engineering Public Co., Ltd. in amount of Baht 20.00 per share from 1,800,000 shares which has total amount equal to Baht 14.40 million.

Regarding to the resolution of the Company's board of management meeting no. 11/2013 held on June 13, 2013, the meeting has approved to establish of Siam Wind Energy Co., Ltd. to carry out the project of generation and sale of electrical from wind energy.





### 13. Investments in jointly controlled companies

The nature and carrying value of investment in jointly controlled can be summarized as follows :-

Name of Company	Nature of business	Percentage of holding		Equity Method		(Unit : '000 Baht)		Dividends	
		2013	2012	2013	2012	2013	2012	2013	2012
Jointly controlled incorporated in Thailand									
Gunkul Chubu Powergen Co., Ltd.	Generating and selling electricity	51.00%	-	732,822	-	505,919	-	56,106	-
Siam Gunkul Solar Energy Co., Ltd.*	Generating and selling electricity	50.00%	-	350	-	374	-	-	-
WHA Gunkul Green Solar Roof 1 Co., Ltd.**	Generating and selling electricity	25.01%	-	657	-	719	-	-	-
WHA Gunkul Green Solar Roof 2 Co., Ltd.**	Generating and selling electricity	25.01%	-	48	-	63	-	-	-
WHA Gunkul Green Solar Roof 3 Co., Ltd.**	Generating and selling electricity	25.01%	-	841	-	907	-	-	-
WHA Gunkul Green Solar Roof 4 Co., Ltd.**	Generating and selling electricity	25.01%	-	48	-	63	-	-	-
WHA Gunkul Green Solar Roof 5 Co., Ltd.**	Generating and selling electricity	25.01%	-	48	-	63	-	-	-
WHA Gunkul Green Solar Roof 6 Co., Ltd.**	Generating and selling electricity	25.01%	-	841	-	907	-	-	-
WHA Gunkul Green Solar Roof 7 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 8 Co., Ltd. **	Generating and selling electricity	25.01%	-	(9)	-	6	-	-	-
WHA Gunkul Green Solar Roof 9 Co., Ltd. **	Generating and selling electricity	25.01%	-	(9)	-	6	-	-	-
WHA Gunkul Green Solar Roof 10 Co., Ltd. **	Generating and selling electricity	25.01%	-	916	-	969	-	-	-
WHA Gunkul Green Solar Roof 11 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 12 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 13 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 14 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 15 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-





Name of Company	Nature of business	Percentage of holding		Equity Method		(Unit : '000 Bant)		Dividends	
		2013	2012	2013	2012	2013	2012	2013	2012
WHA Gunkul Green Solar Roof 16 Co., Ltd. **	Generating and selling electricity	25.01%	-	(8)	-	6	-	-	-
WHA Gunkul Green Solar Roof 17 Co., Ltd. **	Generating and selling electricity	25.01%	-	929	-	1,000	-	-	-
WHA Gunkul Green Solar Roof 18 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 19 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 20 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 21 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 22 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
WHA Gunkul Green Solar Roof 23 Co., Ltd. ** (***)	Generating and selling electricity	-	-	-	-	-	-	-	-
				737,474	-	511,002	-	56,106	-

\*In August 2013, the Company entered into the memorandum of understanding for joint investment with SCG Cement - Building Materials Co., Ltd., which the Company holds 50.00% of the shares in the joint venture, and its business activity is to operate solar rooftop power plant. Under the said memorandum of understanding, the Company has the joint control in the joint venture.

\*\* In August 2013, the Company entered into the memorandum of understanding for joint investment with WHA Corporation Public Co., Ltd., which the Company holds 25.01% in the joint ventures, and their business activity is to operate solar rooftop power plant. Under the said memorandum of understanding, the Company has the joint control in the joint ventures.

(\*\*\*) The Company has deregister because it did not submit the application for sale of electricity generated from solar rooftop power plant.

The following amount of each interests in jointly controlled are s follows :-

(Unit : '000 Baht)

	2013					2012				
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Net Assets	Current Assets	Non-Current Assets	Current Liabilities	หนี้สินไม่ Liabilities	Net Assets
Gunkul Chubu Powergen Co., Ltd.	71,214	1,681,624	139,124	1,003,556	610,158	-	-	-	-	-
Siam Gunkul Solar Energy Co., Ltd.	311	59	20	-	350	-	-	-	-	-
WHA Gunkul Green Solar Roof 1 Co., Ltd.	682	66	91	-	657	-	-	-	-	-
WHA Gunkul Green Solar Roof 2 Co., Ltd.	61	-	13	-	48	-	-	-	-	-
WHA Gunkul Green Solar Roof 3 Co., Ltd.	873	62	94	-	841	-	-	-	-	-
WHA Gunkul Green Solar Roof 4 Co., Ltd.	61	-	13	-	48	-	-	-	-	-
WHA Gunkul Green Solar Roof 5 Co., Ltd.	61	-	13	-	48	-	-	-	-	-
WHA Gunkul Green Solar Roof 6 Co., Ltd.	877	58	94	-	841	-	-	-	-	-
WHA Gunkul Green Solar Roof 8 Co., Ltd.	9	-	18	-	(9)	-	-	-	-	-
WHA Gunkul Green Solar Roof 9 Co., Ltd.	9	-	18	-	(9)	-	-	-	-	-
WHA Gunkul Green Solar Roof 10 Co., Ltd.	976	58	117	-	917	-	-	-	-	-
WHA Gunkul Green Solar Roof 16 Co., Ltd	9	-	18	-	(9)	-	-	-	-	-
WHA Gunkul Green Solar Roof 17 Co., Ltd	1,005	32	108	-	929	-	-	-	-	-
	76,148	1,681,959	139,741	1,003,556	614,810	-	-	-	-	-



	2013			2012		
	Total Revenues	Total Expenses	Comprehensive Incomes for the Year	Total Revenues	Total Expenses	Comprehensive Incomes for the Year
Gunkul Chubu Powergen Co., Ltd.	250,754	117,902	132,852	-	-	-
Siam Gunkul Solar Energy Co.,Ltd.	-	25	(25)	-	-	-
WHA Gunkul Green Solar Roof 1 Co., Ltd.	-	61	(61)	-	-	-
WHA Gunkul Green Solar Roof 2 Co., Ltd.	-	15	(15)	-	-	-
WHA Gunkul Green Solar Roof 3 Co., Ltd.	-	65	(65)	-	-	-
WHA Gunkul Green Solar Roof 4 Co., Ltd.	-	15	(15)	-	-	-
WHA Gunkul Green Solar Roof 5 Co., Ltd.	-	15	(15)	-	-	-
WHA Gunkul Green Solar Roof 6 Co., Ltd.	-	65	(65)	-	-	-
WHA Gunkul Green Solar Roof 8 Co., Ltd.	-	15	(15)	-	-	-
WHA Gunkul Green Solar Roof 9 Co., Ltd.	-	15	(15)	-	-	-
WHA Gunkul Green Solar Roof 10 Co., Ltd.	-	53	(53)	-	-	-
WHA Gunkul Green Solar Roof 16 Co., Ltd	-	15	(15)	-	-	-
WHA Gunkul Green Solar Roof 17 Co., Ltd	-	71	(71)	-	-	-
	250,754	118,332	132,422	-	-	-



## 14. Investments in subsidiaries

The nature and carrying value of investment in subsidiaries in the separate financial statement can be summarized as follows :-

Name of subsidiary	Paid-up capital ('000 Bant)		Investment portion (%)		Cost method ('000 Bant)		Dividends ('000 Bant)	
	2556	2555	2556	2555	2556	2555	2556	2555
G.K. Power Product Co., Ltd.	100,000	100,000	100.00	100.00	80,425	80,425	56,152	8,610
G.K. Assembly Co., Ltd.	200,000	200,000	100.00	100.00	163,188	163,188	-	1,692
K.N.P Supply Co., Ltd.	50,000	50,000	100.00	100.00	41,408	41,408	36,500	15,280
Wind Energy Development Co., Ltd.	321,525	103,475	70.00	70.00	692,467	539,832	-	-
NK Power Sola Co., Ltd.	2,600	-	100.00	-	40,854	-	-	-
Gunkul Solar Roof 1 Co., Ltd.	500	-	100.00	-	500	-	-	-
Gunkul Solar Roof 2 Co., Ltd.	250	-	100.00	-	250	-	-	-
Solar Energy Society Co., Ltd.	500	-	100.00	-	500	-	-	-
Bright Green Power Co., Ltd.	250	-	100.00	-	250	-	-	-
Gunkul Power Development Co., Ltd	15,000	-	100.00	-	15,000	-	-	-
Gunkul Solar Power 1 Co., Ltd.	250	-	100.00	-	250	-	-	-
Gunkul Solar Power 2 Co., Ltd.	500	-	100.00	-	500	-	-	-
Gunkul International (Mauritius) Ltd.	6,240	-	100.00	-	6,240	-	-	-
Gunkul Chubu Powergen Co., Ltd.	-	992,000	-	100.00	-	992,000	-	-
Total					1,041,832	1,816,853	92,652	25,572



Regarding to the resolution of the Wind Energy Development's Extra-ordinary Shareholders Meeting 1/2013 held on March 27, 2013, the meeting has approved to raise registered capital of the said company from Baht 179.90 million to Baht 339.90 million by allotment 11,199,998 new common shares to the Company which has value equal to Baht 10.00 per share and calling the payment of increase capital in amount Baht 2.50 per share. The total payment of increased capital is in amount of Baht 28.00 million.

Regarding to the resolution of the Wind Energy Development's Extra-ordinary Shareholders Meeting 2/2013 held on September 18, 2013, the meeting has approved to raise registered capital of the said company from Baht 339.90 million to Baht 1,052.10 million by allotment 49,853,992 new common shares to Gunkul Engineering Public Co., Ltd. to Baht 10.00 per share. The meeting has also approved the payment of share capital increase in amount of Baht 2.50 per share. The total payment of increased capital is in amount of Baht 124.63 million.

On February 26, 2013, the Company sold 4,860,800 common shares of Gunkul Chubu Powergen Company Limited to Chubu Electric Power Gem B.V. which represents 49.00% of GCPG's registered shares at the total selling price of Baht 824.00 million where the Company recognized the gain on disposal of subsidiary in amount of Baht 775.04 million and Baht 337.92 million in the consolidated and separate financial statements, respectively.

On February 26, 2013, the Company and Chubu Electric Power Gem B.V. entered into a Shareholder Agreement to assign the structure of the business operation and the strategic, operating and financing decisions, which required unanimous consent from both parties. Consequently, Gunkul Chubu Powergen Company Limited is a joint venture of the Group.

Information concerning the gain from disposal of investment in subsidiary in amount of Baht 775.04 millions in the consolidated financial statement is as follows :-

(Unit : Baht)

	Consolidated
Fair value of consideration received	
Cash	824,000,000.00
Fair value of residual interest	699,798,940.09
	1,523,798,940.09
Less Carrying amount of net assets	(748,756,166.81)
Gain from disposal of investment in subsidiary	775,042,773.28



The gain from disposal of investment in subsidiary in the amount of Baht 775.04 million in the consolidated financial statement had included the portion of gain recognized from the investment remained in the former subsidiary at its fair value at the date when control is lost in the amount of 317.93 million is as follows :-

(Unit : Baht)

	Consolidated
Fair value of residual interest	699,798,940.09
Less 51% of carrying amount of net assets	(381,865,645.07)
Portion of Gain arising from recognized from the investment remained	317,933,295.02

On January 31, 2013, the Company purchased 9,799 ordinary shares in NK Power Sola Co., Ltd. at Baht 1,938.98 per share, totaling Baht 19.00 million from the former shareholder of such company which there no relationship with the Company, equivalent to proportion of 49.00% of the whole registered capital of such company. And on February 16, 2013, the Company purchased all of 980 incremental preference shares in NK Power Sola Co., Ltd. at Baht 100.00 per share, totaling Baht 0.098 million. Moreover, the Articles of Association of the Company had been amended by specifying the Company, which is the shareholder of preference shares, has the power to manage such company and has 100% of the right in such company's interest. It results that the Company has power to control such subsidiary.

NK Power Sola Co., Ltd.'s principal activities involve generate and sell solar energy electricity. The reason for purchase of such shares is that the Company wishes to be a significant participant to encourage the clean power plant. The Company repays share subscription as follows :-

(Unit : Baht)

Consideration for business combination	
Cash paid	19,000,000.00

The amounts of the assets acquired and liabilities assumed were as follow :-

(Unit : Baht)

Cash on hand and cash at bank	2,000,000.00
Power purchase agreement***	21,275,000.00
Other payable	(20,000.00)
Deferred tax liabilities	(4,255,000.00)
Net Asset	19,000,000.00



\*\*\*Power Purchase Agreement is agreement selling 0.94 megawatts solar energy electricity to the Provincial Electricity Authority ("PEA") for 5 years and renew automatically 5 years whereas such agreement receives the financial support from PEA in the rate of Baht 6.50 per kilowatt for 10 years.

For the year period ended December 31, 2013, the Company recognized the acquisition-related costs in the amount of Baht 0.11 million as the administrative expense in the statement of comprehensive income.

The consolidated statement of comprehensive income for the year ended December 31, 2013 had included the revenue and profit (loss) of NK Power Sola Co., Ltd. from January 31, 2013, as follows:

	(Unit : Baht)
Revenues	2,631,899.95
Profit(loss)	1,540,644.07

If the business combination is made on January 1, 2013, the consolidated statement of comprehensive income for the year ended December 31, 2013 will be included the revenue and profit (loss) of NK Power Sola Co., Ltd. from January 1, 2013, as follows:

	(Unit : Baht)
Revenues	2,631,899.95
Profit(loss)	1,540,644.07

Regarding to the resolution of the NK Power Sola Co.,Ltd.'s Extra-ordinary Shareholders Meeting 1/2013 held on February 16, 2013, the meeting has approved to raise registered capital of the said company from Baht 2.00 million to Baht 2.20 million by allotment 980 new preference shares to the Company which has value equal to Baht 100.00 per share. The meeting has also approved the payment of share capital increase increase in amount of Baht 100.00 per share. The total payment of increased capital is in amount of Baht 0.098 million.

Regarding to the resolution of the NK Power Sola Co.,Ltd's Extra-ordinary Shareholders Meeting 2/2013 held on April 2, 2013, the meeting has approved to raise registered capital of the said company from Baht 2.20 million to Baht 2.60 million by allotment 1,960 new at Baht 100.00 per share preference shares to the Company which has value equal to Baht 11,100.00 per share. The total payment of increased capital is in amount of Baht 21.76 million.

The preferred stock of NK Power Sola Co.,Ltd. are registered shares and entitled to receive dividends before common stock at rate 99.99% of total dividend. Each preferred share has the voting right as the ordinary shares and dividend is convertible to ordinary share in a ratio 1:30.





Regarding to the resolution of the Company's board of director meeting no. 8/2013 held on August 28, 2013, the meeting has approved to establish of the Gunkul Solar Power 1 Co., Ltd., Gunkul Solar Power 2 Co., Ltd. and Gunkul Solar Roof 1 Co., Ltd. to carry out the project of generation and sale of electricity from solar rooftop energy.

Regarding to the resolution of the Company's board of director meeting no. 9/2013 held on November 9, 2013, the meeting has approved to establish of of the Gunkul Solar Roof 2 Co., Ltd., Gunkul Power Development Co., Ltd, Solar Energy Society Co., Ltd. and Bright Green Power Co., Ltd. to carry out the project of generation and sale of electricity from solar rooftop energy.

Regarding to the resolution of board of director meeting no. 2/2013 held on October 24, 2013, of Gunkul Solar Roof 1 Co., Ltd. the meeting has approved the 2nd payment of share capital increase from Gunkul Engineering Public Company Limited in amount of Baht 25.00 per share from 10,000 shares which has total amount equal to Baht 0.25 million.

Regarding to the resolution of board of director meeting no. 2/2013 held on October 24, 2013, of Solar Energy Society Co., Ltd. the meeting has approved the 2<sup>nd</sup> payment of share capital increase from Gunkul Engineering Public Company Limited in amount of Baht 25.00 per share from 10,000 shares which has total amount equal to Baht 0.25 million.

Regarding to the resolution of board of director meeting no. 2/2013 held on October 31, 2013, of Gunkul Power Development Co., Ltd. the meeting has approved the 2nd payment of share capital increase from Gunkul Engineering Public Company Limited in amount of Baht 75.00 per share from 10,000 shares which has total amount equal to Baht 0.75 million.

Regarding to the resolution of extra ordinary shareholders meeting no. 2/2013 held on November 4, 2013, of Gunkul Power Development Co., Ltd. the meeting has approved to increase registered share capital from Baht 1.00 million to Baht 10.00 million by allotment 90,000 new shares to Gunkul Engineering Public Company Limited which has value equal to Baht 100.00 per share. The meeting has also approved the payment of share capital increase in amount of Baht 50.00 per share which has total amount after including the amount of first payment of share capital increase equal to Baht 4.50 million. The subsidiary had registered the capital with the Department of Business Development, Ministry of Commerce on November 4, 2013.

Regarding to the resolution of board of director meeting no. 3/2013 held on November 26, 2013, of Gunkul Power Development Co., Ltd. the meeting has approved the 2nd payment of share capital increase from Gunkul Engineering Public Company Limited in amount of Baht 50.00 per share from 90,000 shares which has total amount equal to Baht 4.50 million.



Regarding to the resolution of extra ordinary shareholders meeting no. 3/2013 held on December 23, 2013, of Gunkul Power Development Co., Ltd. the meeting has approved to increase registered share capital from Baht 10.00 million to Baht 15.00 million by allotment 50,000 new shares to Gunkul Engineering Public Company Limited which has value equal to Baht 100.00 per share. The meeting has also approved the payment of share capital increase in amount of Baht 100.00 per share which has total amount after including the amount of first payment of share capital increase equal to Baht 5.00 million. The subsidiary had registered the capital with the Department of Business Development, Ministry of Commerce on December 23, 2013.

Regarding to the resolution of board of director meeting no. 2/2013 held on October 24, 2013, of Gunkul Solar Power 2 Co., Ltd. the meeting has approved the 2nd payment of share capital increase from Gunkul Engineering Public Company Limited in amount of Baht 25.00 per share from 10,000 shares which has total amount equal to Baht 0.25 million.

Regarding to the resolution of board of director meeting held on October 1, 2013, of Gunkul International (Mauritius) Limited the meeting has approved to increase registered share capital from SGD 1 to SGD 200,000 by allotment 199,999 new shares to Gunkul Engineering Public Company Limited which has value equal to SGD 1 per share. The meeting has also approved the payment of share capital increase which has total amount equal to SGD 199,999.

## **15. Advance for share subscription**

On August 10, 2013, the board of director had the resolution to invest in Greenovation Power Co., Ltd. The Company paid Baht 129.60 million in advance to Impact Energy Asia Limited (Seller) to purchase 200,000 ordinary shares of Greenovation Power Limited at Baht 2,160.00 per share, totaling Baht 432.00 million, which equivalent to 100.00% of the said company's registered share capital. The main business activity of Greenovation Power Limited is generating and distributing electricity from wind power plant. However, the said share sales and purchase would be completed when the seller has already fulfilled certain conditions as stipulated in the agreement.

In December, 2013, the seller has been granted the Power Purchase Agreement with Electricity Generating Authority of Thailand. However, the seller is in the process of acquired the right to use the land, having an area sufficient for the erection and operation on the electricity generation facility of at least 60 MW to comply with the condition in the said share purchase agreement.



## 16. Machinery for investment in advance

On June 10, 2013, the board of director had the resolution to invest in Gas Fried Engine power plant in capacity of 25MW x 2 (Consisting of two projects) in Myanmar. The Company will hold 51.00% of share in first project which has investment in amount of USD 13.77 million and will hold 60.00% of share in second project which has investment in amount of USD 16.20 million. As at December 31, 2013, the Company partially paid investment in form of machines in amount of Baht 268.34 million. However, the joint venture in the said project would be completed when the other joint venture party in Republic of the Union of Myanmar has already fulfilled certain conditions as stipulated in the joint venture agreement. As at December 31, 2013, the said joint venture party is in the process of acquiring the power purchase agreement and promotional privileges with government sector of Republic of the Union of Myanmar in compliance with the conditions in the said joint venture agreement.

## 17. Investment property

Consisted of:-

(Unit : Baht)

	Consolidated	
	2013	2012
Cost :		
As at January 1	32,572,545.00	-
Purchase	-	32,572,545.00
Decrease due to disposal of investments	(32,572,545.00)	-
As at December 31	-	32,572,545.00
Accumulated impairment losses :		
As at January 1	(1,382,545.00)	-
Increase	-	(1,382,545.00)
Decrease due to disposal of investments	1,382,545.00	-
As at December 31	-	(1,382,545.00)
Net book value		
As at December 31	-	31,190,000.00

For the year 2012, the appraisal has appraised market prices method (Market Approach) the market value of land is in amount of Baht 31.19 million.



Consisted of:-

(Unit : Baht)

Consolidated						
	Land	Building improvement and utility system	Machine and factory equipments	Figure and office equipment	Motor vehicle	Assets under construction
Cost:-						
As at January 1, 2013	527,373,337.55	112,774,860.30	885,328,397.38	31,317,342.38	51,813,775.03	1,364,439,864.75
Addition	3,143,657.99	18,061,493.88	50,493,084.37	10,098,320.24	8,934,763.60	498,579,580.60
Transfer in	-	711,076.12	10,298,832.29	-	-	-
Disposal	-	-	(1,999,611.21)	(522,870.44)	(1,351,400.00)	-
Transfer out	-	-	-	-	-	(11,009,908.41)
Decrease from disposal of subsidiary	(66,168,279.55)	(16,480,114.31)	(783,456,968.45)	(134,677.78)	-	(2,713,637,307.18)
As at December 31, 2013	464,348,715.99	115,067,315.99	160,663,734.38	40,758,114.40	59,397,138.63	844,847,289.24
Accumulated depreciation:-						
As at January 1, 2013	-	(45,670,003.12)	(129,220,918.00)	(24,500,709.06)	(25,234,784.60)	-
Depreciation charge	-	(2,885,990.00)	(7,912,869.27)	(2,484,437.89)	(3,835,219.67)	-
Disposal	-	-	1,995,544.10	514,871.16	1,351,398.00	-
Decrease from disposal of subsidiary	-	988,083.97	49,677,954.94	42,579.79	-	-
As at December 31, 2013	-	(47,567,909.15)	(85,460,288.23)	(26,427,696.00)	(27,718,606.27)	-
Allowance for impairment:-						
As at January 1, 2013	-	-	-	(5,125.57)	-	-
Reverse	-	-	-	-	-	-
As at December 31, 2013	-	-	-	(5,125.57)	-	-
Net book value:-						
As at December 31,2013	464,348,715.99	67,499,406.84	75,203,446.15	14,325,292.83	31,678,532.36	4,612,269.85
Depreciation in the statement of comprehensive income for the year ended December 31, 2013						
						657,667,664.02
						17,118,516.83

Depreciation in the statement of comprehensive income for the year ended December 31, 2013

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(Unit : Baht)

Separate financial statement						
	Land	Building and improvement	Tool and equipments	Figure and office equipment	Motor vehicle	Assets under construction
Cost:-						
As at January 1, 2013	-	32,521,545.38	2,886,094.89	16,841,699.47	38,315,667.11	12,608,172.14
Addition	3,143,657.99	-	3,879,149.42	7,271,704.24	6,972,515.00	-
Transfer in	-	-	9,052,102.29	-	-	-
Disposal	-	-	(5,411.21)	(432,916.36)	(1,400.00)	-
Transfer out	-	-	-	-	-	(9,052,102.29)
As at December 31, 2013	3,143,657.99	32,521,545.38	15,811,935.39	23,680,487.35	45,286,782.11	3,556,069.85
Accumulated depreciation :-						
As at January 1, 2013	-	(26,325,544.50)	(2,533,002.62)	(12,421,621.00)	(15,365,493.93)	-
Depreciation charge	-	(524,540.87)	(2,300,430.31)	(1,717,624.74)	(3,047,778.70)	-
Transfer in	-	-	-	-	-	-
Disposal	-	-	1,349.10	427,780.92	1,399.00	-
Transfer out	-	-	-	-	-	-
As at December 31, 2013	-	(26,850,085.37)	(4,832,083.83)	(13,711,464.82)	(18,411,873.63)	-
Net book value:-						
As at December 31, 2013	3,143,657.99	5,671,460.01	10,979,851.56	9,969,022.53	26,874,908.48	3,556,069.85
Depreciation in the statement of comprehensive income for the year ended December 31, 2013						
						7,590,374.62

(Unit : Baht)

Separate financial statement					
	Building and improvement	Tool and equipments	Figure and office equipment	Motor vehicle	Assets under construction
					Total
Cost:-					
As at January 1, 2012	32,521,545.38	2,705,845.87	15,433,593.05	30,614,826.89	81,275,811.19
Addition	-	207,632.50	1,878,354.08	10,231,626.17	24,925,784.89
Transfer in	-	-	-	-	-
Disposal	-	(27,383.48)	(470,247.66)	(2,530,785.95)	(3,028,417.09)
Transfer out	-	-	-	-	-
As at December 31, 2012	32,521,545.38	2,886,094.89	16,841,699.47	38,315,667.11	103,173,178.99
Accumulated depreciation:-					
As at January 1, 2012	(25,425,657.47)	(2,421,715.37)	(11,256,192.78)	(15,468,539.18)	(54,572,104.80)
Depreciation charge	(899,887.03)	(138,669.73)	(1,747,449.39)	(1,856,143.47)	(4,642,149.62)
Transfer in	-	-	-	-	-
Disposal	-	27,382.48	582,021.17	1,959,188.72	2,568,592.37
Transfer out	-	-	-	-	-
As at December 31, 2012	(26,325,544.50)	(2,533,002.62)	(12,421,621.00)	(15,365,493.93)	(56,645,662.05)
Net book value:-					
As at December 31, 2012	6,196,000.88	353,092.27	4,420,078.47	22,950,173.18	46,527,516.94
Depreciation in the statement of comprehensive income for the year ended December 31, 2012					4,642,149.62



As at December 31, 2013, certain plant and equipment items of the Group have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 155.20 million (2012 : Baht 85.78 million).

As at December 31, 2013 and 2012, one subsidiary has pledged the land plus property in original cost of Baht 139.05 million to guarantee against credit facility of the Company that receives from a commercial bank in amount of Baht 410.00 million.

As at December 31, 2013 and 2012, one subsidiary has pledged the land in original cost of Baht 378.00 million to guarantee against credit facility of the Company that receives from a commercial bank in amount of Baht 348.00 million.

Machines and vehicles under finance leases, where the Group are lessee with net book value as at December 31, 2013 of Baht 30.18 million in consolidated financial statements and Baht 23.18 million in the separate financial statements (2012 : Baht 22.43 million and Baht 19.95 million, respectively).

## 19. Intangible assets

Consisted of:-

(Unit : Baht)

	Consolidated				
	Computer software	Copyright	Right to use grid network	Power purchase agreement	Total
Cost :-					
As at January 1, 2013	2,473,655.00	1,208,445.00	15,593,130.13	850,981,223.16	870,256,453.29
Purchase	7,985,342.50	-	86,937,704.96	21,275,000.00	116,198,047.46
Decrease from acquisition of subsidiary	-	-	(15,593,130.13)	-	(15,593,130.13)
Disposal	-	-	-	-	-
As at December 31, 2013	10,458,997.50	1,208,445.00	86,937,704.96	872,256,223.16	970,861,370.62
Accumulated amortization :-					
As at January 1, 2013	(1,760,459.95)	(1,205,886.01)	(114,040.22)	-	(3,080,386.18)
Amortization charge	(368,030.59)	(1,600.00)	(3,122.69)	(100,254.79)	(473,008.07)
Decrease from acquisition of subsidiary	-	-	114,040.22	-	114,040.22
As at December 31, 2013	(2,128,490.54)	(1,207,486.01)	(3,122.69)	(100,254.79)	(3,439,354.03)
Net book value :-					
As at December 31, 2013	8,330,506.96	958.99	86,934,582.27	872,155,968.37	967,422,016.59
Amortization charges in statements of comprehensive income for the year ended December 31, 2013					473,008.07





(Unit : Baht)

	Consolidated				
	Computer software	Copyright	Right to use grid network	Power purchase agreement	Total
Cost :-					
As at January 1, 2012	2,245,975.00	1,208,445.00	-	65,000,000.00	68,454,420.00
Purchase	227,680.00	-	15,593,130.13	850,981,223.16	866,802,033.29
Transfer in	-	-	-	-	-
Disposal	-	-	-	(65,000,000.00)	(65,000,000.00)
Transfer out	-	-	-	-	-
As at December 31, 2012	2,473,655.00	1,208,445.00	15,593,130.13	850,981,223.16	870,256,453.29
Accumulated amortization :-					
As at January 1, 2012	(1,336,493.28)	(1,066,883.49)	-	-	(2,403,376.77)
Amortization charge	(423,966.67)	(139,002.52)	(114,040.22)	-	(677,009.41)
As at December 31, 2012	(1,760,459.95)	(1,205,886.01)	(114,040.22)	-	(3,080,386.18)
Net book value :-					
As at December 31, 2012	713,195.05	2,558.99	15,479,089.91	850,981,223.16	867,176,067.11
Amortization charges in statements of comprehensive income for the year ended December 31, 2012					677,009.41

(Unit : Baht)

	Separate financial statements Computer software	
	2013	2012
Cost :-		
As at January 1	595,048.00	595,048.00
Purchase	7,851,000.00	-
As at December 31	8,446,048.00	595,048.00
Accumulated amortization :-		
As at January 1	(522,148.71)	(403,139.11)
Amortization charge	(72,898.29)	(119,009.60)
As at December 31	(595,047.00)	(522,148.71)
Net book value :-		
As at December 31	7,851,001.00	72,899.29
Amortization charges in statements of comprehensive income for the year ended December 31	72,898.29	119,009.60





## 20. Deferred tax assets/liabilities

The movements of deferred tax assets and liabilities for the year ended December 31, 2013 and 2012, are as follows :-

(Unit : Baht)

	Consolidated						
	January 1, 2012	Recognized in profit or loss	Purchase/Disposal of investment	December 31, 2012	Recognized in profit or loss	Purchase/Disposal of investment	December 31, 2013
Trade and other receivable	375,152.61	361,766.60	-	736,919.21	(363,315.35)	-	373,603.86
Inventories	4,976,871.03	6,025,522.73	-	11,002,393.76	615,453.18	-	11,617,846.94
Investments in associate company	-	9,279,746.85	-	9,279,746.85	(9,279,746.85)	-	-
Property, plant and equipment	(1,817,872.68)	1,567,992.91	-	(249,879.77)	(268,349.73)	-	(518,229.50)
Provision for warranty	670,739.85	(190,724.50)	-	480,015.35	(351,504.09)	-	128,511.26
Provision for sales return	-	4,465,095.00	-	4,465,095.00	(4,465,095.00)	-	-
Provision for delivery delay	-	-	-	-	122,726.41	-	122,726.41
Employee benefit	1,305,764.41	136,912.79	-	1,442,677.20	1,059,217.00	-	2,501,894.20
Obligation under finance lease	(258,167.78)	(710,239.02)	-	(968,406.80)	56,663.93	-	(911,742.87)
Profit on inventories	(1,692,307.38)	2,538,349.14	-	846,041.76	2,671,867.98	-	3,517,909.74
Gain on fixed assets	66,580,475.63	(24,740,582.78)	-	41,839,892.85	(41,175,831.61)	-	664,061.24
Power purchase agreement	(19,415,584.42)	-	(150,780,660.21)	(170,196,244.63)	-	(4,234,949.04)	(174,431,193.67)
Total	50,725,071.27	(1,266,160.28)	(150,780,660.21)	(101,321,749.22)	(51,377,914.13)	(4,234,949.04)	(156,934,612.39)

(Unit : Baht)

	Separate financial statement				
	January 1, 2012	Recognized in profit or loss	December 31, 2012	Recognized in profit or loss	December 31, 2013
Trade and other receivable	364,299.13	159,500.64	523,799.77	(139,019.64)	384,780.13
Inventories	2,787,475.08	4,099,135.26	6,886,610.34	392,884.36	7,279,494.70
Provision for warranty	416,779.73	(73,450.80)	343,328.93	(237,589.91)	105,739.02
Provision for sales return	-	3,882,691.32	3,882,691.32	(3,882,691.32)	-
Provision for delivery delay	-	-	-	85,819.85	85,819.85
Employee benefit	883,631.89	145,032.71	1,028,664.60	748,090.60	1,776,755.20
Obligation under finance lease	(275,422.88)	(637,811.51)	(913,234.39)	79,430.45	(833,803.94)
Total	4,176,762.95	7,575,097.62	11,751,860.57	(2,953,075.61)	8,798,784.96

The Group offsets the deferred tax assets and liabilities for the presentation in the statement of financial position only in a case where such assets and liabilities relates to the same taxable company and the income tax is levied by the same taxation authority, as follows :-

(Unit : Baht)

	Consolidated			Separate financial statement		
	As at			As at		
	December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
Amount recognized as assets/liabilities in the statement of financial position						
- Deferred tax assets	17,496,581.28	68,874,495.41	70,140,655.69	8,798,784.96	11,751,860.57	4,176,762.95
- Deferred tax liabilities	(174,431,193.67)	(170,196,244.63)	(19,415,584.42)	-	-	-
Total	(156,934,612.39)	(101,321,749.22)	50,725,071.27	8,798,784.96	11,751,860.57	4,176,762.95



The deferred tax asset is not recognized in the statement of financial position;  
consisted of :-

(Unit : Baht)

	Consolidated	
	2013	2012
Unused tax losses		
- Expire in next 1 year	-	-
- Expire in next 2 - 5 years	20,023,420.91	10,581,052.77
Temporary differences	11,456,189.54	14,215,081.46
<b>Total</b>	<b>31,479,610.45</b>	<b>24,796,134.23</b>

The deferred tax liability, which is not recognized in the statement of financial position, arises from undistributed profits associated with investments in subsidiaries and jointly controlled companies; consisted of :-

(Unit : Baht)

	Consolidated	
	2013	2012
Subsidiaries	44,225,931.34	60,440,412.52
Jointly controlled companies	45,294,251.52	-
<b>Total</b>	<b>89,520,182.86</b>	<b>69,506,474.39</b>

## 21. Other non - current assets

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Retention fee	1,608,220.00	9,901,486.90	643,705.10	650,173.10
Prepaid withholding tax	1,796,188.82	1,796,188.82	1,796,188.82	1,796,188.82
Others	1,813,863.10	20,500.00	-	-
<b>Total</b>	<b>5,218,271.92</b>	<b>11,718,175.72</b>	<b>2,439,893.92</b>	<b>2,446,361.92</b>
Less Allowance for doubtful debts - prepaid withholding tax	(1,796,188.82)	(1,796,188.82)	(1,796,188.82)	(1,796,188.82)
<b>Net</b>	<b>3,422,083.10</b>	<b>9,921,986.90</b>	<b>643,705.10</b>	<b>650,173.10</b>



## 22. Short-term loans from financial institutions

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Short-term loans	117,000,000.00	1,426,812,293.28	117,000,000.00	1,054,748,700.00
Trust receipt payable	124,611,504.93	259,436,599.05	5,262,841.83	177,035,063.08
Total	241,611,504.93	1,686,248,892.33	122,262,841.83	1,231,783,763.08

As at December 31, 2013, the Group held bank overdraft, trust receipt, and letters of credit facilities from several financial institutions in Thai Baht amounting of Baht 2,698.35 million (2012 : Baht 3,277.00 million), US Dollar amounting of USD 50.00 million (2012 : USD 50.00 million). Interest rate is 2.1046% - 3.0500% per annum. (2012 : interest rate is 1.850% - 7.000% per annum)

Such credit facility line is pledged by mortgaged register of land plus property of the Group and land plus property of two directors, including fixed deposit of the Group and also pledged shares of Gunkul Engineering Public Co., Ltd. whose ownership held by Gunkul Group Co., Ltd. including the transferral of the rights of the Power Purchase Agreement. Moreover, such loan was guaranteed by Gunkul Engineering Public Co., Ltd. In the amount of Baht 219.00 million.

## 23. Trade and other payable - related parties

Consisted of :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Trade payable	-	29,503,281.20	247,354,746.57	218,400,374.49
Advances received from customers				
under construction contracts	-	3,607,407.66	-	70,159,669.28
Advances received for goods	-	7,605,004.68	-	-
Other payables	4,398,243.05	445,200.00	4,824,254.93	1,946,097.43
Total	4,398,243.05	41,160,893.54	252,179,001.50	290,506,141.20



## 24. Trade and other payable - third parties

Consisted of :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Trade payable	127,528,841.96	296,936,192.73	47,880,211.87	208,112,516.74
Unbilled construction cost	5,355,987.00	-	-	-
Subcontractors payable	80,526,924.20	402,165,354.58	85,882,911.20	434,306,550.73
Suspense output tax	576,903.18	30,884,089.25	-	29,663,979.52
Accrued expenses	36,345,482.57	84,816,580.07	20,512,471.90	29,152,431.02
Other payable	14,294,807.53	19,654,107.18	20,108,785.83	32,790,436.04
Provision for warranty	290,747.98	2,168,708.51	230,161.57	1,632,620.03
Provision for delivery delay	613,632.04	-	-	-
Total	265,533,326.46	836,625,032.32	174,614,542.37	735,658,534.08

## 25. Obligation under finance lease

Obligation under finance lease - minimum lease payments as follows :-

(Unit : Baht)

	Consolidated			Separate financial statement		
	2013					
	Obligation under finance lease	Deferred interest	Net	Obligation under finance lease	Deferred interest	Net
Not later than 1 year	9,152,219.02	(1,989,351.75)	7,162,867.27	6,968,308.30	(1,453,730.08)	5,514,578.22
Later than 1 year but not later than 5 years	24,475,001.37	(2,677,522.42)	21,797,478.95	18,813,422.43	(2,006,306.73)	16,807,115.70
Total	33,627,220.39	(4,666,874.17)	28,960,346.22	25,781,730.73	(3,460,036.81)	22,321,693.92



(Unit : Baht)

	Consolidated			Separate financial statement		
	2012					
	Obligation under finance lease	Deferred interest	Net	Obligation under finance lease	Deferred interest	Net
Not later than 1 year	6,365,410.20	(1,574,969.55)	4,790,440.65	5,114,278.20	(1,146,801.50)	3,967,476.70
Later than 1 year but not later than 5 years	18,796,150.28	(2,699,947.98)	16,096,202.30	14,321,495.23	(1,911,934.85)	12,409,560.38
Total	25,161,560.48	(4,274,917.53)	20,886,642.95	19,435,773.43	(3,058,736.35)	16,377,037.08

As at December 31, 2013, the Group performs has entered into financial lease agreement with several leasing companies so as to lease machines, computer equipment and vehicles by number of 28 contracts (2012 : 20 contracts). The leased contracts determine leased fee repayment as monthly installment from Baht 4,777.55 to Baht 89,606.00 per month (2012 : Baht 4,777.55 per month to Baht 137,600.00 per month). The leased period is carried from 3 years to 5 years (2012 : 4 years to 5 years). Such leased contract comprises the Group's shareholders and directors as guarantors. In addition, ownership of such machines and vehicles will transfer to ownership of the Group when the Group pays the final installment in accordance with the leased contract.

The Group amortized the interest according to the financial leased contract for the year ended December 31, 2013 in the amount of Baht 1.72 million in the consolidated financial statement and Baht 1.19 million in the separate financial statements which was recorded as "Finance cost" in the statement of comprehensive income (2012 : Baht 1.35 million and Baht 1.11 million in the consolidate and separate financial statement, respectively).

## 26. Long-term loans from financial institutions

Consisted of:

(Unit : Baht)

	Consolidated	
	2013	2012
Long-term loans from financial institutions	313,000,000.00	1,485,858,694.45
<u>Less</u> Current portion	(156,500,000.00)	(122,170,971.74)
Net	156,500,000.00	1,363,687,722.71



The movements of long-term loans from financial institutions for the year ended December 31, 2013 is as follows :-

(Unit : Baht)

	Consolidated
Opening balance	1,485,858,694.45
Transfer short-term loans from financial institutions	313,000,000.00
Decrease due to disposal of investments	(1,485,858,694.45)
Ending balance	313,000,000.00

Such credit facility line is pledged by mortgaged register of land plus property of one subsidiary and fixed deposit of such subsidiary and also pledged shares of Gunkul Engineering Public Co., Ltd. whose ownership held by Gunkul Group Co., Ltd. including the transferral of the rights of the Power Purchase Agreement. Moreover, such loan was guaranteed by Gunkul Engineering Public Co., Ltd. In the amount of Baht 219.00 million.

## 27. Employee benefit obligation

As at December 31, 2013 and 2012, the Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost.

As at December 31, 2013, the Group recognizes the employee benefit obligation as the liability in amount of Baht 12.56 million and Baht 8.88 million in the consolidated and separate statements of financial position, respectively (2012 : Baht 7.29 million and Baht 5.14 million in consolidated and separate financial statement, respectively).

Changes in the present value of the employee benefit obligation for the year ended December 31, 2013 and 2012 are as follows :





(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Opening defined benefit	7,290,657.98	6,618,112.98	5,143,323.00	4,512,746.00
Current service cost	866,074.02	787,224.00	485,469.00	459,094.00
Interest cost	268,585.00	245,201.00	186,210.00	171,483.00
Benefit paid	(486,176.00)	(359,880.00)	(486,176.00)	-
Loss from estimation	4,628,495.00	-	3,554,950.00	-
Decrease in disposal of investments	(8,499.00)	-	-	-
Closing defined benefit	12,559,137.00	7,290,657.98	8,883,776.00	5,143,323.00

Principal actuarial assumptions as at December 31, 2013 and 2012 are as follows :

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Discount rate at end of year	3.8%	3.8%	3.8%	3.8%
Future salary increase	5.0% - 6.0%	5.0% - 6.0%	5.0% - 6.0%	5.0% - 6.0%
Proportion of employees opting for early retirement	0.0% - 30.0%	0.0% - 30.0%	0.0% - 30.0%	0.0% - 30.0%

## 28. Share capital

The movement of share capital for the year ended December 31, 2013 and 2012 are as follows:

	Number of share	Amount
	(Unit : share)	(Unit : Baht)
Registered share capital (Baht 1.00 per share)		
As at January 1, 2012	400,000,000	400,000,000.00
Increment of capital during the year	40,000,000	40,000,000.00
As at December 31, 2012	440,000,000	440,000,000.00
Reduction of capital during the year	(16)	(16.00)
Increment of capital during the year	220,000,000	220,000,000.00
As at December 31, 2013	659,999,984	659,999,984.00



	Number of share (Unit : share)	Amount (Unit : Baht)
Issued and paid-up share capital (Baht 1.00 per share)		
As at January 1, 2012	400,000,000	400,000,000.00
Increment of capital during the year	39,999,984	39,999,984.00
As at December 31, 2012	439,999,984	439,999,984.00
Increment of capital during the year	219,999,945	219,999,945.00
As at December 31, 2013	659,999,929	659,999,929.00

On April 10, 2012, the Annual General Meeting of the Company's shareholders has resolved to increase of the Company's registered share capital from Baht 400,000,000.00 to Baht 440,000,000.00 by issuing new 40,000,000 ordinary shares with a par value of Baht 1.00 each. The objective of the capital increase is to reserve shares for stock dividend payment. The Company had registered the capital with the Department of Business Development, Ministry of Commerce, effective on May 2, 2012.

On April 11, 2013, the Annual General Meeting of the Company's shareholders has resolved to reduce in the Company's registered capital from Baht 440,000,000.00 to Baht 439,999,984.00 by cancelling 16 of the ordinary shares that were unable to be allocated as stock dividend at par value Baht 1.00 per share and to approve the increase in the Company's registered capital from Baht 439,999,984.00 to Baht 659,999,984.00 by issuing 220,000,000 incremental ordinary shares at par value Baht 1.00 per share. The objective of the capital increase is to reserve shares for stock dividend payment. The Company had registered the capital with the Department of Business Development, Ministry of Commerce, effective on April 23, 2013 for reduction of capital and on April 30, 2013 for increment of capital.

### The capital management

The Group constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Group will maintain capital in the level with the least risk.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.



## 29. Legal reserve

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. This reserve is not available for dividend distribution.

As at December 31, 2013, the Company has appropriated net income in amount of Baht 22.00 millions to the legal reserve (2012 : Baht 4.00 million).

## 30. Income tax expense

The income tax expenses recognized in profit or loss for the year ended December 31, 2013 and 2012, are as follow :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Current tax expense	122,923,939.59	227,923,507.86	95,152,168.74	196,845,931.47
Deferred tax expense relating to the origination and reversal of temporary differences	51,377,914.13	1,266,160.28	2,953,075.60	(7,575,097.62)
Income tax expense	174,301,853.72	229,189,668.14	98,105,244.34	189,270,833.85

The relationship between tax expense and accounting profit for the year ended December 31, 2013 and 2012, are as follow :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Accounting profit	1,042,112,801.08	997,529,277.38	712,725,401.72	840,024,296.77
Tax rate used	20%	23%	20%	23%
Tax at the applicable tax rate	208,422,560.22	229,431,733.80	142,545,080.34	193,205,588.26
Temporary difference not recognized as a deferred tax asset	11,695.74	-	-	-
Effect of loss that is exempt from taxation	10,510,807.04	7,628,123.09	-	-



(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Effect of expenses that are not deductible in determining taxation profit	3,447,885.49	3,131,500.39	880,589.69	2,572,919.92
Effect of profit that is exempt from taxation	(44,739,383.31)	-	(45,031,687.33)	(5,993,288.11)
Effect of expenses that are deductible in determining taxation profit	(3,351,711.46)	(11,001,689.14)	(288,738.36)	(514,386.22)
Income tax expense	174,301,853.72	229,189,668.14	98,105,244.34	189,270,833.85
			<b>2013</b>	<b>2012</b>
Tax rate				
- The Company and subsidiaries				
- Profit of non-BOI business			20%	23%
- Profit of BOI business				
- Exemption from taxation			-	-
- Reduction of tax			10%	11.5%
- subsidiaries in aboard			17%	-

## 31. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

## 32. Dividend

In accordance with the annual ordinary general meeting of shareholders of 2013 with held on April 11, 2013, it is resolved to pay dividends to the Company's shareholders from the Company's operating result under tax rate of 23 percent. The dividend is to be paid as stock dividend in the number of 220,000,000 ordinary shares, with par value of Baht 1.00 each, at a ratio of 2 existing ordinary shares to receive stock dividend of 1 share, with a total amount of not exceed Baht 220.00 million, or equivalent to the dividend of Baht 0.50 per share. In the case of any shareholder with a fraction of the shares after the stock dividend distribution, will be entitled to receive cash dividend at the rate of Baht 0.50 per share. In addition the Company will pay a cash dividend at Baht 0.06 per share, or equivalent to amount of not exceed Baht 26.40 million. Total annual dividend payment in form of cash and stock dividend equal to Baht 0.56 per share, equivalent to Baht 246.40 million. The Company paid such dividend in May 2013.



### 33. Supplemental disclosures of cash flow information

#### 33.1 Cash and cash equivalents consist of :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Cash on hand and tax coupon	5,787,125.09	600,904.58	395,817.00	423,338.91
Cash deposits-saving accounts	120,447,388.04	256,970,577.50	34,484,516.62	176,429,954.38
Cash deposits-current accounts	79,632,862.07	142,328,149.21	72,029,883.41	38,028,783.95
Fixed deposits not exceeding 3 months	24,175.21	33,187.29	24,175.21	33,187.29
Bill of exchange not exceeding 3 months	19,000,000.00	182,000,000.00	19,000,000.00	182,000,000.00
Total	224,891,550.41	581,932,818.58	125,934,392.24	396,915,264.53

#### 33.2 Non-cash items are as follows :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Purchase fixed assets but not yet paid	1,552,618.15	594,723,409.15	551,135.60	-
Purchase assets by leased	13,488,047.98	12,587,149.54	10,210,094.38	9,497,149.54
Transfer inventories to property, plant and equipment	-	32,378.50	-	-
Transfer other non-current assets to property, plant and equipment	-	30,000,000.00	-	-
Transfer property, plant and equipment to construction in progress	-	263,547,425.40	-	-
Accrued dividend payables	23,115.99	-	23,115.99	8,008.36
Stock dividend	219,999,945.00	39,999,984.00	219,999,945.00	39,999,984.00
Transfer short-term loans from financial institutions to long-term loans from financial institutions	313,000,000.00	-	-	-
Disposal investments in associate but not yet received	-	35,000,000.00	-	35,000,000.00
Purchase investments in subsidiaries but not yet paid	-	-	-	264,857,500.00
Transfer withholding tax to other non-current assets	-	5,191,708.13	-	-
Transfer investment in subsidiary to investment in jointly controlled	-	-	505,919,500.00	-



### 33.3 Losing control of subsidiary

During the year ended December 31, 2013, the Company sells Gunkul Chubu Powergen Co.,Ltd. to the other company. The information on losing control of subsidiary is as follow :-

	(Unit : Baht)
Cash and cash equivalent	69,843,878.45
Trade and other receivable	47,871,336.60
Revenue Department receivable	53,413,473.18
Fixed deposits pledged as collateral	222,340,903.47
Investment property	31,190,000.00
Property, plant and equipment	2,679,151,271.17
Guarantee of power purchase agreement	4,700,000.00
Deferred tax assets	319,685.15
Other non-current assets	321,877.80
Short-term loans from financial institutions	(50,491,390.12)
Payable and other payable - third parties	(23,516,412.94)
Payable for purchase of assets	(269,965,508.84)
Current portion of long - term loans	(39,934,117.95)
Long - term loans from financial institutions	(1,860,525,448.08)
Employee benefit obligation	(8,499.00)
Retention for construction	(104,815,270.51)
Deferred tax liabilities	(7,990,679.63)
Other non-current liabilities	(3,148,931.94)
Net assets	748,756,166.81
Gain from disposal of investment in subsidiary	775,042,773.28
	1,523,798,940.09
Less Fair value of residual interest	(699,798,940.09)
Consideration received by cash	824,000,000.00
Less Cash and cash equivalents of subsidiary disposed	(69,843,878.45)
Cash received from lose of control net of cash disposed	754,156,121.55



### 33.4 Obtaining control of subsidiary

For the year ended December 31, 2013, the Company purchases “NK Power Sola Co., Ltd” from the other company. The information on obtaining control of subsidiary is as follow :-

	(Unit : Baht)
Cash and cash equivalent	2,000,000.00
Power purchase agreement	21,275,000.00
Other payables	(20,000.00)
Deferred tax liabilities	(4,255,000.00)
Total purchase price for purchase of investment of subsidiary	19,000,000.00
Less Cash and cash equivalents of subsidiary acquired	(2,000,000.00)
Cash paid to obtain control net of cash acquired	17,000,000.00

## 34. Employee benefit

### 34.1 Provident fund

For the year ended December 31, 2013, the Group recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 3.63 million and Baht 2.04 million in consolidated and separate financial statement, respectively (2012 : Baht 1.24 million and Baht 0.66 million in consolidated and separate financial statement, respectively).

### 34.2 Retirement employee benefit

For the year ended December 31, 2013 and 2012, the Group recognizes the employee benefit expense in case of retirement or termination under the labor law, as follows :

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Current service cost	866,074.02	787,224.00	485,469.00	459,094.00
Interest cost	268,585.00	245,201.00	186,210.00	171,483.00
Loss from estimation	4,628,495.00	-	3,554,950.00	-
Total	5,763,154.02	1,032,425.00	4,226,629.00	630,577.00



An item of the employee benefit expense in case of retirement or termination under the labor law for the year ended December 31, 2013 and 2012 are inclusively presented in the line items, as follows :

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Cost of sales	723,159.02	105,327.00	-	-
Administrative expenses	2,823,938.85	607,649.00	2,101,845.15	356,903.00
Management benefit expenses	2,216,056.15	319,449.00	2,124,783.85	273,674.00
Total	5,763,154.02	1,032,425.00	4,226,629.00	630,577.00

### 35. Expenses by nature

The following expenditure items of expense have been classified by nature :

(Unit : Baht)

	Consolidated		Separate financial statement	
	2013	2012	2013	2012
Change in finished goods and work in process	45,091,006.78	(91,246,260.57)	12,412,601.75	(82,581,240.37)
Purchased finished goods	416,878,184.22	798,127,347.64	774,603,197.32	1,262,274,187.00
Cost of construction services	613,952,319.26	1,755,408,420.55	672,812,874.61	2,358,000,079.70
Cost of maintenance services	20,261,457.95	4,918,680.00	20,261,457.95	4,918,680.00
Raw material and supplied used	326,103,549.89	307,624,035.53	-	-
Management benefit expenses	46,431,002.13	37,971,268.98	36,829,884.89	31,702,790.87
Employee benefit	113,208,944.81	112,866,784.46	48,890,094.85	36,605,235.25
Depreciation and amortization expenses	17,591,524.90	47,993,344.81	5,525,959.23	4,761,159.21
Loss for diminution of inventories (Reversal)	(5,029,990.45)	25,458,942.53	1,964,421.80	17,822,327.23
Transportation expense	2,011,409.00	7,092,728.59	1,524,579.92	6,623,385.08
Project consultant fee	37,602,150.84	99,067,184.60	31,381,560.92	49,969,990.22
Outsource fee	45,265,827.31	68,921,880.42	-	-
Development and office service fee	11,962,072.00	8,620,600.00	-	-





## 36. Operating segments

From January 1, 2013 onward, the Group applied TFRS No.8 “Operating Segments”. The financial reporting standard requires the Group shall identifies the operating segments on the basis of internal reports that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segment and assess its performance and shall discloses the amount reported for each operating segment item to be the measure reported to the Group’s chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance. Previously, the Group discloses the operating segments based on related products and services and on geographical areas according to the previous accounting standard. The adoption of the financial reporting standard doesn’t effects to the change on the reportable segments disclosure.

The Group classifies the operating segment in the form of type of business operated. The Group has four operating segments which are consists of the manufacturing and distributions of electrical hardware segment, the generating and selling electricity segment, the construction service segment and the operation and maintenance service segment.

The Group measures the profit or loss for each segment from the gross profit excluding the items of other income, interest revenue, gain or loss on exchange rate, other central expenses, finance cost and share of profit or loss in associates.





The segment operation for the year ended December 31, 2013 and 2012 are as follows :-

(Unit: Million Baht)

	Consolidated									
	Manufacturing and distribution of electrical hardware		Generating and selling electricity		Construction service		Maintenance service		Total	
	2013	2012	2013	2012	2013	2012	2013	2012		
Net local sales	1,293.36	1,834.98	28.26	139.73	681.39	2,318.06		12.75	2,044.60	4,305.52
Gross profit	348.04	401.67	21.53	97.41	67.44	562.65		41.59	458.34	1,069.56
Other income								21.33	36.08	29.00
Gain on disposal of investments									775.04	416.22
Gain (loss) on exchange rate									(4.49)	13.14
Selling expenses									(18.82)	(36.77)
Administrative expenses									(260.23)	(303.21)
Management benefit expense									(46.43)	(37.97)
Finance cost									(47.38)	(103.77)
Share of profit (loss) from investments in associates and jointly controlled									150.00	(48.67)
Net profit before income tax									1,042.11	997.53

The reconciliations of each segment total assets to the Group's assets and other material items.

(Unit: Million Baht)

	Consolidated									
	Manufacturing and distribution of electrical hardware			Generating and selling electricity		Construction service		Maintenance service		Total
	2013	2012	2013	2012	2013	2012	2013	2012		
Assets	1,835.81	4,165.74	547.98	405.50	167.72	822.55	2,028.10	1,803.55	4,579.61	7,197.34
Depreciation	13.02	44.54	4.09	2.89	-	-	-	-	17.11	47.43
Amortization	0.44	0.55	0.03	0.01	-	-	-	-	0.47	0.56

The Group has the revenue from sale of goods to 2 major customers (2012 : 4 major customers) earned by manufacturing and distribution of electrical hardware segment, generating and selling electricity segment and construction service segment in the amount of Baht 1,014.41 million. (2012 : Baht 2,748.94 million).

## 37. Financial instruments

The principal financial risks faced by the Group are interest rate risk, credit risk and foreign currency. The Group did not speculate in or engage in trading of any derivative financial instruments.

### 37.1 Risks from Interest Rates

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow. Risk from interest rates remains due to bank deposit, loans to related parties, credit facilities owing to the commercial bank and related parties. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Group anticipates of non material risk from interest rates.

	Consolidated			
	Amount (Unit : million baht)		Interest rate per annum (%)	
	2013	2012	2013	2012
Saving accounts	120.45	256.97	0.7500 - 2.5000	0.0100 - 2.2500
Fixed deposits	0.02	0.03	1.6250 - 1.8500	1.7200 - 2.0500
Bill of exchange	19.00	182.00	2.1500 - 2.2500	0.5000 - 3.1250
Deposits pledged as collateral	61.94	605.17	0.5000 - 2.3500	0.7500 - 2.7500
Short-term loan from finance institution	241.61	1,686.25	2.1046 - 5.9750	4.9350 - 7.1250
Long-term loan from finance institution	313.00	1,485.86	6.7500 - 7.0000	4.9350 - 5.0600

	Separate financial statements			
	Amount (Unit : million baht)		Interest rate per annum (%)	
	2013	2012	2013	2012
Saving accounts	34.48	176.43	0.5000 - 2.5000	0.0100 - 1.4000
Fixed deposits	0.02	0.03	1.6250 - 1.8500	1.8750 - 2.0500
Bill of exchange	19.00	182.00	2.1500 - 2.2500	0.5000 - 3.1250
Deposits pledged as collateral	45.53	259.17	0.6250	0.7500 - 2.2500
Short-term loan from finance institution	122.26	1,231.79	2.2500 - 5.9750	1.8500 - 7.0000
Short-term loan from subsidiary	45.61	29.15	3.0000 - 5.0000	3.0000



### 37.2 Credit risk

The Group does not expose the risk from credit provision in connection to trade receivable most from the sale of goods whose capability is good at debt repayment. The Group has dealt with these clients for a long time therefore, it is anticipated of non risk derived from non-payment of those trade receivable. Moreover, the Group has no significant concentrations of credit risks.

### 37.3 Foreign currency risk

The Group constitutes material risk from exchange rates in oversea currencies which has been cash at bank, trade receivable, trade payable and trust receipt that are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract dependent on each case.

As at December 31, 2013 and 2012, the significant outstanding balances of the Group's financial assets and liabilities denominated in foreign currencies are as follow:

Foreign currency	As at December 31, 2013			
	Consolidated		Separated financial statement	
	Assets	Liabilities	Assets	Liabilities
USD	972,207.89	4,082,725.67	972,207.89	428,925.45
EURO	2,093.75	28,418.78	2,018.46	28,418.78
YEN	-	1,246,700.00	-	78,400.00

Foreign currency	As at December 31, 2012			
	Consolidated		Separated financial statement	
	Assets	Liabilities	Assets	Liabilities
USD	3,768,589.71	12,934,948.86	3,768,589.71	3,169,627.66
EURO	1,199.94	4,561,291.64	1,124.65	4,533,892.64
YEN	-	1,790,770.00	-	1,790,770.00
SGD	493,821.60	-	493,821.60	-



## Forward foreign currencies contracts

As at December 31, 2013 and 2012, the Group has performed the forward foreign currencies contract which holds the contract life not exceeding one year as follows :-

	Consolidated	
	2013	2012
<b>Buying forward foreign exchange contracts</b>		
Buying forward foreign exchange contracts in USD currency		
Amount USD 0.52 million at average rate Baht 31.2496 per US dollar (2012 : Amount USD 2.52 million at average rate Baht 30.8246 per US dollar)	16,241,170.83	77,562,361.53
<b>Fair value of buying forward foreign exchange contracts</b>		
US dollar currencies	17,071,359.02	77,105,166.13

	Separated financial statement	
	2013	2012
<b>Buying forward foreign exchange contracts</b>		
Buying forward foreign exchange contracts in USD currency		
Amount USD 2.52 million at average rate Baht 30.8246 per US dollar	-	77,562,361.53
<b>Fair value of buying forward foreign exchange contracts</b>		
US dollar currencies	-	77,105,166.13

### 37.4 Fair value

The carrying amounts of the following financial assets and liabilities approximate to their fair values : cash and cash equivalent, short-term investments, trade receivable and payable, other receivable and payable, loans to and loan from related parties due to the short maturity period.

The carrying amounts of obligation under financial lease and long-term loans approximate fair value due to floating interest rate.

## 38. Promotional privileges

Two subsidiaries has been granted promotional privileges under the Investment Promotion Act B.E. 2520 (or 1977) by the Board of Investment under certain significant conditions. Significant privileges granted to such subsidiaries are summarized below.



Details				
1. Promotion certificate No.	2808(1)/2555	2809(1)/2555	2460(1)/2556	1813(1)/2556
2. Promotional privileges for	Wind energy	Wind energy	Wind energy	Solar energy
3. Significant privileges include:				
3.1 Exemption of corporate income tax on net profit for 8 years. In cases where the business incurs a loss during that period of exemption, the loss incurred in such period can be taken as a deduction from net profit of the years after the period of exemption, not exceeding five years.	Granted	Granted	Granted	Granted
3.2 Exemption of import duty on machinery as approved by the Board.	8 years	8 years	8 years	8 years
3.3 Exemption of income tax on dividends paid from the profit of the promoted operation over the above corporate income tax exemption period.	Granted	Granted	Granted	Granted
3.4 An allowance of fifty percent of the normal rate of corporate income tax on net profit for a period of five years after the expiry date of the corporate income tax exemption period as described in 3.1) above.	Granted	Granted	Granted	Granted
3.5 Permission to deduct double the cost of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing from the date of earning operating income.	Granted	Granted	Granted	Granted
3.6 Permission to deduct the cost of installation or construction of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.	Granted	Granted	Granted	Granted
3.7 Have been granted authorization for export of foreign currencies.	Granted	Granted	Granted	Granted
4. Date of first earning operating income	Not started to used yet	Not started to used yet	Not started to used yet	November 19, 2013
5. Date of expired privileges	Not started to used yet	Not started to used yet	Not started to used yet	November 18, 2021



### 39. Commitments and contingent liabilities

- 39.1 As at December 31, 2013, the Group has commitments relating to letters of credit which has been withdrawn in amount of USD 5.28 million (2012 : USD 3.53 million).
- 39.2 As at December 31, 2013, the Group constitutes contingent liability from issuance of guarantee letter of the bank by amount of Baht 685.65 million, amount of USD 7.64 million and amount of EURO 1.32 million  
(2012 : Baht 321.41 million, USD 0.17 million and amount of EURO 1.92 million.)
- 39.3 As at December 31, 2013, one subsidiary constitutes obligation commitment in mold contract against various company by amount of Baht 0.23 million (2012 : Baht 0.51 million).
- 39.4 As at December 31, 2013, subsidiaries entered into the Power Purchase Agreement with Provincial Electricity Authority (“PEA”) Electricity Generating Authority of Thailand (“EGAT”) and Metropolitan Electricity Authority (“MEA”) are as follow :-

<u>Agreement date</u>	<u>Power electricity size</u>	<u>Term</u>
November 23, 2011	50.0 Megawatts	5 years/renew automatically 5 years
July 10, 2012	8.0 Megawatts	5 years/renew automatically 5 years
July 10, 2012	2.0 Megawatts	5 years/renew automatically 5 years
August 1, 2012	0.94 Megawatts	5 years/renew automatically 5 years
November 1, 2013	22.40 Kilowatts	25 years
November 1, 2013	241.92 Kilowatts	25 years
November 1, 2013	499.20 Kilowatts	25 years
November 27, 2013	224.64 Kilowatts	25 years

- 39.5 The Group was committed the consultant fee to prepare environmental impact reports and engineering feasibility studies. As at December 31, 2013, the Group had outstanding commitments being amount of Baht 10.79 million (2012 : Baht 11.46 Million, AUD 0.006 million).
- 39.6 As at December 31, 2013, the Group has entered into lease and service agreements with the third party. The Group is committed to pay for the rental in amount of Baht 1,250.00 - 1,018,508.00 per month and amount of USD 3,500.00 per month. (2012 : Baht 1,250.00 -920,100.00 million).
- 39.7 The Group was committed the computer software development services with third party. As at December 31, 2013, the Group had outstanding commitments being amount of Baht 5.86 million.



39.8 The Group has obligation commitment in maintenance service of power plant contract in 2 contracts in amount of Baht 65.58 million. (2012 : Baht 49.19 million) As at December 31, 2013, the Group outstanding obligation remains at Baht 44.54 million. (2012 : Baht 44.27 million)

39.9 The Group has the contractual obligation with a with Provincial Electricity Authority("PEA") for design service and construction electrical systems at Baht 106.78 million. As at December 31, 2013, the Group outstanding obligation remains at Baht 14.85 million.

39.10 As at December 31, 2013, the Company constitutes obligation commitment of power plant from the solar energy agreement and service are as follows :-

(Unit : Baht)

	Consolidated		Separated financial statement	
	2013	2012	2013	2012
Total value of construction agreements	4,931,808,860.63	4,574,267,887.44	4,994,005,442.63	6,024,294,740.44
Total revenue from construction	(3,894,602,767.92)	(4,498,730,787.65)	(3,956,799,349.92)	(5,283,235,024.40)
Balance	1,037,206,092.71	75,537,099.79	1,037,206,092.71	741,059,716.04

The Group was committed the construction services of power plant with third parties at Baht 477.10 million. (2012 : Baht 3,666.48 million) As at December 31, 2013, the Group had outstanding commitments being amount of Baht 464.39 million. (2012 : Baht 107.90 million)

## 40. Prosecuted Cases

In 2008, the Company constitutes prosecuted case in number of one case which is civil case of the Civil Court, black case number at 2933/2008, red case number at 700/2009 while the Company is defendant in the subject of purchasing selling, infringement, damaged fee claimant in capital amount of Baht 8,969,821.12 The Primary Court has adjudicated that the defendant repays amount of Baht 1,533,721.12 plus interest in the rate of 7.50% per annum commenced from the prosecuted date forwards until it will completely repay to the plaintiff and the Company repays charge fees in replacement of the plaintiff. The Company has requested for appeal to dismiss. For the time being, the case in under hearing of the Appeal Court and the Company anticipates that it should win the case finally.





## 41. Events after the reporting period

The Board of Directors' Meeting No. 1/2014 with held on February 8, 2014, has the resolution to approve the 2<sup>nd</sup> payment of purchase price of the sale shares in Greenovation Power Co., Ltd. in the amount of Baht 129.60 million to Impact Energy Asia Limited (the "Seller") according to the Sale Purchase Agreement in relation to Greenovation Power Co., Ltd. as mentioned in Note no. 15 that the Seller has completed to performed as the Agreement's conditions.

The Board of Directors' Meeting No. 2/2014 with held on February 22, 2014, has the following resolutions

- Approval to purchase land by Greenovation Co., Ltd. which owned by one director of Gunkul Engineering Public Co., Ltd. at the cost price of Baht 13.34 million and the Greenovation Power Co., Ltd. will be bared for all expenses, fee and personal income tax that occurred by land transfer.
- Approval to propose to shareholders meeting to pay annual dividends to the Company's shareholders from the Company's operating result of 2013. The dividend is to be paid as stock dividend in the number of 220,000,000 ordinary shares, with par value of Baht 1.00 each, at a ratio of 3 existing ordinary shares to receive stock dividend of 1 share, with a total amount of not exceed Baht 220.00 million, or equivalent to the dividend of Baht 0.333 per share. In the case of any shareholder with a fraction of the shares after the stock dividend distribution, will be entitled to receive cash dividend at the rate of Baht 0.333 per share. In addition the Company will pay a cash dividend at Baht 0.038 per share, or equivalent to amount of not exceed Baht 25.08 million. Total annual dividend payment in form of cash and stock dividend equal to Baht 0.371 per share, equivalent to amount of not exceed Baht 245.08 million.
- Approval to reduce in the Company's registered capital by cancelling 55 of the ordinary shares that were unable to be allocated as stock dividend.
- Approval to increase of the Company's registered share capital from Baht 659,999,929 to Baht 879,999,929 by issuing new 220,000,000 ordinary shares with a par value of Baht 1.00 each. The objective of the capital increase is to reserve shares for stock dividend payment.

## 42. Approval of financial statements

These consolidated and separated financial statements were authorized for issue by the Company's board of directors on February 22, 2014.



Smart Energy in Action





Smart Energy in Action



บริษัท กันกุลเอ็นจิเนียริง จำกัด (มหาชน)

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