



KOOL



Evap



High Pressure



Centrifugal Force



Ventilation

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Message from the Chairman

Assoc. Prof. Dr. Prakit Tangtisanon



On Thursday 13th October 2016 to the grief of the Thai people, the Royal Household Bureau announced the passing of His Majesty King Bhumibol Adulyadej.

With the most indescribable divine grace, we, the directors, executives, and staff of Masterkool International PLC and its subsidiary; and in accordance to the royal speech given to the Thai people on various occasions, would like to set guidelines for the business community to abide by. With the respect for the monarchy, we would like to celebrate the sovereignty of His Majesty the King Maha Vajiralongkorn Bodindradebayavarangkun, long may he reign.

With only a year and a half to date since its listing on the Stock Exchange of Thailand on 23rd September 2015, Masterkool International PLC has continuously improved its management system. In addition to constantly innovating on products and services with industry-specific expertise the company's performance in 2016 reflects its commitment to the business and the willingness to create benefits for all stakeholders. However, the Company must also learn to operate amidst the changing economic and political world and the ASEAN Economic Community (AEC) to ensure continued growth of corporate customers and overseas business, especially in the AEC.

On behalf of the Board of Directors, I would like to express our gratitude to our customers, business partners, executives, and employees as well as all stakeholders for their great support and business ethics for sustained growth.

Message from the CEO

Mr. Noppachai Veeraman



Masterkool International PLC is the first who establish a business from the innovation of extending the principle of evaporation of water to the main product of the misting fan which afterwards developed as an evaporative air cooler, that is well recognized in the market, the company uses this innovation to drive its growth with a seamless transition into retail business and take another step forward as an industry leading company. At present, there are many market followers from large industrial manufacturers down to the trading level.

In the year 2016, the business growth of the company not only attracted new manufacturers and suppliers drawn into the industry; but also ran amidst of economic and political changes in the surrounding countries, as well as the overall fluctuations of the domestic economics, itself; the Company's performance showed slow drift in occurs in some period as a result. However, the Company, with the overall performance throughout the year, maintained its revenue growth of 49.64 percent.

In addition, the Company has managed the expenses to the appropriate proportions and closed the risk issues on exchange rate fluctuations. As a result, the overall performance of the company in 2016 had a net profit margin of 9.78 percent of sales when compared to the same period in 2015, with a net profit margin of only 1.35 percent.

For products and services of the Company, I am confident that we will continue to drive business growth as there are many opportunities in the market. Even with the seasonal business circumstance in which the market demand varies according to the seasons, the Company took it as a challenge to improve on our operation for the coming year.

On behalf of the management and staff of Masterkool, we are grateful to the board of directors, distributors, partners, and all related parties who have provided support throughout.

Mr. Sanpat Sapon



The Auditing Committee of Masterkool International PLC consists of 3 independent directors with qualifications and experience from various branches, as follows:

- | | |
|--------------------------------------|----------------|
| 1. Mr.Sanpat Sapon | Chairman of AC |
| 2. Assoc.Prof.Dr. Prakit Tangtisanon | Member of AC |
| 3. Mr.Mongkol Kasaemsun Na Ayudthaya | Member of AC |

The Auditing Committee has performed its duties as stipulated in the charter of the Auditing Committee as assigned by the Board of Directors. In the year 2016, the Committee had 4 meetings, which discussed the key business matters with management, internal auditors, and other auditors regularly, and was reviewed by the Committee. The summary of duties is as follows:

1. Financial Report Review: The Audit Committee meets only with the financial auditors and internal auditors quarterly without management attended the meetings. If there are any items where the Audit Committee has to rely on the details for consideration, the Committee may invite relevant executives to clarify, before commenting and presenting to the Board of Directors.

For financial report of the year 2016, the Audit Committee considered that the company's financial report was prepared in accordance with generally accepted auditing standards, with sufficient disclosure of material information in the notes to the financial statements.

2. Reviewing Transactions that May Lead to Conflict of Interests: The Audit Committee has reviewed the disclosure of information from transactions that may lead to conflict of interests, and they have been deemed to be adequate and in compliance with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

3. Management Review and Risk Management: The Audit Committee has considered risk policies and programs, as well as the risk performance report, by meeting with the Risk Management Task Force to provide better guidelines and suggestions for improvement.

4. Review of Good Corporate Governance: The Audit Committee has directed and reviewed the operations in accordance with the Corporate Governance Policy, as well as business ethics requirements and defined work practices, to ensure compliance with good corporate governance principles to ensure that all stakeholders are respected.

5. Review of Internal Control System and Internal Auditing Oversight: The Audit Committee employed ACC-PLUS Consultant Co., Ltd., the third-party internal auditor, to be the company's internal auditor for the independence of the inspection work. Internal audit results were reported directly to the Audit Committee, and therefore continuous monitoring of internal auditing results is required.

In the year 2016, the Audit Committee found no significant internal control deficiencies within the year.

6. Considering on Auditor and Audit Fee: The Audit Committee has considered SP Auditing Co., Ltd by expertise, based on knowledge, ability, qualifications, and experience, by the standard auditing of listed companies in the Stock Exchange of Thailand. Moreover, the auditing fee is in line with the size of the company's budget. It has proposed to the Board of Directors to consider the appointment of the auditor and the remuneration of the auditor at this Annual General Meeting of Shareholders.

Summary of Audit Committee Report

The Audit Committee has performed its duties and responsibilities as its charter approved by the Board of Directors with full knowledge, ability, prudence, caution, and sufficient independence to equally benefit all stakeholders.

The Auditing Committee is of the opinion that the company's financial report is accurate and consistent with generally accepted accounting standards. The company also manages the risk from internal control and proper internal auditing with compliance to the law, good corporate governance principles and to the requirements in business.



Nomination and Remuneration Committee Report

Mr. Mongkol Kasaemsun Na Ayudthaya



The Nomination and Remuneration Committee has performed the duties assigned by the Board of Directors in the charter of the Nomination and Remuneration Committee.

In 2016, the Nomination and Remuneration Committee has 2 meetings in line with the practice of the Stock Exchange of Thailand, to consider the importance in various topics, include the progress of the work in accordance with the scope of duties, and follow up on assigned responsibilities as follows:

1. Nomination of Persons to be Independent Directors and Company's Directors: The Nomination and Remuneration Committee is responsible for recruiting qualified persons according to the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. There are to be no prohibited characteristics as required by law, qualifications, experience, and knowledge that are beneficial to the business. The Committee then presents them at the Board of Directors and the shareholders' meeting for approval. The interested directors will not participate in the consideration and abstain from such issues.

To present persons to become the Company's Directors in the year 2017, the Nomination and Remuneration Committee assigned the Company Secretary to publish an announcement on the Company's website to invite the shareholders to nominate candidates to be elected as Directors. The offer period was from 3rd November 2016 to 15th January 2017, in accordance with the principles of good corporate governance in respect to the rights of shareholders.

2. Review of Related Party Transaction or Transaction that may under Conflict of Interests: The Nomination and Remuneration Committee considers the related party transactions or transactions that may conflicts of interests were deemed to be proper and in compliance with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

3. Determining the Remuneration Structure for Executives and Employees: The Nomination and Remuneration Committee considered remuneration structure, together with top management and HR, to be consistent with the company's performance and motivational an essential in maintaining talented employees.

4. Organizational Structuring: The Nomination and Remuneration Committee have taken into consideration the organizational structure with senior executives and HR to achieve better management efficiency and business performance by re-grouping of corporate customer management.

5. Formation of the Company's and its Subsidiaries' Succession Plan: The Nomination and Remuneration Committee determined that the direction of the Board of Directors, the criteria for evaluation / assessment, and the main objective plan in collaboration with senior management and HR, prepared the organization's readiness in advance and ensured that there would be continuous business conduct.

6. Designing Guidelines for Personnel Development Plan: The Nomination and Remuneration Committee reviewed the personnel development plan with the Human Resources Department as follows: in addition to developing consistent knowledge and skills, the company has complied with the new legal requirements, namely the Ministerial Regulations on Labor. This set the standard for management and operation safety, health concerns, and working environment related to electricity in 2015, effective on 29th March 2016.

In addition, the focus on the implementation of the happy workplace project aimed to propel the company towards a more sustainable growth.

Summary Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has performed its duties as approved by the Board of Directors with careful transparency and impartiality, taking into account the maximum benefit of the Company and all relevant stakeholders.

In addition, the Nomination and Remuneration Committee encourages all directors to attend training or activities to increase their knowledge of the self-assessment of the Board of Directors and sub-committees which has been provided for both the group and individual. The reports are regularly made to the Board of Directors to further improve the operations.

VISION

We are an authentic leader of modern cooling products and solutions for hot weather,
energy saving, environment care to meet all needs of customers;
and to gain recognition on international standards
for well-being of the Masterkool family

MISSION

MASTERKOOL, an innovative organization who creates quality;
for the happiness of Masterkool family

Standards and Awards



ISO THAILAND



BEST PRODUCT 2002



BEST THAILAND
OWNED BRAND 2008



BAI PO BUSINESS AWARD 2009
SCB and SASIN Graduate Institute



Good Logistics Practice
Development Award 2013
Ministry of Industry



Thailand Trusted Quality 2014
Department of International
Trade Promotion



Innovation Awards 2015
Innovation and Technology
Assistance Program: ITAP



Total Innovation Management
Award 2016
National Innovation Agency

Board of Directors



Assoc. Prof. Dr. Prakrit Tangtisanon

Age: 74

Appointed on 8 November 2013

- Chairman of the Board
- Independent Director
- Audit Committee Member
- Nomination and Remuneration Committee Member



Mr. Sanpat Sapon

Age: 62

Appointed on 8 November 2013

- Director
- Independent Director
- Chairman of the Audit Committee
- Nomination and Remuneration Committee Member

Educational Qualification:

- Honorary Doctorate Degree, Tokai University, Japan
- Master of Communication Engineering, Faculty of Engineering The University of Electro-Communications, Japan
- Bachelor of Communication Engineering Program, Faculty of Engineering Tokai University, Japan

Director Training:

- Certificate Course for Directors Certification Program (DCP 185/2014) Thai Institute of Directors (IOD)
- Certificate Course for Advanced Audit Committee Program (AACP 25/2017) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company: None

Last 5 Years of Experience:

- 2013-Present Chairman of the Board Independent Director Audit Committee Member and Nomination and Remuneration Committee Member Masterkool International Public Company Limited
- 2017-Present Chairman of the Board Independent Director Nova Organic Company Limited
- 2016-Present Director Bangkokthonburi University Council
- 2016-Present Vice President, Old Japan Student's Association, Kingdom of Thailand
- 2008 – 2012 Executive Director, Japan International Corporation Agency (JICA)

Educational Qualification:

- Master of Business and Administration, Western Michigan University, USA
- Bachelor of Law, Ramkhamhaeng University

Director Training:

- Certificate Course for Role of the Chairman Program (RCP 30/2013) Thai Institute of Directors (IOD)
- Certificate Course for the Executive Director Course (EDC 1/2012) Thai Institute of Directors (IOD)
- Certificate Course for Directors Certification Program (DCP 49/2004) Thai Institute of Directors (IOD)
- Certificate Course for Advanced Audit Committee Program (AACP 23/2016) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company: None

Last 5 Years of Experience:

- 2013 - Present Director, Independent Director, Chairman of Audit Committee, and Nomination and Remuneration Committee Member, Masterkool International Public Company Limited
- 2013 - Present Chairman of the Board, Planet Communication Asia Public Company Limited
- 2010 – 2014 Expert Director, Software Industry Promotion Agency (Public Organization) (SIPA)



Mr. Mongkol Kasaemsun

Na Ayudthaya

Age: 56

Appointed on 8 November 2013

- Director
- Independent Director
- Audit Committee
- Chairman of Nomination and Remuneration Committee

Educational Qualification:

- Master of General Management (Administrative Studies), Southeastern Oklahoma State University, USA
- Bachelor of Agricultural Engineering Program, Kasetsart University

Director Training:

- Certificate Course for Directors Accreditation Program (DAP 70/2008) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company: None

Last 5 Years of Experience:

- 2013 - Present Director, Independent Director, Audit Committee, and Chairman of Nomination and Remuneration Committee, Masterkool International Public Company Limited
- 2014 - Present Director of Private Teacher Aid Fund, Private Teacher Aid Fund, Ministry of Education
- 2012 – 2014 Advisor and Subcommittee Member, National Innovation Agency
- 2012 – 2012 President, Thai Social Enterprise Office
- 2011 – 2011 Deputy Managing Director, Secondary Mortgage Corporation



Mr. Kittisak Sriprasert

Age: 50

Appointed on 1 March 2016

- Director
- Independent Director

Educational Qualification:

- Master of Business Administration Program, Finance and Entrepreneurial Management The Wharton School, University of Pennsylvania Philadelphia, Pennsylvania, USA
- Master of Science, Industrial Engineering (MSIE), The University of Texas at Arlington, USA
- Bachelor of Engineering, Electronics (BE) Program, King Mongkut's Institute of Technology Ladkrabang

Director Training:

- Certificate Course for Director Certification Program (DCP) 156 Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company: None

Last 5 Years of Experience:

- 2016-Present Director, Independent Director, Masterkool International Public Company Limited
- 2012 - 2014 President/Director and Secretary of Board of Directors CAT Telecom Public Company Limited
- 2010 Investment Director Thai Prosperity Advisory Co.,Ltd.



Mr. Kritsana Thaidumrong

Age: 53

Appointed: 8 November 2013

Director

Educational Qualification:

- Master of Business Administration Program, Thammasat University
- Bachelor of Engineering, Electric Power Engineering Program, King Mongkut's Institute of Technology Ladkrabang

Director Training:

- Certificate Course for Directors Accreditation Program (DCP 191/2014) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company: 2,000,000 Shares, 0.42%

Last 5 Years of Experience:

- 2013-Present Director, Masterkool International Public Company Limited
- 2016 - Present Director, Sitem Holding Company Limited
- 2015 - Present Director, Innovative Traffic Management Company Limited
- 2015 - Present Director, Carboncor (Thailand) Company Limited
- 2014 - Present Director, Protective Coating Company Limited
- 2011 - Present Director, Bangkok Tire Trading Company Limited
- 2008 - Present Director, Bangkok Tire Refinery Company Limited
- 2007 - Present Director, Folding Gate Company Limited
- 2006 - Present Director, Metis Air Corporation Company Limited
- 1994 - Present Director and Chairman of Executive Committee Site Preparation Management Company Limited



Mr. Fung Meng Hoi

Age: 56

Appointed: 3 June 2002

Director

Educational Qualification:

- Bachelor of Business Administration Program, Ottawa University, USA

Director Training:

- Certificate Course for Director Accreditation Program (DCP 189/2014) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company: 70,372,200 Shares, 14.66%

Last 5 Years of Experience:

- 2002 - Present Director, Masterkool International Public Company Limited
- 2016 - Present Director, Dionysus Asia Sdn Bhd, Malaysia
- 2016 - Present Director, The Wine Poetry Sdn Bhd, Malaysia
- 2016 - Present Director, Sensetech Properties Sdn Bhd, Malaysia
- 2016 - Present Director, Leisure Range Sdn Bhd, Malaysia
- 2003 - Present Director, SenseTech Sdn Bhd, Malaysia



Mr. Noppachai Veeraman

Age: 53

Appointed: 3 June 2002

- Director
- Chairman of Executive Committee
- Managing Director

Educational Qualification:

- Bachelor of Electronics and Electrical Engineering Program
King Mongkut's Institute of Technology Ladkrabang

Director Training:

- Certificate Course for Directors Certification Program (DCP 185/2014)
Thai Institute of Directors (IOD)
- Certificate Course for Director Accreditation Program (DAP 82/2010)
Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company: 122,932,260 Shares, 25.61%

Last 5 Years of Experience:

- 2002 – Present Director, Chairman of Executive Committee and Managing Director, Masterkool International Public Company Limited
- 2011 – Present Director, Innov Green Solutions Company Limited



Miss Sunanta Wanwat

Age: 42

Appointed: 8 November 2013

- Director
- Executive Director

Educational Qualification:

- Master of Electronic Commerce Program, Faculty of Business Administration, Sripatum University
- Bachelor's Degree, Marketing Program, Faculty of Business Administration, Payap University

Director Training:

- Certificate Course for Director Accreditation Program (DAP 105/2013) Thai Institute of Directors (IOD)

Proportion of Shareholding in the Company: 5,142,857 Shares, 1.07%

Last 5 Years of Experience:

- 2013 - Present Director and Executive Director
Masterkool International Public Company Limited
- 2017 - Present Assistant Managing Director of Business and Customer Service , Innov Green Solutions Company Limited
- 2011 - Present Director and Executive Director
Innov Green Solutions Company Limited
- 2013 - 2016 Assistant Managing Director of Customer Service and Business, Masterkool International Public Company



Ms. Benjarat Hattacharnchai

Age 43

Appointed: 12 May 2016

- Director
- Executive Director
- Assistant Managing Director of Finance & Accounting

Educational Qualification:

- Master of Business Administration, Executive Program, Kasetsart University
- Bachelor of Education, Business Education Program, Kasetsart University

Director Training:

- Certificate Course for Director Accreditation Program (DAP 84/2010)
Thai Institute of Directors (IOD)
- Certificate Course for Company Secretary Program (CSP 50/2013)
Thai Institute of Directors (IOD)
- Certificate Course for Effective Minute Taking (EMT 25/2013)
Thai Institute of Directors (IOD)
- Executive Financial Management Certificate Program Class 1
Chulalongkorn University

Proportion of Shareholding in the Company: None

Last 5 Years of Experience:

- 2016- Present Director, Executive Director, Assistant Managing Director of Finance & Accounting, Masterkool International Public Company Limited
- 2016- Present Director, Innov Green Solutions Company Limited
- 2009 - 2016 Vice President Finance & Supply Chain
Zemasch Corporation Company Limited

Company Secretary



Miss Mallika Trakoolthai

Age: 49

Appointed on 8 November 2013

- Executive Director
- Company Secretary

Educational Qualification:

- Bachelor in English Program, Faculty of Humanities, Srinakharinwirot University

Relevant Training:

- Fundamental Practice for Corporate Secretaries Class 28, Thailand Listed Companies Association (TLCA)
- Fundamentals of Law for Corporate Secretaries Class 10, Thailand Listed Companies Association (TLCA)
- Management Development Program, Thailand Management Association
- Advances for Corporate Secretaries Class 1/2016, Thailand Listed Companies Association (TLCA)

Proportion of shareholding in the company: 970,635 Shares, 0.20%

Last 5 Years of Experience:

- 2013 - Present Executive Director and Company Secretary
Masterkool International Public Company Limited
- 2010 - 2013 Director and Assistant MD of Organization Development
Masterkool International Public Company Limited



* The Company hires ACC-PLUS Consultant Company Limited to perform internal audit of the Company and its subsidiary.
Miss Wanna Maluengnont (Managing Director of ACC-PLUS Consultant Company Limited) is a leader of internal audit team.

Policy and Business Overview

Masterkool International Public Company Limited (“Company”) was established on June 3, 2002 by Mr. Noppachai Veeraman and friends. Its main business relies on supply of cooling products, i.e. air cooler, misting fan, and industrial fan under the brand of “MASTERKOOL” and “CoolTop”. The business includes services and rental cooling products for outdoor area, design and installation of cooling system inside a plant or warehouse, after-sale warranty, and maintenance. The Company has been listed on the Market for Alternative Investment (mai) with the security name as KOOL since 23rd September 2015.

In addition, the Company has 99.98% shares in 1 subsidiary, Innov Green Solutions Company Limited (“Subsidiary” or “Ingreen”). Ingreen is a seller and service provider of ozone system that can be applied in various system, e.g. indoor cooling system, washing system for efficiency increase, energy saving, and chemical reduction, including use with pipe water system to reduce organic used in water which cause cancer.

The Company is the first of the industry as an innovator of refrigeration products, using evaporation technology offered to consumers; in line with the slogan of **“Masterkool, the Real Leader in Modern Cool”**

Although the current sales value is increasing every year and the year 2016, the company's revenue was 889.59 million baht or 49.64% growth from the consolidated financial statement comparing to the same period of the year 2015.

However, compared to the growth opportunities of the market, the company saw a lot of growth opportunities. In order to be a business direction, the Company has formulated a 4-year strategy (2017-2020) and introduced the 2017 Business Plan (2017) by analyzing on the key environmental factors, both internal and external, such as operating systems that need to be upgraded to support business expansion, seasonal business constraints, etc., based on four perspectives of the Balanced Scorecard.



Vision, Mission, Goals and Business Strategies

VISION

We are an authentic leader of modern cooling products and solutions for hot weather,
energy saving, environment care to meet all needs of customers;
and to gain recognition on international standards
for well-being of the Masterkool family

MISSION

MASTERKOOL, an innovative organization who creates quality;
for the happiness of Masterkool family

Financial Goals

The company's financial goals are the revenue of the business group (Masterkool PLC and its subsidiary) and in the year 2017, with an expected growth rate of more than 40 percent (or an expected sales value of more than 1,300 million Baht). The company has set a net profit target of no less than 10 percent when compared to sales. The proportion of main income comes from the three main market segments as follows:

- | | |
|----------------------------------------------------------|-----|
| • Retail customers (retailers, distributors, and online) | 59% |
| • International Business Groups | 21% |
| • Corporate Customers | 15% |

The Company plans to make other income for the remaining 5% through services such as maintenance and rental. The Company, It will control expenses as needed to get the right proportion of revenue along the way. The company will control expenses as required in order to balance the correct proportion of revenue as well.

Customer and Market Goals

The company aims to for the Masterkool brand to become the most recognizable brand in the leadership of vapor and cooling fans, with the highest market share in Thailand.

The company aims to make Masterkool a Top of Mind Brand by integrating through-the-line marketing, which encompasses both above the line advertising and continuing below the line public relations through corporate branding, which puts emphasis on being the leader in various fields, under the slogan **“Authentic Leader of Modern Cooling”** and product branding, which is characterized by the product's cold and energy saving qualities, as a new alternative product of cooling under the slogan **“Super Cool Super Save”** The company conducts a thorough survey of customer satisfaction after sales and service in order to continuously improve products and services.

Internal Process Goals

The company focuses on improving work processes for efficiency, developed in a number of ways, such as expanding the use of information technology and deepening its operations in the area, Warehouse Management System (WMS) that connect to the main ERP system and Warehouse Management System at point of sales in department stores, etc.

For overseas sales, the company has a policy to use the KOOL Business Model as a framework for conducting business activities for the success of agents according to the company.

Team Development Goals

In addition, the company continues to focus on research, product, and business development to generate revenue from new products and services for both seasonal and off-season markets. This includes meeting all target customers, and working with the assistance of the government. In addition to receiving customers' feedback through various channels through the complaints process, Customer Relationship Management (CRM), etc., the company plans to conduct market surveys to meet the needs of the target audience as much as possible. Under the policy of product research and development, which focuses on cooling efficiency and cost effectiveness, the QC/QA departments are constantly involved in the process in order for the company to be more confident in quality and performance of both the product and the process as a whole.

Another important task is after-sales service. The company plans to expand its service point of after-sales service for the convenience of its customers through regional distributors, through the transmission of real work skills in OJT (On the job training) to distributors

HR is the leading agency in implementing the plan, beginning from the reorganization, recruiting more experienced people into management and the transfer of knowledge and skills at all levels, coupled with creative activities that also motivate the wellbeing of the workplace and the quality of the work.



Major Changes and Development

2002-2010	<p>Masterkool International Public Company Limited was established on 3rd June 2002 by Mr. Noppachai Veeraman and friends, with an initial registered capital of 2,000,000 Baht divided into 200,000 ordinary shares with a par value of 10 Baht each, to operate misting fan production and distribution. The Company was the first to research and develop misting fans in order to solve the problem of extreme heat in places where air conditioning could not be installed.</p> <p>The Company increased its registered capital four times from 2,000,000 Baht to 44,000,000 Baht in 2009, divided into 4,400,000 ordinary shares with a par value of 10 Baht each, by offering shares to existing shareholders for the support of expanding the business. In the fourth capital increase, the Company offered 440,000 shares to K-SME at the price of 20 Baht per share (with par value of 10 Baht).</p> <p>In 2008, the company won the 2008 Prime Minister's Export Award (for Thai-Owned Brand).</p> <p>In 2009, the company and the three shareholders signed a joint venture agreement and an agreement between the shareholders and K-SME. In addition, the company began to import new cooling fans for domestic distribution.</p>
2011	<p>The company co-founded Innov-Green Solutions Co., Ltd. ("Ingreen") with unrelated parties, with a starting capital of 1,000,000 Baht, divided into 10,000 shares with a par value of 100 Baht. The Company holds 49.99 percent shares in the ozone product market.</p>
2013	<p>The Company increased its registered capital from 44,400,000 Baht divided into 4,440,000 ordinary shares with a par value of 10 Baht each, to 70,000,000 Baht divided into 7,000,000 ordinary shares with a par value of 10 Baht each, offering and selling shares to existing shareholders, directors, executives and employees at par value of 10 Baht.</p> <p>The Company acquired Ingreen shares from its existing 5,000 non-related shareholders, with a par value of 100 Baht each at the book value. Ingreen owns a 99.98 percent in shares, which makes Ingreen a subsidiary of the company.</p>
2014	<p>The Extraordinary General Meeting of Shareholders No. 2/2011 held on 9th September 2014 approved the following resolutions:</p> <p>1) The transformation into a public company</p>

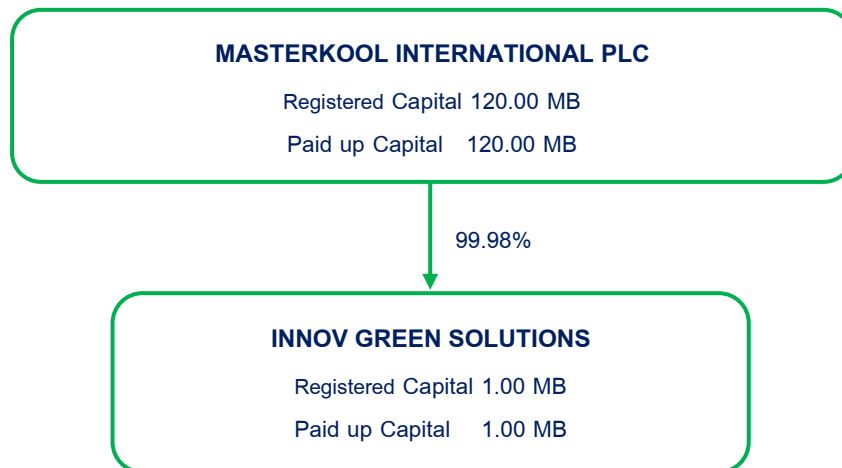
- 2) Changing the par value from 10 Baht to 0.25 Baht per share
- 3) Increased registered capital from 70,000,000 Baht divided into 280,000,000 ordinary shares with a par value of 0.25 Baht each to 120,000,000 Baht divided into 480,000,000 ordinary shares with a par value of 0.25 Baht per share.
 - 80,000,000 new ordinary shares to be allocated to the existing shareholders in proportion to their shareholding
 - 120,000,000 new ordinary shares allotted to the public.

The Company increased its paid-up capital from 70,000,000 Baht divided into 280,000,000 ordinary shares with a par value of 0.25 Baht each to 90,000,000 Baht divided into 360,000,000 ordinary shares with a par value of 0.25 Baht each. These were allocated to the existing shareholders in proportion to the shareholding at a par value of 0.25 Baht.

2015	On 23 rd September 2015, the Company was listed on the mai stock exchange and offered initial public offering (IPO) shares in the service industry with stock code KOOL.
2016	The company introduced the innovative Koolbot air cooling appliance, with increased cooling capabilities
2017	The Board of Directors Meeting No. 1/2560 held on 23 rd February 2017 resolved to increase the registered capital of Innov-Green Solutions Co., Ltd. (subsidiary) from 1,000,000 Baht to 30,000,000 Baht. This is currently in the process of legal proceedings

3

Shareholding Structure as of 1st January 2017



4

Shareholders as of 1st January 2017

The Company operates its business without any relationship with its major shareholders

1] Revenue Structure by Products

Type of Revenue	2014		2015		2016	
	MB	%	MB	%	MB	%
Revenue from Evaporative Fan	339.19	73.2	475.24	79.94	699.03	78.58
Revenue from Misting Fan	56.78	12.3	23.31	3.92	34.46	3.87
Revenue from Industrial and Ventilation Fan	32.25	7.0	29.21	4.91	21.89	2.46
Revenue from Spare Parts and Ozone Products	7.98	1.7	12.97	2.18	97.87	11.00
Total Revenue from Sales	436.21	94.1	560.72	94.32	853.25	95.91
Revenue from Service ^{1/}	22.44	4.8	30.30	5.10	28.26	3.18
Total Revenue from Service	458.65	99.0	591.02	99.42	881.50	99.09
Other Income ^{2/}	4.84	1.0	3.46	0.58	8.08	0.91
Total Revenue	463.49	100.0	594.46	100.0	889.59	100.00

^{1/} Revenue from service include rental fee, maintenance and warranty fee, ozone system service

^{2/} Other revenues include government subsidy, interest revenue, profit (loss) from exchange rate, and profit (loss) from sale of property

2] Products or Service Characteristics

The Company's products can be categorized into 2 types; those are ❶ heat reduction and ventilation products such as misting fan, evaporative fan, industrial fan, and ventilation fan. In addition to the sale, the company rents such products, consulting and installing systems to solve the problem of hot air integrated by offering the right choice to the needs and suitable budget of our customers, the company has experienced engineers who design and install cooling systems. ❷ Ozone system products, such as ozone system for big air conditioner, washer, pipe water, vegetable washer, show deodorizer. In addition to sale of those products, the Company also provides rental service, consultancy and installation service, and offering choice that suitable for customer's demand and budget. The followings are details of those products.

2.1] Heat reduction and ventilation products

2.1.1 Misting Fan

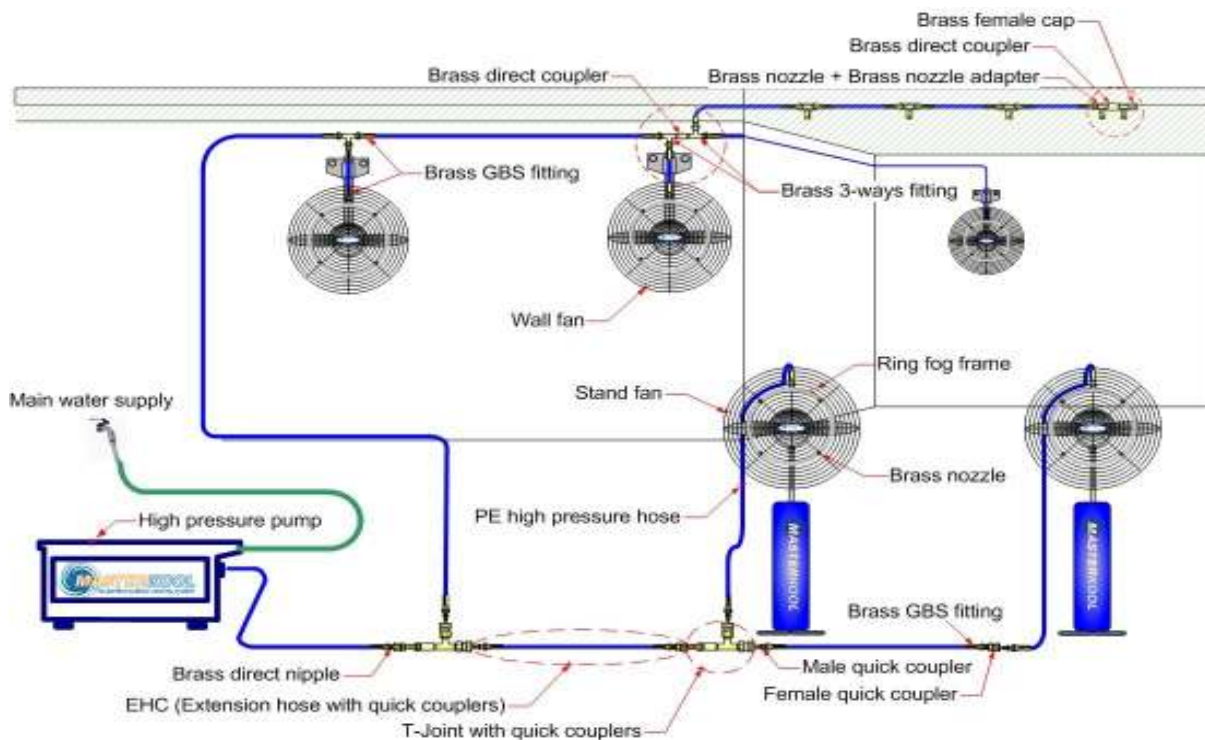
Misting fan is a cooling system comprises a fan and a misting generator operates based on sudden evaporating of mist that agglomerates with heat in the air. This system can help reduce ambient temperature around 5 – 15 degree Celsius and also reduce heat in part line, machine heat, and electrostatics to meet manufacturing standard. It can also reduce dust, odor, and smoke for natural fresh air. It is suitable for outdoor or ventilating building. The misting fan is sold under the brand of "MASTERKOOL" with 2 systems.

2.1.1.1 High Pressure system

High pressure misting fan comprises high pressure water pump, fan, and small misting nozzle. The Company has total 4 sizes of high pressure misting fan for sale, i.e. 20 inch, 24 inch, 26 inch, and 30 inch with around 6 models. The fan has small spray head for generating 5 micron mist that can absorb heat from the air very well. The high pressure misting fan is available for sale in either table type, or wall type, or mobile type, or system type that is suitable for outdoor, clear area, or ventilating building. The fan is produced at the Company's factory at Panasnikom by using either import parts or domestic parts.



High Pressure System



2.1.1.2 Centrifugal Force System

Centrifugal force misting fan using centrifugal force for generating 8 – 15 micron mist with adjustable size and be able to set spraying time. The centrifugal force misting fan is available for sale in either table type, or wall type, or mobile type, in the size of 24 inch or 26 inch, for around 3 models.

Moreover, the Company's centrifugal force misting fan obtains the petty patent no. 5664, provided for the misting fan using centrifugal force systems obtain, by the Department of Intellectual Property, Ministry of Commerce.



Example of centrifugal force

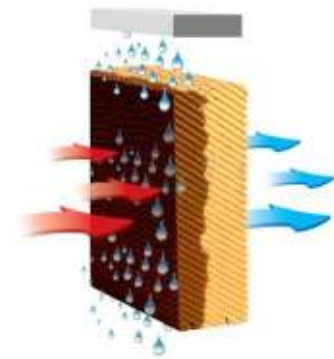
2.1.2 Evaporative Fan

The Company starts importing evaporative fan for sale in 2009. The evaporative fan is a new innovation fan for generating cool air without mist and wet. It is also saver then using air conditioner around 40 – 60% by using new technology that can evaporate water through cooling pad for heat reduction. This technology uses water as heat exchanger with air, then can reduce ambient temperature around 4 – 15 degree Celsius, increase internal circulation for more pure air. The evaporative fan is designed for using with general air conditioner. It not only has high efficiency in cooling and energy saving, but also has ozone sterilization system that can clean the air.

Currently, the Company's cooling fans are available in both mobile, floating wall-mounted and through-the-wall types; the latest innovation was first released in February, 2017 distributed under the trademark "MASTERKOOL". This kind of fan is suitable for home-use, shops, and outdoor areas. Besides, the system works well for factories, warehouses, etc., to replace energy-intensive air conditioning system.

Mostly the Company's products are designed by our team, and manufactured for finished goods in China by the Company's partner-contractors. Those finished goods are imported into domestic and export abroad. By the models that designed by the Company, all products had been applied for the design patents with the Department of Intellectual Property, Ministry of Commerce.

Presently, the Company has 3 categories of evaporative air coolers totaling 16 models. Those are 1) Mobile MASTERKOOL I-Kool ("MIK"), 2) Wall-mounted MASTERKOOL U-Kool 03 (Mini), and 3) Through-the-wall MASTERKOOL U-Kool ("MUK") (Large Size) which designed for industrial applications.



Cooling Pad



EVAP30 (XZ10-30S)



EVAP18 (JH18AP-10D8-1)



EVAP06 (JH08LM-13S3)



U-KOOL 03



WALL TYPE (XZ13 - 060C)



MIK 70EX



MIK 55EX



MIK 35EX



MIK 25EXN



MIK 20EX



KOOLBOT MIK-15EX



MIK-09EX



KOOLBOT MIK-07EX



KOOLBOT MIK-07EC



CTE-06



CTE-05



Pictures of customer sites where large evaporative fans (MUK) installed in their factories

2.1.3 Industrial Fan and Ventilation Fan

2.1.3.1 Industrial Fan

The Company sells and supplies industrial fan, made of high durability materials, under the brand of “MASTERKOOOL” and also sells industrial fan under the brand of “Cool Top”, which is a fighting brand with lower price. The industrial fans sold under either brand have 3-size options, i.e. 20 inch, 24 inch, and 30 inch, available in either table type or wall type. The fan can be adjusted to swing up to 90 degree, 3 wind levels, covering area of 30-50 square meters for ventilation and cooling purpose



*Industrial Fans
(Wall-mounted, Stand)*

2.1.3.2 Ventilation Fan

The Company sells and supplies ventilation fan for controlling ventilation direction in desired area, e.g. exchanging the air outside and inside, blowing the air inside to outside, or controlling circulation or movement of the air to cover all area in a building. The Company applies a ventilation fan in cooling system installed to our customers.



Propeller Fan



Axial Fan



Centrifugal Fan



Roof Fan

2.1.4 Rental service

The Company provides equipment, products, or system for reducing hot and making cool for outside a building or outdoor, where cannot install air conditioner, suitable for any event. The Company's rental service also includes other equipment to provide one-stop service, which includes consultancy service and offering suitable options for each customer, run by skill and expert engineers

In addition, the Company provides rental service for other products such as misting fan, evaporative fan, industrial fan, fog generation, and other related equipment such as air conditioner, stage, tent, table, chair for outdoor activities, e.g. party, sport day, publication, etc.

2.1.5 After-sale service

The Company has 1-year warranty that provides repair and replacement of spare parts free of charge. The Company has service center nationwide by contacting our Call Center at 02 953 8800. The Company also allows warranty renewal, including annual maintenance package for out-of-warranty products.

2.2] Ozone System Product

The Company has the policy to let its subsidiary, INNOVGREEN Solution Company Limited, operate the business of rental service, supply, provide energy saving and environment conservative products, including service for ozone generator system used for energy saving and environment conservation, e.g. water treatment, sterilization system. As ozone will dissolve to oxygen after reaction with other substance, there is no residual chemical and ozone can prevent new generating dreg by holding Carbolic acid and Calcium in the water. Moreover, ozone can remove existing dreg in the system without using any chemical for dreg reduction and sterilization.

With the above qualification of ozone, the Company can apply ozone with cooling tower of air conditioner in large building and cloth washer of the hospital. This can effectively help in cost reduction of energy and chemical. At present, the Company has revenue from sale, cost saving, and rental. The key customers are big department stores, hotels, hospital. In addition, the ozone system can be applied for other function, such as Chlorine and carcinogen reduction, water treatment and stylization, pipe water quality improvement by reducing inorganic compound in water which is one of carcinogen.



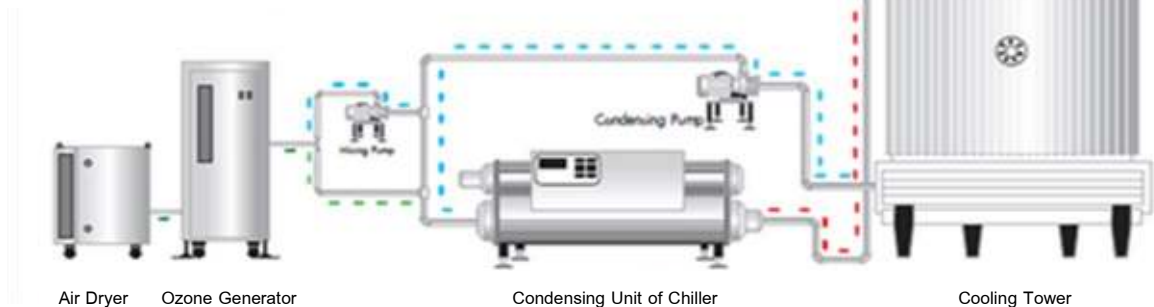
Ozone system

For pipe water production

Use ozone technology for producing pipe water as it could reduce organic compound in water that may generate carcinogen, and can dissolve color, smell, and toxic from chemical.

Ozone system for water treatment in cooling tower

Apply ozone technology in water treatment in cooling tower for saving energy and maintenance fee of cooling tower



Ozone system for cloth washing machine

Combine ozone technology with washing technique for developing cloth washing system for saving energy and cost.



In addition to large ozone system, the Company also adapts ozone application for utilizing in new appliances. The first one is an automatic ozone vegetable washer, which applies ozone technology for making fruit and vegetable fresh, clean, and free from germ and residual chemicals. It is designed by the Company, then outsource to other country for production. The Company has submitted application for design patent of automatic ozone vegetable washer with Department of Intellectual Property. Another one is shoe deodorizer that the Company had imported for sale. It can apply ozone for killing bacteria quickly, then can kill any bacteria in shoes effectively. Those products are sold under the trademark of “Ingreen” in modern trade and in the Company since August 2014 onward



3] Marketing and Competition

3.1] Business Strategies

The Company sets its goal to be the leader of misting fan and evaporative fan manufacturing with the highest market share in Thailand, under the slogan of **“Masterkool, the Real Leader in Modern Cool”**. Our product is an option that combines benefits of fan and air conditioner together. It can make cooler air than a fan and save electricity than an air conditioner, under the slogan of **“High-Cool, Real-Save”**, for being No. 1 of eco air cooler manufacturer.

The Company focuses on design and selects qualified and high efficient products with warranty and customer service center nationwide, so that we can make customer satisfaction. The Company set key operation strategies as follows.

3.1.1 Marketing and Advertising Strategies

The Company strives on marketing and advertising strategy by focusing on publication of **“MASTERKOOL”** logo and other products through various channels and uses many activities continuously. The promotion and advertising policy and example of activities and channels can be summarized as follows.

- 3.1.1.1 The Company always updates advertisement, promotion, and information on its website (www.masterkool.com) to make all customers reach information and create their awareness about the Company and its products.
- 3.1.1.2 The Company publishes advertisement through some publishing to create more brand awareness, such as brochure, magazine, corporate book, and newspaper column.
- 3.1.1.3 The Company launches some advertisement to promote the Company and its products via television, radio, and advertising banner.
- 3.1.1.4 The Company makes public communication through social media:
 - Facebook  <http://www.facebook.com/MasterkoolFan>
 - YouTube  <http://www.youtube.com/user/masterkoolfan>
 - LINE (Line ID: MasterkoolFan)
- 3.1.1.5 The Company has publication via booth and events, either local or international, continuously.
 - Local booths, i.e. Thailand Industrial Fair, Food & Hotel Thailand, and HomePro Expo
 - International booths, i.e. Canton Fair (China), and exhibition / expo in other countries where has potential agents, Vietnam for example.
- 3.1.1.6 The Company focuses on social activities e.g. providing the Company's evaporative air coolers to temples, religious places, and schools.
- 3.1.1.7 Launching sales promotion or commercial discount for customers





Pet Variety 2016



Discount Overload by the Mall Group 2016



HomePro Expo, March 2017

In addition to the above channels, the Company also concerns about direct approach to customers to create more awareness. The Company assigns our sales and product consultants (PC) to work at the booths in modern trades' branches for promoting products and creating of brand awareness.

Currently, modern trade customers are the main segment who generates the most revenue for the Company, at around 47.18 percent of total sales; because the large distribution channels covering all regions of Thailand; can approach consumer directly, and likely to have more branches continuously. Tentatively, the number of branches will be increased continuously. Moreover, in 2017 the Company has planned to place its product in new modern trades, such as Big C and Tesco Lotus.

3.1.2 Product Development and Product Selection Strategy

The Company always aware of consumer demand, thus it not only creates brand awareness but also produces and develops quality product to meet consumer's requirement and suitable for the brand. The Company continuously runs survey of consumer demand and makes comparison study among competitors' products for better quality.

The Company started finding and developing evaporative fan that has not mist, including ozone system that can sterilize to relieve consumers' concern. Lastly, the Company has developed moisture control system in evaporative fan to set suitable moisture while using evaporative fan

In the year 2016, the company has developed the KOOLBOT Series Cooling Fan which can effectively cool air with surround inlets resulting on good ventilation. In February, 2017, The Company has announced the launch of the innovative through-the-wall fan (namely "wall-type evaporative cooler", which suitable for limited areas, such as shops and small restaurants).

In addition, the Company has research, development, and selection procedure to get the required products as per customer demand with good cooperation of team and by jointly work with King Mongkut's Institute of Technology, Ladkrabang in some projects. The Company also has product and service control process by selecting reliable manufacturers who have production standard according to the Company's regulation. The Company shall perform random testing regularly to ensure that consumers shall receive quality and qualified products those meet their requirement. As a result, customers accept and rely on the Company, then cause word-of-mouth and create the Company's reputation, which attract new customer. As per the above reason, the Company always focuses on development and selection of quality products to meet customers' requirement.

3.1.3 Pricing Strategy: Reasonable price

The Company has pricing strategy to set the product price suitably with product quality and keep competitiveness. The Company positions its product as good quality and worthwhile for consumers, including provision of after-sale service, warranty, having repair and service centers nationwide. This makes the Company different from some small competitors those focuses on low price product with a few repair centers. In addition to quality and service, the Company also has pricing strategy that concerns its target group, i.e. home user and corporate user or warehouse. The Company may consider the price of products with high competition and sale in comparison with similar model of competitors. The Company believes that good quality

and suitable pricing can be one factor that makes the Company and its brand is acceptable in both local and international market of evaporative fan.

3.1.4 Sales and Distribution Management Strategy

While having good quality with reasonable price product, the Company will consider the procedure to deliver good products to customer and also product distribution. There are 4 distribution channels those are direct sale, modern trade and website, dealer, and agent. At present, the highest sale comes from modern trade that can approach customer easily and has many branches nationwide. As customer can test the product efficiency before making decision, it may effect on buying decision.

Now the Company sells its products through modern trades such as Makro, Homepro, Megahome, and Thai Watsadu. In February, 2017 the Company also started launching products through Big C and Tesco Lotus

However, one key success factor of selling product through modern trade is the service of product consultant (PC), who provides product information directly to customers. The Company has the policy to assign one PC for each branch of modern trades where sell the Company's products and enhance knowledge and skill development, including set up the following management system for more than 200 product consultants.

- Provide training before work so that they can have some knowledge and understand the products, then can offer and suggest suitable products for customers
- Set appropriate goal and compensation for motivation.
- Monitor sales' performance closely to support and help them solve some problem, including arrange monthly meeting for information exchange and build up good relationship
- Set up daily information transfer system about sale and inventory to increase efficiency of inventory management and marketing plan

3.1.5 After-sale and customer satisfaction strategy

Generally, the Company shall provide 1-year warranty for customers because it concerns about product quality, after-sale service, and customer satisfaction as they are key factor to create product reliability, reorder, and word-of- mouth, resulting to high sales in the future. The Company deems customer satisfaction as key target, thus it make satisfaction survey either by using questionnaire or via phone call then use analysis result for making product and service development plan.

3.2] Target Customers

The Company has various target groups, i.e. industrial, public sector, education institute, hotel, hospital, department store, touring place, restaurant, home appliance customers, etc. The target group can be categorized by products as follows:-

Products	Target Customers
Misting fan	Outdoor activities, touring places, hotel, restaurant, outdoor area, temple, sport field, factory, etc.
Evaporative fan	Individual customers, touring place, hotel, restaurant, hospital, temple, sport field, factory, school, warehouse, etc.
Ventilation Fan and Industrial Fan	Touring place, restaurant, hospital, temple, sport field, factory, warehouse, etc.
Ozone system	Department store, hotel, hospital, pipe water plant, Individual customers (for ozone vegetable washer and ozone shoe deodorizer) etc.

3.3] Sales and Distribution Channels

The Company sells the products mainly through 4 channels, i.e. direct sale, modern trade, dealer, and agent.



3.3.1 Modern Trade

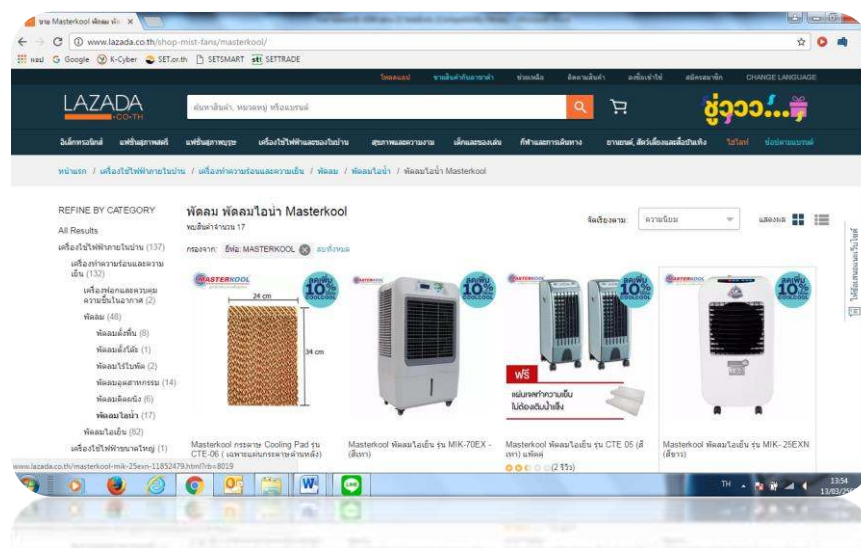
The Company sells misting fan, evaporative fan, mobile industrial fan, ozone vegetable washer, and ozone shoe deodorizer through modern trade where the most customers are individual. The Company categorizes modern trade into 2 types.

3.3.1.1 Selling through modern trade with showing place that customers can touch and trial products, including aware of product efficiency before buying. The examples of those modern trades are HomePro, Makro, Mega Home, Thaiwatsadu, Big C, and Tesco Lotus. During 2013 - 2016, number of modern trades those allow the Company placing goods are shown in the below table.

Categorized by modern trade	FY2013	FY2014	FY2015	FY2016
	(Stores)	(Stores)	(Stores)	(Stores)
HOMEPRO	20	58	71	75
MAKRO	19	47	65	70
MEGAHOME	-	4	5	8
THAI WATSADU	-	-	19	13
GLOBAL HOUSE	-	-	30	14
BIG C (JUMBO)	-	3	10	0
BOONTHAVORN	-	-	4	0
THE MALL				8
POWER BUY				7
TESCO LOTUS				43
Total	39	112	204	238



3.3.1.2 Selling through catalog, brochure, and website such as TV Direct, 7-Catalog (www.24shopping.co.th)
www.masterkool-direct.com www.lazada.co.th www.tarad.com www.pantavanij.com



3.3.2 Direct Sales

The Company also sells all products to any customers through its shop locating in front of the Company's building at 12/16-17 and 20, Tessaban Songkroa Road, Lad Yao, Chatuchak, Bangkok, and through salesman. Most customers are organization, such as customers who have outdoor activities, factory, warehouse, hotel, hospital, school, government office. In 2016, the Company had direct sale at 27.56% of sale and service revenue



3.3.3 Dealer

The Company appointed dealers to be local distribution channel for all products sold domestically, including either mobile or fixed misting fan, evaporative fan, or industrial fan, and after-sale service and rental service. The dealers' customers include individual and corporate. The Company has dealer nationwide as shown in the following table.

	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
	(Number of Dealers)			
Dealer	144	283	211	210

Dealers shall be awarded mainly by considering the competency to meet the target, shop size, financial status, and payment capability. The Company shall follow up and evaluate dealers' performance regularly to ensure that they can meet the sale target. The Company shall set credit approval, payment period, and discount by considering payment profile, sales target, repayment capability, working capital, guarantee properties, and other factors. In 2016, the Company sells through dealers at 13.38% of revenue from sale and service.



3.3.4 Agent

To sell the products in international market, the Company has agents who understand customers' demand in each area. The Company started selling in the first country, which is Greece, in February 2004. At the end of 2016, the Company sells through agents in more than 40 countries worldwide, such as Japan, German, Spain, Australia, India, Singapore, Vietnam, Myanmar, Cambodia, and Malaysia. In 2016, the Company sells through agents at 24.36% of revenue from sale and service.

Number of agents in 2013 – 2016, categorized by territory

Number of agents by territory	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
	(Number of Agents)			
ASIA (Excluding: Thailand, China)	19	23	13	15
MIDDLE EAST	6	3	6	6
EUROPE	2	8	8	10
AFRICA	4	4	6	5
NORTH AMERICA	-	-	-	2
SOUTH AMERICA	2	2	2	5
PACIFIC PENINSULA	4	3	2	2
Total	37	43	37	45

4] Industry and Competition

4.1] Industry Information

The Company's main business is sale of evaporative fan and misting fan, those are new options for cooling and energy saving. This market expands rapidly during the past 2-3 years, especially evaporative fan, because it uses new technology that has no information about market value. However, the management presents that evaporative fans are mainly imported from other countries, especially China, because of lower cost. Summary of import value of medium to large evaporative fans during the past 3 years are as follows.

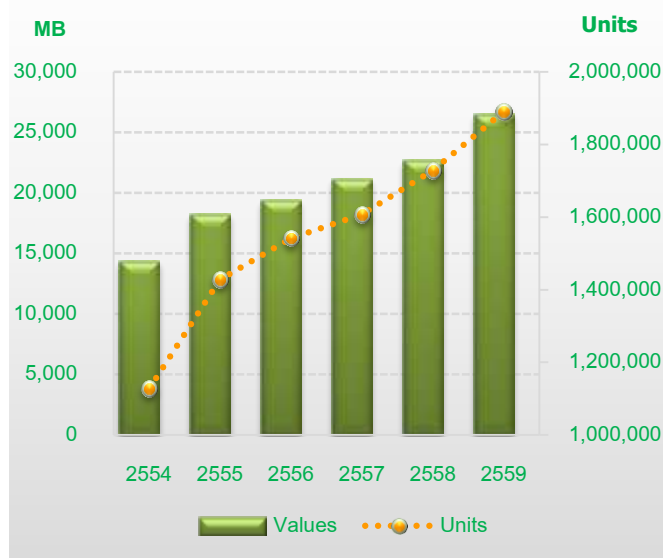
(Million Bath)

Import statistic of medium to large evaporative fan	2013	2014	2015	2016
Import Value of Evaporative Air Cooler	141.46	189.48	156.91	258.94
Growth Rate		33.9	-17.2	65.0

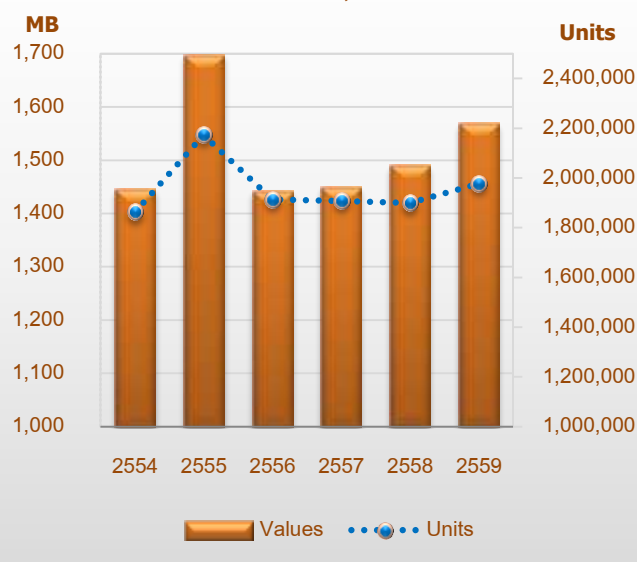
Source: Custom department

The information of Custom Department said that 2016 import value of medium to large evaporative fan are highly growing up from 2015. This because evaporative fan is a new product group for replacement of air conditioner or fan with strong benefit of better temperature reduction than fan and energy saver than air conditioner.

Sales of Air Conditioner, Thailand



Sales of Fan, Thailand



Source: The Office of Industrial Economics

In addition, if considering industry overview of air conditioner, which is a product almost similar to the Company's products, it is found that during the past 5-6 years, sale of air conditioner in Thailand tended to expand continuously. In 2011, domestic sale of air conditioner were 1.12 million units, value 14,364 Million Baht. In 2016, domestic sale of air conditioner were 1.89 million units, value 26,468 Million Baht. By quantity, Cumulative Average Growth Rate ("CAGR") of domestic sale of air conditioner from 2011 – 2015 are 9%. If consider the sale value, CAGR is 10.72%

When considering domestic sale of fans, which are another group of products those are similar to the Company's products, it is found that either quantity or value of fan sale during the past 5 years has a little change. This may cause by saturated condition of fan market. However, comparing between value of fan market and air conditioner market, it is found that in 2016 fan market has less value when compared to air conditioner market; or approximately 6% of the air conditioner market value in 2016

4.2] Competitors

The entrepreneur who sells either misting fan or evaporative fan which is key product of the Company can be considered as competitors. The Company has many competitors because low investment, high growth rate, and high gross profit, especially evaporative fan, which is more popular during the past 3-4 years. Currently, it deemed the key products that cause major revenue for the Company. However, the Company's products have strong advantage in quality and have ozone system for sterilization, including moisture control system then can reduce temperature suddenly when using them. Moreover, "MASTERKOOL" brand is outstanding and acceptable in the market in term of quality cooler with long-term sale of misting fan.

Most competitors of the Company are small companies. Any competitors those have similar level of revenue to the Company always focus on variety kind of electrical appliances without strong intention in market penetration of evaporative fan or misting fan.

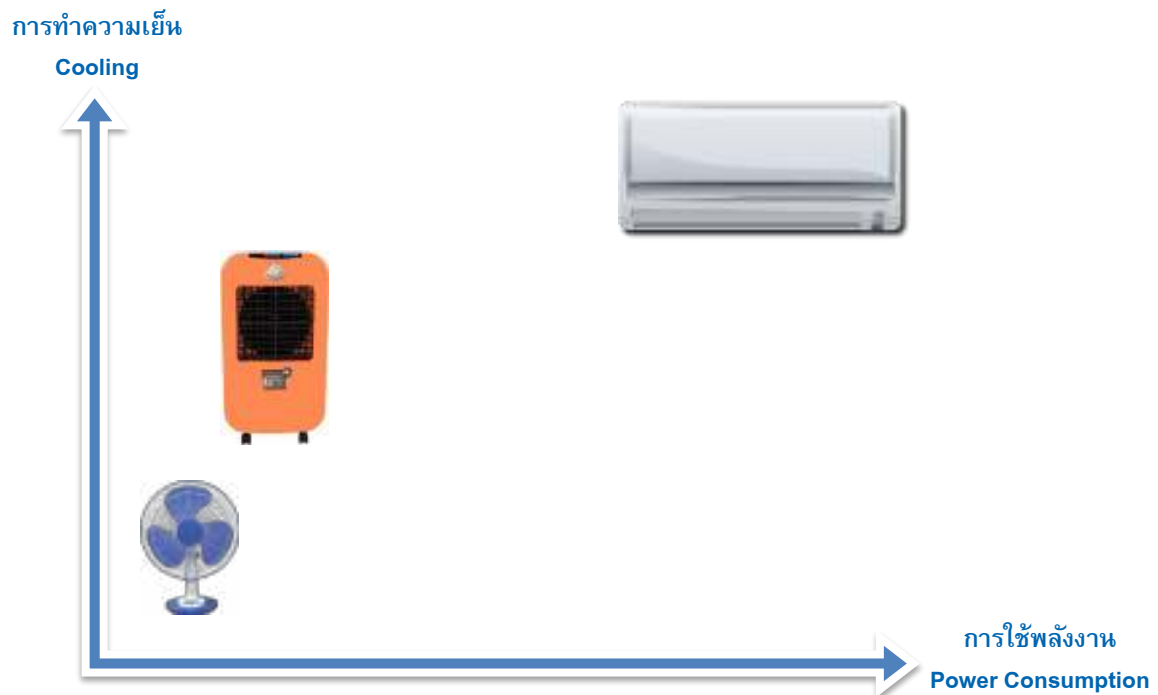
Another group of competitor is the manufacture and distributor of fan who penetrated the market with their existing brand which was known in the market of fan. Anyhow, only few models of their products were launched.

Ultimately, there is not any competitor who has world class brand and sell products in the same category as the Company. The following companies can be deemed as the Company's competitors

When comparing between the Company's revenue and its competitors', it can be concluded that the Company is one of leader in evaporative fan and misting fan those are produced intentionally and continuously for more than 14 years according to the slogan of "[Masterkool, the Real Leader of modern cool](#)"

4.3] Industrial Trend and Future Competition

Evaporative fan, which is key product of the Company, is deemed as optional products between general fan, which cannot help reduce ambient temperature during great hot weather, and air conditioner, which make cool weather in a building in exchange with huge amount of electricity charge and high product price. Evaporative fan adapts new innovation to meet consumer need in such issue by providing cool with less electricity charge, comparing to air conditioner. It does not use hazardous chemicals those can harm environment. In addition, evaporative fan is a new product that has just been presented to consumers, thus it has more opportunity to grow up in the future.



The management considers that the market of evaporative fan likely to grow up continuously with its new innovation that can meet consumer demand, provide cooler weather than general fan, and saver than air conditioner. Meanwhile, misting fan is less popular than evaporative fan. Most customers are organizations, such as hotel, school, restaurant, factory, animal farms. Moreover, the management considers that the market of misting fan will grow up in lower rate than the market of evaporative fan and may be replaced by evaporative fan, which has better qualification. However, some place match with using misting fan rather than evaporate fan, such as outdoor activity, beer garden, and sport field.

Key impact of evaporative fan and misting fan sale

1) Growth of Modern Trades

Distribution channel is one of key factors that effects on business growth, especially growing and high demand business. At present, an important and popular distribution channel is modern trade. Thus, growth and expansion of modern trade creates more distribution channel and opportunities of domestic sale.

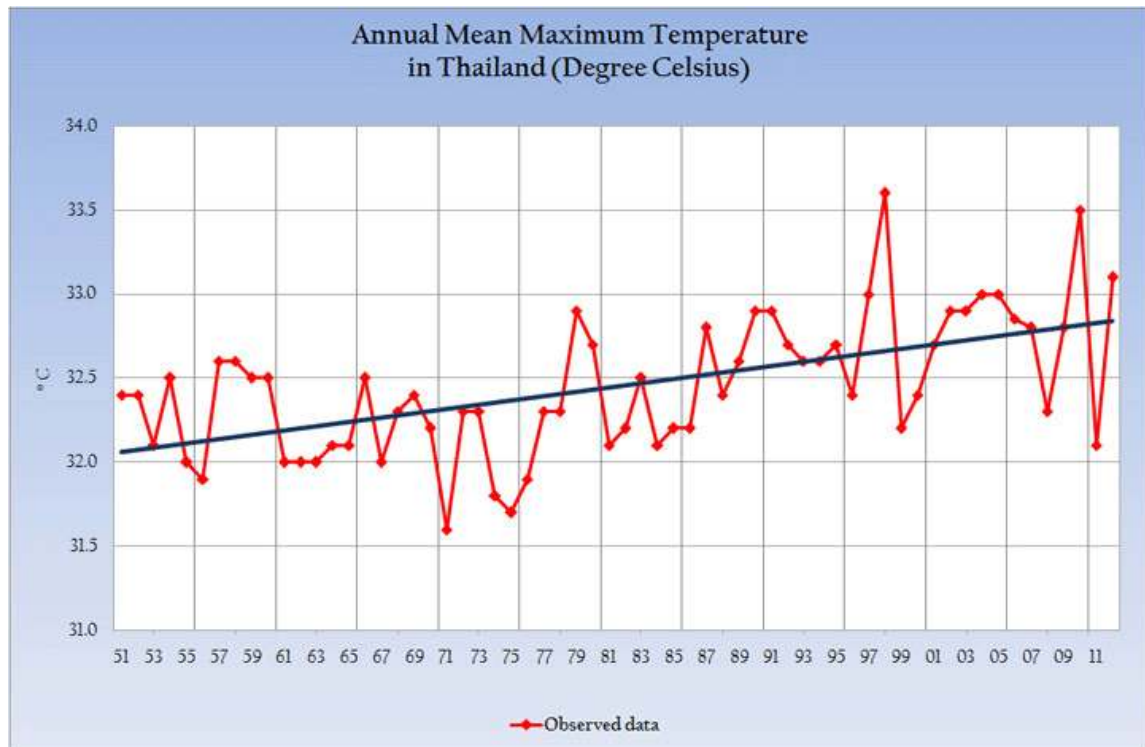
Modern Trades	2013	2014	2015	2016	Growth (%)		
	(Stores)				2013-14	2014-15	2015-16
Tesco Lotus (Hyper, Extra)	157	163	170	175	3.8	4.3	2.9
Big C (Super, Jumbo, Extra)	119	121	125	126	1.7	3.3	0.8
Makro (Distribution Center)	64	79	82	87	23.4	3.8	6.1
HomePro	64	71	77	80	10.9	8.5	3.9
Thai Watsadu (and Homework)	35	40	45	46	14.3	12.5	2.2
MegaHome	2	4	7	11	100.0	75.0	57.1
Total	441	478	506	525	8.4	5.9	3.8

Source: Information from Modern Trades' websites and annual reports

From 2013 to 2016, number of modern trade branches increase continuously from 441 branches in 2013 to 525 branches in 2016, or equivalent 3.8% increase; it was deemed a major part of sale growth of products place in such modern trade, including evaporative fan, misting fan, and industrial fan.

2) Weather

The growth of evaporative fan and misting fan market in Thailand subjects to hot weather; and higher temperature; especially in summer starting from February to June which is hottest and has the highest sale. In addition, from information of Thai Meteorological Department, it is showing that average temperature of Thailand tends to increase along for more than 10 years.



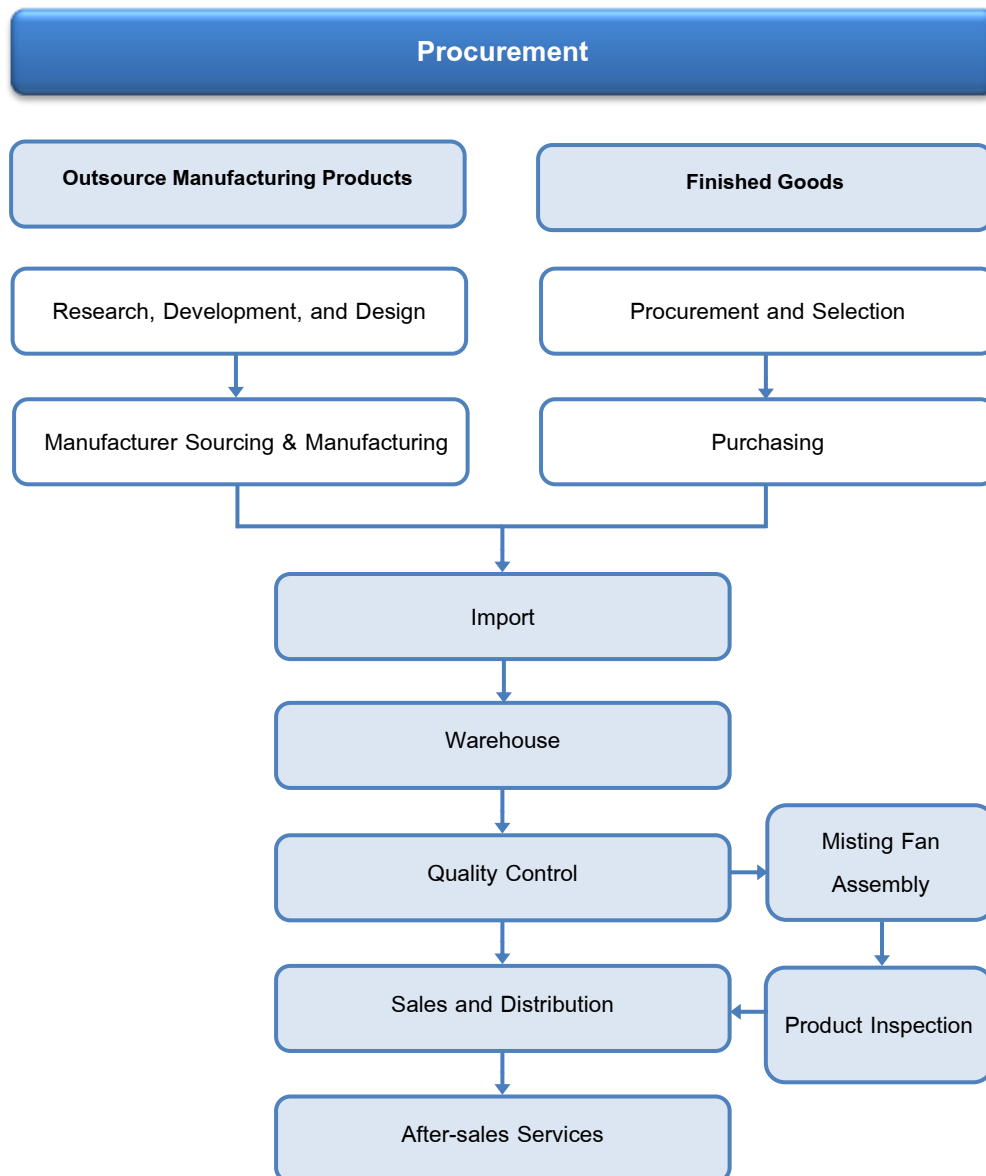
Source: Thai Meteorological

Average highest temperature from 1991 to 2012 show that it is higher continuously. Showing of the average line, it is found that the highest temperature of 32.1 degree Celsius in 1991 increase to 32.7 degree Celsius in 2012, or equivalent Cumulative Average Growth Rate at 0.03%.

Temperature is related to cooling business; the hot weather provides the better opportunity to the cooling business.

5] Procurement of Product and Service

The Company has the following procedures for product procurement:-



5.1] Raw Material, Assembly Part, and Finished Goods Procurement

The Company always concerns about product quality. Its research and development department researches and develops manufacturing process and new innovation to launch quality products and to maintain its leading position of new optional product for cool. However, considering manufacturing cost of some products can see that it is not feasible to invest because many factors, such as high investment in machine or equipment, require high competency and experience of machine operator and labor. Thus, the Company decides to produce parts for assembly or order finished goods for sale, provided that purchased products shall have similar quality and standard as the Company's and under reasonable cost.

Regarding procurement of raw material, assembly part, and finished goods, the Company divided them into own designed products and finished goods. Most of finished goods and their parts are purchased from supplier in China by concerning both quality and price, including supply reliability, delivery, and competency of manufacturer. The Company has set procurement procedure systematically by registering supplier under approval of administration department (Approved Vendor List) and compare among prices offered from many supplier for optimum benefits of the Company.

1. Procurement of Designed Product

The Company invents, researches, and designs products by referring to information from many sources, e.g. sale volume, customers' opinion, and the management's guideline. After that the Company selects and hires international outsource based on required quality and qualification under the lower cost than local production. The designed products can be categorized into 2 types as follows:-

- (1) Finished goods are i.e. mobile evaporative fan (Masterkool I-Kool) and ozone vegetable washer. After outsource manufacturers produce the Company's products by compliance with the Company's specification, the Company shall import them as ready products with packaging.

In addition, the Company makes agreement to have its 'outsourcing' guarantee quality of mobile evaporative fan. If the product fails to comply with the quality specify by the Company, then the Company is entitled to claim the 'outsourcing'

- (2) Part for assembly for misting fan that the Company purchases parts from many suppliers and assembly at the factory.

2. Procurement of Finished Goods

In term of finished goods, the Company will procure and select quality products from international suppliers by using the Company's brand and import finished goods with package. The examples of finished goods imported for sale are mobile evaporative fan, industrial and ventilation fan, and ozone shoe deodorizer.

Moreover, the Company also import big evaporative fan for installation in system, which is in the range of U-KOOL Model MUK-30 MUK-18 and MUK-16. The Company will assembly and install at site as per agreement with customer

For brand new products, if they are subjected to permit of Thai Industrial Standards Institute (TISI), the Company will proceed with TISI and may require sending sample for testing according to standard and examine quality control system at the manufacturing plant, including plant visit. If the product's quality and the manufacturing plant meet standard, TISI will issue the permit for the Company. However, TISI can monitor the result after permission by sampling products on sale and visit the plant time by time.

5.2] Product Import

When the products are ready, suppliers or the Company will hire a shipping agent who has export license, subjecting to agreement between the Company and manufacturer. The Company will always monitor products' quality to ensure that the products have certain quality and qualification as specified by the Company.

The Company manages transportation risk by identifying in the agreement that the Company acknowledge the products when they are shipped. In case the agreement has not the Clause of acknowledge, the Company will apply for transportation insurance to prevent some damage.

When the products are delivered to the port, the Company will hire custom clearance officer to make custom clearance and take goods from the port and deliver finished goods to warehouse and assembly parts to the Company's factory.

5.3] Warehouse Management

After goods are delivered to the Company warehouses, which located in 2 locations, Panasnikom and Pathumthani, a warehouse supervisor will check goods quantity to be matched with the number notified by the manufacturer; then, key-in details of goods receipt to Warehouse Management System Program. The products will be counted before storage and upon withdrawal, and monitored the inventory by using such information system.

In case the inventory is lower than designed level (Minimum Safety Stock Level), the Company will purchase the product for replenishment to avoid shortage and any effect on sale. In addition, the Company will make physical check of the products in warehouse on monthly basis by reconcile with the system.

5.4] Quality Control

The Company, by quality control department, will examine finished goods and assembly parts of misting fan when arrival the Company warehouse by checking readiness and completion. For finished goods with package, the Company will do random check. Moreover, the Company has the policy to provide 1-year warranty to customer, and then the Company shall be responsible for repair product until it completely works.

However, the Company has claimed either failure product or part to ask the manufacturer compensate to the Company at goods price or deliver replacement. Moreover, the Company specifies in the agreement that the manufacturer shall warranty mobile evaporative fan. If the product fails to meet specified quality, the Company is entitled to claim the manufacturer.

5.5] Product Assembly

For misting fan, after its parts pass quality checking, the Company will bring them for assembly at the Company's own factory at Panasnikom, under the standard of ISO 9001:2008. After assembly, the Company will examine the quality again before storage at the Company's warehouse for delivery to customer.

5.6] Product Sales and Distribution

5.6.1 Product Sales

The Company sells its products through many distribution channels, i.e. direct sales, modern trades, dealers, and agents.

5.6.2 Product Distribution

The Company distributes products to customers and distribution channels by either the Company's truck and via delivery service. The Company hires delivery service providers by paying delivery charge per distance, weight, and volume of products. If there is any damage during transportation, the service providers shall compensate any damage to the Company

5.7] After-Sales Services

The Company has 1-year warranty that provides repair and replacement of spare parts free of charge. The Company has service center nationwide by contacting our Call Center at 0 953 8800. The Company also allows warranty renewal, including annual maintenance package for out-of-warranty products.

6] Environment Impact

-None-

Important risk factors and procedures in order to reduce or hedge the impact are summarized as follows:

1 Company Business Risk

1.1 Risk of Increasing Competition

The continuous growth of the company has caused the growth of awareness of the evaporative fan and cooling fan products, especially in the cooling fan market, which has the capacity for major growth due to the fact that the product has the potential to gain a higher demand than air conditioners. In addition, a major factor that plays a part in the decision to purchase the product comes from the steady element of the tropical weather. As a result, many entrepreneurs enter the market in and become direct competitors to the company, and this may directly affect the company's performance.

However, the company's executive has over 14 years of experience in the business, and the company's perpetual marketing of the "MASTERKOOL" brand has caused it to become widely accepted in the market of open air cooling appliances. In addition, the company is also affiliated with many major long-time business partners who hold multiple channels of distribution. The company is currently in possession of more than 230 modern retailers, with plan to expand the numbers by 2017, through 210 local distributors and more than 40 international agents, coupled with a marketing strategy which emphasizes product quality. The research department is invariably responsible for designing, developing, and improving on the efficiency of the product. As a result, the products are differentiated from competition and gain popularity through distinction.

In addition, the company believes that the market still has much potential growth capabilities, due to the energy-saving properties when compared to air conditioners and cooling appliances that produce cooling breeze, which corresponds well with the needs of the consumer.

Therefore, with a secure brand and product quality, the company believes that its performance will not be significantly affected by increasing competition.

1.2 Risk of Annual Income Fluctuation

The main products of the company are cooling appliances, therefore, the annual revenue from sales fluctuate seasonally. Every year the company's sales peak during the summer months (February-June) which cause the turnover rate of the first half of the year to be larger than the second half, with the highest revenue being the 2nd Quarter.

The company is well aware of the risks of fluctuation and therefore there are measures in place to counter them. The company offers cooling systems for large industrial factories, warehouses, and retail outlets in place of air conditions, which use up more electricity by comparison. Typically, the installation of these appliances are done throughout the year, and as these customers are direct customers of the company, this makes the direct channel of distribution (being the one with the majority of the organization customers) less volatile in correlation to the other channels. Even income from the company's services is less volatile than sales revenue, per season. Therefore, if the sales of large-scale projects are higher, the company will earn more from non-seasonal services as well.

In addition to the cooling appliances, new and innovative products have been developed to compensate for declining revenues in the 3rd and 4th Quarters, such as a device from the Ingreen brand which uses ozone to cleanse

fruits and vegetables, and there are still plans in place for the supplementation of new products by 2017, as well as increase the proportion of revenue sales from overseas consumers, whose summer season varies from Thailand's. These beginning measures can assist in reducing the impact of fluctuations in the annual revenue.

In any case, the comparative results of the company's annual results, the seasonal fluctuations will not have a significant impact on the revenue generated during the season.

1.3 Risk of Reliance on a Major Supplier or a Single Supplier for more than 50% of Total Imported Purchases

The company purchases more than 50% of the total orders from one major overseas manufacturer and distributor of the cooling appliance, which includes the production of the Masterkool I-Kool (MIK) mobile cooling fan product line. Therefore, in the case that the aforementioned manufacturer fails to produce or deliver the product, the company may face a shortage of goods and lose the opportunity to sell, affecting the company's performance. However, the company regularly assesses the demand for products and plans to produce them in advance. In the case of high demand products, the company will produce them in advance in order to meet those needs. The company will typically begin ordering products for sale in the current year's summer season from the 3rd Quarter of the previous year, which will aid in the reduction of impact of risk if the manufacturer does not produce or deliver as scheduled.

In addition, the company has also prepared a contingency plan to halt production from the single main contractor and employ alternative manufacturers with a similar production ability. The company believes that the impact from the dependence on the major contractor will not significantly impact the company's performance.

1.4 Risk of Counterfeited Products

Most of the company's products are related to innovation and new products are constantly designed and invented and there is always the possibility that the products will be imitated by competitors, which will directly impact revenue sales. The company will apply for patents and petty patents over the products that the company invents, designs, and produces, through the Department of Intellectual Property, Ministry of Commerce, in order to be the sole patentee. In which case, if the Patent Act of 1979 is violated, the company may take legal action.

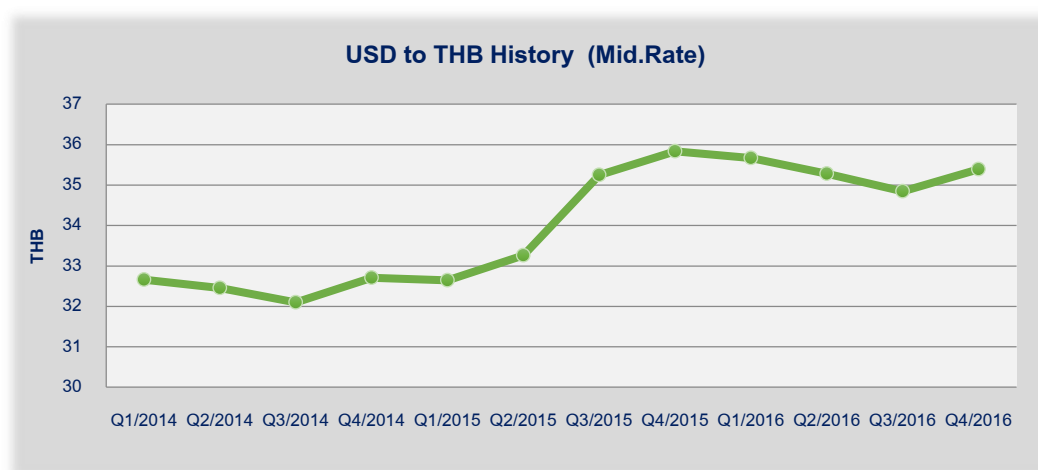
1.5 Risk of Inventory Damage

From the 4th Quarter of the previous year to the 1st Quarter of the current year, the company will prepare finished goods in various warehouses in order to accommodate for sales during the summer season. If damage to the product occurs, such as through fire, earthquakes, or other natural disasters, the company must be aware of all losses resulting from the damage to the goods, including loss of opportunity of sale. At the end of 2016, the company had inventory of 183.62 million Baht. The company also deposited the finished goods in two warehouses, namely from Phanat Nikhom and Pathum Thani, in order to reduce the impact of risk from the aforementioned disasters. In addition, the company has insured inventories to reduce the risk of damage to the goods with a total protection amount of 70 million Baht.

2.1 Risk of Fluctuation in the Foreign Exchange Rate

Fluctuations in foreign exchange rates have had an impact on the company's earnings due to the fact that the company operates mainly by importing goods from abroad and paying for them in US Dollars, while the income will be converted to the Thai Baht. In the case that the US Dollar inflates – or the Thai Baht deflates – the product costs will immediately become higher, while the company will be unable to adjust their own prices with the same rapidity, causing a loss and affecting the company's performance.

Nevertheless, the company earns a portion of its sales in US Dollars from sales to its overseas distributors. In 2016, the company's overseas revenue was 216.66 million Baht, or 24.36% of total sales and services. Currently the company has more than 40 international agents worldwide with both income and expenses in US Dollars. The company's operations are managed by the hedging policy at the same time (Natural Hedge), which reduces the effect of the exchange rate volatility at a certain level.



Source: The Bank of Thailand

At present the company keeps a close track on the fluctuation of the US Dollar and manages the risk of the exchange rate volatility by primarily using the Foreign Exchange Forward contracts. The Company will consider the financial cost of entering into forward foreign exchange contracts together with the fluctuation of exchange rates in the market for consideration of entering into future contracts.

General & Other Key Information

Information as at 31st December, 2016

1

The Company's Information

Company Name	Masterkool International Public Company Limited
Type of Business	Supply and distribution of Air Cooler, Mist Fan and Industrial Fan Products under "MASTERKOOL" and "Cooltop" Brands, and provision of rental services for use of such products in event organizing and designing and installing heat extracting system inside the plant and warehouse, as well as designing and installing ozone system for energy saving and environmental conservation. The Company distributes products through modern retail shops, foreign dealers and local dealers, and directly distributes and provides services through the Company.
Office Location	12/16-17 and 12/20 Thessabansongkroa Road, Latyao Sub-district, Chatuchak District, Bangkok 10900
Company Registration	No. 22, 2 Alley, Thetsaban Rangsan Nuea, Latyao Sub-district, Chatuchak District, Bangkok 10900
Company Registration	0107557000365
Registered Capital	THB 120,000,000
Paid-Up Capital	THB 120,000,000 Consisting of 480,000,000 ordinary shares at par value of 0.25 Baht per share
Telephone	(66) 2953 8800
Facsimile	(66) 2589 8586
Website	www.masterkool.com

Reference Persons

Share Registrar	Thailand Securities Depository Company Limited Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Khlong Toei District, Bangkok 10110 Telephone (66) 2009 9000, Facsimile (66) 2009 9991
Auditor	Mrs. Nattaporn Pun-Udom, CPA No. 3430 PricewaterhouseCoopers ABAS Ltd. 15F Bangkok City Tower, 179/74-80 Sathorn Road, South Sathorn, Bangkok, Thailand; Yan Nawa 10500

Information as at 23rd February, 2017

2

Details of Juristic Persons that the Company directly holds the shares from 10% of the number of issued and sold shares and over

Company Name	Innov Green Solutions Company Limited
Type of Business	Design, installation and provision of service relating to environmental conservation and energy saving system such as application of ozone system with air-conditioner, washing machine, vegetable washer and shoe deodorizer, etc.
Office Location	No. 22, Thetsabanerangsan Nua, Latyao Sub-district, Chatuchak District, Bangkok
Company Registration	0105554064743
Registered Capital	THB 1,000,000
Paid-Up Capital	THB 1,000,000 Consisting of 10,000 ordinary shares at par value of 100 Baht per share
Proportion of the Company's Shareholding	99.98 Percent
Telephone	(66) 2953 8800
Facsimile	(66) 2591 9849

3

Other Key Information

Currently, Innov Green Solutions Company Limited has a registered capital of Baht 1,000,000 divided into 10,000 ordinary shares with a par value of Baht 100 each, and fully paid up. On 23rd February 2017, the Board of Directors of Masterkool International Public Company Limited approved the increase in share capital of Baht 29,000,000 by issuing 290,000 new ordinary shares with a par value of Baht 100 each. To offer new ordinary shares to existing shareholders proportionally. Innov Green Solutions Company Limited is in the process of taking legal action.

Shareholders and Dividend Policy

1. Registered and Paid-up capital

As of 31st December 2016, the Company has registered capital of Baht 120 million, paid-up capital of Baht 120 million, comprising of 480 million ordinary shares.

2. Shareholders

10 Major Shareholders as at March 15, 2017:-

Shareholders	Nr. Of Shares	%
1. Mr. Noppachai Veeraman	122,932,260	25.61
2. Mr. Fung Meng Hoi	70,372,200	14.66
3. Ms. Petcharat Janyathammapot	43,476,500	9.06
4. K-SME Venture Capital Co., Ltd. ^{1/}	27,672,072	5.77
5. Mr. Chotipan Tiawiwat	26,230,000	5.46
6. Mr. Komin Krodmee	20,196,582	4.21
7. Mr. Athiphu Luechaichanakul	18,181,800	3.79
8. Mr. Chairat Kowitjindachai	10,000,000	2.08
9. Mr. Kittisak Phoka	6,000,000	1.25
10. Ms. Ratchaporn Jittasathien	5,329,962	1.11
11. Other Shareholders	129,608,624	27.00
Total	480,000,000	100.00

^{1/} K-SME Venture Capital, a subsidiary of Kasikorn Bank, have paid-up capital of Baht 200 million,

3. Dividend Policy

The dividend payment policy of the Company and its subsidiaries has set by not less than 40% of net profit after tax of separate financial statement and deduction of legal reserve and other deposits.

However, the Company and its subsidiaries may consider paying the dividend less than the above rate or not to pay the dividend, subjecting to economy, performance, financial status, and liquidity of the Company and its subsidiaries, including their necessity in utilization of working capital for business operation and expansion

However, resolution of the Board of Directors on approval of the dividend payment must be presented to a shareholders meeting for consideration of approval such dividend payment; except on interim dividend payment. The Board of Directors is authorized to approve the interim dividend payment, and then report to the next general meeting of shareholders.

1. Board of Directors and Subcommittee

Management structure of the company consists of 4 committees: the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee. The details of each committee are as follows:

1) As of 1st January 2017, there are 9 members of the Board of Directors comprises of the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2016
1. Assoc. Prof. Dr. Prakit Tangtisanon	Chairman, independent director and member of the Audit Committee, and member of the Nomination and Remuneration Committee	7/7
2. Mr. Sanpat Sapon	Director, Independent director and Chairman of the Audit Committee, and member of the Nomination and Remuneration Committee	7/7
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Director, Independent director and member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	7/7
4. Mr. Kittisak Sriprasert ¹⁾	Director, independent director	5/7
5. Mr. Kritsana Thaidumrong	Director	6/7
6. Mr. Fung Meng Hoi	Director	6/7
7. Mr. Noppachai Veeraman	Director and Managing Director	7/7
8. Ms. Sunanta Wanwat	Director	7/7
9. Ms. Benjarat Hattachanchai ²⁾	Director	5/7

Note: All directors have passed the training course about role and skills of being directors from Thai Institute of Directors

¹⁾ Mr. Kittisak Sriprasert Director since 1st March 2016

²⁾ Ms. Benjarat Hattachanchai Director since 12th May 2016

Among the Board of Directors, four have been appointed as authorized directors, namely, Mr. Noppachai Veeraman, Mr. Fung Meng Hoi, Ms. Sunanta Wanwat, and Ms. Benjarat Hattachanchai. Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

In addition, Ms. Mallika Trakoolthai, The Executive Director, had been appointed as the Company secretary since 21st October 2013 according to the resolution of the Board of Directors' Meeting No. 6/2013 held on 21st October 2013.

2) The Audit Committee

Independent directors had been appointed as members of the Audit Committee who have complete qualifications according to the Notification of the Capital Market Supervisory Board No. TorJor. 28/2008 Re: Approval for Issuance and Offering for Sale of Shares dated 15th December 2008 (include any revision).

As of 1st January 2017, the Audit Committee comprises of the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2016
1. Mr. Sanpat Sapon	Chairman	4/4
2. Assoc.Prof. Prakit Tangtisanon	Member	4/4
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Member	4/4

Member of the Audit Committee who has full understanding of, and experience in, accounting or finance, for reviewing the reliability of the financial statements is Mr. Mongkol Kasaemsun Na Ayudthaya. The secretary of the Audit Committee is Miss Jariyaporn Akkarawong.

3) The Nomination and Remuneration Committee

As of 1st January 2017, the Nomination and Remuneration Committee comprises of the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2016
1. Mr. Mongkol Kasaemsun Na Ayudthaya	Chairman	2/2
2. Assoc.Prof. Prakit Tangtisanon	Member	2/2
3. Mr. Sanpat Sapon	Member	2/2

Note: Ms. Yada Lahfaroengron, the Secretary to the Nomination and Remuneration Committee

4) The Executive Committee

As of 1st January 2017, the Executive Committee comprises of the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2016
1. Mr. Noppachai Veeraman	Chairman of the Executive Board	11/11
2. Ms. Benjarat Hattachanchai ¹⁾	The Executive Director	7/11
3. Ms. Sunanta Wanwat	The Executive Director	11/11
4. Ms. Phornphan Nilprasit	The Executive Director	11/11
5. Mr. Komin Krodmee	The Executive Director	9/11
6. Ms. Mallika Trakoolthai	The Executive Director	11/11
7. Mr. Sittiporn Lortrakul	The Executive Director	-
8. Mr. Sanchai Sriwiboon	The Executive Director	-
9. Mr. Thammasak Chobchai	The Executive Director	-

Note: Ms. Sawitta Srikaset, the Secretary to the Executive Committee

¹⁾ Ms. Benjarat Hattachanchai Executive Director, since 12th May 2016
The Executive Director, No.7-9 Executive Director, since 1st January 2016

2. Executives

As of 1st January 2017, the Executive of the Company are:

	Name	Position
1.	Mr. Noppachai Veeraman	Managing Director
2.	Ms. Benjarat Hattachanchai	Assistant Managing Director – Finance & Accounting
3.	Ms. Phornphan Nilprasit	Assistant Managing Director – Logistics
4.	Mr. Komin Krodmee	Assistant Managing Director – Factory Management
5.	Ms. Mallika Trakoolthai	Executive Director and Company Secretary
6.	Mr. Sittiporn Lortrakul	Assistant Managing Director – Retail Business
7.	Mr. Sanchai Sriwiboon	Assistant Managing Director – International Business

Note: Ms. Sunanta Wanwat had been appointed as the Executive of Innov Green Solutions Co., Ltd., the subsidiary company since 1st January 2017.

3. Company Secretary

The Board of Directors' meeting No.6/2013 had the resolution to appoint Miss Mallika Trakoolthai to be the Company secretary starting from October 21, 2013. The scope of work, authority, and responsibilities according to section 89/15 and section 89/16 of Securities and Exchange Act (Volume 4) B.E. 2551 (A.D. 2008), which was effective since 31st August 2008. The Company secretary has the following legal roles

- (1) Preparing and maintaining the following documents
 - a) Director profile
 - b) Notice and minutes of the board meeting, annual report, notice and minutes of shareholders meeting
 - c) notice and minutes of shareholders meeting
- (2) Maintaining directors and management's report on conflict of interest, and submit the report according to section 89/14 to the president and chairman of the Audit Committee within 7 working days after receipt of the report.
- (3) Performing other duties as required by the Capital Market Supervisory Board

In case the Company secretary resign or fail to perform the duty, the Board shall appoint new secretary within 90 days from the date of resignation or failure to perform the duty. However, the Board is entitled to assign one of directors to perform the work during such period.

In addition, the Company secretary also has the other responsibilities upon the Company's assignment as follows:

- (1) Arranging the Board of Directors' meeting and shareholders' meeting
- (2) Coordinate with other departments in the Company to make them comply with the resolutions of the Board of Directors' meeting and shareholders' meeting
- (3) Coordinate with the government section such as the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and control for completion and accuracy of information disclosure and report submitted to the government section and public according to law.

- (4) Providing orientation to new appointed director
- (5) Performing other duties as assigned by the Board.

Miss Mallika Trakoolthai has passed the training course for the Company secretary (Class of 28) and the course of fundamental law for registered company (class of 10) from Thai Listed Companies Association.

In addition of the relevant courses and her profile has been published in the page number 10 of this report.

4. Remuneration for the Board and Executives

4.1 Remuneration for the Board

The annual general meeting of shareholders' 2016 held on 21st April 2016, had the resolution to approve remuneration for independent directors and the non-executive directors, by considering based on roles and responsibilities to supervise and control the Company's operation. The consideration has been made in comparison to the industry, experience, duty, scope of role and responsibility, including benefits expected to be received from each directors as per the following details

	Attendance fee for chairman	Attendance fee for member
The Board	30,000 Baht/meeting	20,000 Baht/meeting
Independent director and member of the Audit Committee	30,000 Baht/meeting	20,000 Baht/meeting
Member of the Nomination and Remuneration Committee	30,000 Baht/meeting	20,000 Baht/meeting

Remuneration for the board comprises meeting attendance fee, which is subjected to number of meeting attended. However, subject to the rule of remuneration consideration, members of the board and/or any subcommittee, the Company's director and/or member of sub committee who are the Company's executives or employees shall not receive the remuneration for the board and/or member of subcommittee. In 2016, the Company paid remuneration for the board and member in subcommittee as follows:

Name	The Directors' Remuneration of 2016 (Baht)				
	The Board	Audit Committee	Nomination and Remuneration Committee	Independent Director and NED	Total
1. Assoc. Prof. Dr. Prakrit Tangtisanon	210,000	80,000	40,000	30,000	360,000
2. Mr. Sanpat Sapon	140,000	120,000	40,000	20,000	320,000
3. Mr. Mongkol Kasaemsun Na Ayudthaya	140,000	80,000	60,000	20,000	300,000
4. Mr. Kittisak Sriprasert ¹⁾	100,000	-	-	20,000	120,000
5. Mr. Kritsana Thaidumrong	120,000	-	-	-	120,000
6. Mr. Fung Meng Hoi	120,000	-	-	-	120,000
7. Mr. Noppachai Veeraman ²⁾	-	-	-	-	-
8. Ms. Benjarat Hattachanchai ²⁾	-	-	-	-	-
9. Ms. Sunanta Wanwat ²⁾	-	-	-	-	-
รวม	830,000	280,000	140,000	90,000	1,340,000

Note: ¹⁾ Mr. Kittisak Sriprasert Director, since 1st March 2016

²⁾ Members who are the Company's executives or employees those shall not receive remuneration for the board and member of sub committee are Mr. Noppachai Veeraman, Ms. Sunanta Wanwat, and Ms. Benjarat Hattachanchai

4.2 Remuneration of the Executive Committee and Executives

The extraordinary shareholders' meeting No. 2/2014, dated September 9, 2014 had the resolution to approve remuneration of the Executive Committee in term of attendance fee, which will be paid at Baht 30,000 per meeting for the chairman and Baht 20,000 per meeting for the member. However, members of the Executive Committee who are the Company's executives or employees shall not receive the remuneration of the Executive Committee. Currently, the members of the Executive Committee are the Company's executives.

In addition, the Company has the remuneration of executives in term of salaries, bonuses, position allowance, allowance, social security contributions. In 2016, the amount of remuneration paid to the Executive Committee and Executives are as follows

	2016
Numbers of Directors and Executives (persons)	6
Total remuneration (Baht)	9,501,234

Note: Mr. Nuntawat Kham-em, the resigned CFO, was included.

4.3 Other Compensation

Provident Fund

The Company provides provident fund for the executives by making contributions of 2% and let the executives deposit at 2% of salary. In 2016, the Company made the contributions of Baht 146,360 to the provident fund for 6 executives

5. Employee

The Company strives on human resource management and development to retain employees who have skill, capability, and experience for enhancement competitiveness of the Company.

As of December 31, 2016, the Company and its subsidiary have 250 employees. The compensation, e.g. salary, overtime, commission, bonus, position fee, allowance, intelligent allowance, social security contribution, provident fund deposit, and other allowance, are around Baht 109,185,459 Number of employees in each section comprise of 270 Product Consultants and 250 Employees are as follows :

Number of employees As of December 31, 2016	
1. Executives	5
2. Business and Customer Services ¹⁾	129
3. Finance and Accounting	21
4. Logistics	35
5. Factory Management	20
6. Human resource	13
7. Quality Control	9
8. Purchasing	4
9. Quality Assurance	9
10. Others ²⁾	8
11. Innov Green Solutions	6
Total	250

Note: • Business and Customer Services¹⁾, which mentioned in item number 2 of the above table, includes all sales business units, sales administrative support units, marketing unit, engineering unit; but excluding product consultants.

• Others²⁾, which mentioned in item number 10 of the above table, includes all other supporting units such corporate secretary unit, internal audit unit, research and development unit, investor relation unit, quality control / quality assurance including quality management representative (QMR)

The Company and its subsidiary have no labor dispute along the last 3 years and devote to develop skill, knowledge, capability, and competency of employees at all level. The details of employee development plan are as follows:-

- Continuously develop the board and executives, i.e the Board of Directors, the Audit Committee, Executives, and the Company/Corporate Secretary, to increase their work capability by enhancing and supporting them in term of education, training, seminar, and domestic and international field study.
- Enhance ability of employees at all level by supporting them in continuous education, training, seminar, and field study.
- Prepare training road map for each position to recruit right person with good career path, including ready for replacement, including succession plan for the Executives.
- Build up employee awareness for working based on code of conduct and good governance by admiration and support good person.
- Enhance employee's development by mean of coaching and on the job training.
- Enhance employee to engage in organization culture, ownership attitude, hold team work concept, provide good service, and bring satisfaction to either inside or outside customers.

To follow policy of Code of Best Practices, the company implemented principle of good corporate governance for authorized company 2012 stipulated by Stock Exchange of Thailand as guidelines for operation of the company and to promote transparency and efficiency of management that will ensure shareholders and the relevant and currently, the company has generally complied with such principles.

1. Corporate Governance Policy

The Board of Directors approved policy of corporate governance which is in line with “the Code of Best Practices for Directors of Listed Company” stipulated by Stock Exchange of Thailand. The principle consists of the following chapters as follows:-

Chapter 1: The Right of Shareholders

The company gives precedence to basic rights of shareholders such as rights to trade and transfer their own shares, rights of receiving profit dividend of the company, right of receiving information of the company sufficiently, rights of shareholder's meeting, giving opinions, appointing or removing committee, appointing auditor and matters affecting the company like dividend allocation, specification or amendment of regulation and memorandum of association etc. without any actions that violate or deprive rights of the shareholders as well as promotes shareholder to use their rights.

Apart from basic rights, the company has a policy for operations that promote and facilitate using rights of shareholders as follows

- 1) Providing annual general meeting by it is arranged within 4 months from the end date of each accounting year by providing information, date, time, place and agendas along with delivery of the supporting documents of each agenda to shareholders in advance for at least 7 days and publish in newspaper to appoint date and time of meeting for 3 consecutive days before the meeting starts 3 days prior. It is specified that each agenda requires comments of the committee and complete minutes so that the shareholders can audit it.
- 2) The company will publish information supporting agenda to shareholders in advance on website of the company including inform rights and regulations in meeting as well as procedures of voting of shareholders in meeting to give a chance for shareholders to study information before the meeting.
- 3) In case the shareholders cannot attend the meeting, the company gives a chance for them to give a proxy to independent committee or any person to attend the meeting as the substitute to support using rights of shareholders to vote by using power of attorney delivered by the committee together with the invitation to meeting i.e. proxy (form B) which is the specific proxy form and proxy (form C) which is the proxy form for the foreign investor appointing the custodian in Thailand.
- 4) Before the meeting, shareholders can send opinions, suggestions and inquiries in advance through E-mail: comsec@masterkool.com
- 5) For meeting, the company will allocate proper time to promote shareholders to give opinions or suggestions including inquiries in each agenda relevant to the company.

Chapter 2: Equal Treatment to Shareholders

The company has a policy to treat every shareholder equally to monitor and give opinions about operation of the company by independent committee is responsible for taking care of minor shareholders and that they can give suggestion, opinions, or complaint to independent committee. The independent committee will consider for appropriate operation. For instance, if it is complaining, the independent committee will verify fact and find proper treatment.

The company's committee has specified a measure to prevent using internal data for undesirable purpose of the relevant people including committee, executives, officers and employees of the association related to data (including to spouse and immature children of those people) not to use internal data that has not been published to trade, transfer and accept transfer securities of the company for 30 day during the period before presenting tranche financial statement to SEC or before such data is publicized and the punishment has been stipulated for disclosing data of the company or using company's information for personal benefit according to the policy of Internal Data Utilization Prevention along with giving knowledge to committees and board of directors of the company about reporting security possession to Office of Security and Exchange Commission (SEC Office) as section 59 of Securities and Exchange Act B.E. 2535 (including amended version).

Chapter 3: Role of Stakeholders

The company has recognized rights of all stakeholders relevant to the company including internal stakeholder such as shareholder, employees and board of directors of the company or external stakeholders including opponent, trade partner, community and society etc. The company has deeply realized that supporting and listening to opinion as well as building good relationship with all shareholders would be beneficial to business operation and development of the company with growth and expansion in the future. The company provided rights of all groups to be treated fairly and equally along with complying with regulations of law and rules as follows.

Shareholder:	The company emphasized on being a good representative of shareholders to operate business for satisfaction of shareholders by being aware of long-term value growth of the company along with having good control system and internal audit system that can disclose information transparently, correctly and completely enough for decision to invest
Employee:	The Company will support potential development of human resource for ultimate benefit as the company realized that employees are a part of major resources essential to develop the organization. The company then treats every employee fairly and equally without discrimination along with providing proper returns and welfares. In addition, the Company has done the employee survey on the workplace health, and develop in various matters by "The Happy Workplace" initiative project which guided and supported by Thai Health Promotion Foundation for sustainability of well-being for Masterkool's employees.
Trade Partner:	The Company will treat all trade partners with integrity by holding principles of trade agreement, terms, and promise given to trade partner for good business relationship and benefit to all parties.

Opponent:	The Company will treat opponents/competitors with ethics of good competition by avoiding dishonest competition to destroy the opponent.
Customer:	The Company is determined to provide good service and give satisfaction to customers by providing quality product and service with honest and fair trade with customers. In addition, The Company provides channels for receiving complaints from customers through central agency that is the Company/Corporate Secretary.
Community & Society:	The company gives precedence to taking care of environment of nearby community, location of the office with campaigns to save energy as well as operating business that is not contrary to custom and tradition or causing damages to company. Besides, the company also has a policy to hire local labors nearby the factory of the company in Panasnikom, Chonburi Province

Chapter 4: Disclosure of Data and Transparency

The company realizes importance of correct data disclosure with that is complete, punctual and transparent including financial report and general report according to principles of data and information disclosure of SEC Office and Stock Exchange of Thailand as well as any other matters data affecting security cost of the company that had effect on decision process of company's stakeholders. The company will propagate information and data of the company to shareholders, investors and public through channels and media of Stock Exchange of Thailand including website of the company, newspaper so that shareholders can access data equally.

The company assigns the Company/Corporate Secretary, or a person authorized by the CEO to be responsible for essential data and information disclosure and communicating with investors, shareholders, as well as analysts and the relevant persons.

For convenience of contact, the prior mentioned persons are invited to contact the Company at the phone number: 0 2953 8800 or facsimile: 0 2589 8586 or E-mail: comsec@masterkool.com

Chapter 5: Responsibility of the Board of Directors

● Structure of the Board of Directors

The Board of Directors of the Company has 9 persons which consist of the executive directors, the non-executive directors and three (3) independent directors or at least one-third (1/3) of the Board to balance in voting and considering matters along with auditing management for utmost benefit of the company.

The term of office of the members of the Board shall be three (3) years, and with no more than three (3) consecutive terms (total of 9 years from the date of appointment). After completing a nine-year term, in case of the board members shall serve staggered terms, the Board of Directors shall carefully consider any reasonable means before proposing for shareholders' voting on election of members of the Board for staggered terms.

Directors can hold position in other listed companies; but not more than 5 companies. Besides, directors shall not be partner or executive or employee or consultant who receive regular salary or hold more than one (1) percent of total voting shares of any company that operates the same business and is a significant business competitor to the Company's or its subsidiary.

In addition, the Company appointed subcommittee i.e. the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee as well as clearly specifying scope of duty and responsibility of operation for such subcommittee.

The Risk Management Task Force, consisting of the Executives of the Company and its subsidiary, had been set up and chaired by the CEO. The task force was established to support works of the Audit Committee and the Board of Directors, regarding to risk management that could affect the business.

● **Roles and Responsibilities of the Board of Directors**

The Board of Directors has duty to consider and approve on important matters related to operation of the Company such as vision and mission, strategy, risk, initiative plan and budget; along with provides supervisory on management to meet the target under regulations, laws and business ethics for benefit of the Company and all relevant.

Corporate Governance Policy

The Company has set a written policy on corporate governance which has been approved by the Board of Directors and used as guideline for directors, executives and employees in implementing such policy to their operations.

Business Ethics

The Company has set a written business ethics for operating its business transparently, correctly and fairly and publishes to directors, executives and employees to operate their duties in compliance with such policy strictly.

Conflict of Interest

The Company has stipulated a policy on conflict of interest with principle that any decisions to operate business activities shall be made for utmost benefit of the Company and they should avoid any actions that cause conflict of interest by defining that the relevant or those who are involved in considered transaction shall inform the company about relation or connection in such transaction and they shall not participate in considering judgment and has no authority to approve that transaction.

Audit committee will propose to the Board of Directors the report of related-party transactions and transactions with conflict of interest persons or juristic persons that have been properly and circumspectly determined. The Company complies with principles of cross-transaction of SEC Office and Stock Exchange of Thailand strictly in term of defining price and terms with people who possibly have conflict of interest seemingly like transaction with outsiders and submit the report within specific time stipulated by SEC Office and Stock Exchange of Thailand and there shall be disclosing financial budget, annual report an annual list form (Form 56-1).

Internal Audit

The Company gives precedence to providing good internal control system by issuing working manuals and procedures in writing by dividing duty and responsibility along with authority table for operation and approval of the Board of Director, Subcommittee and Executives.

The Board of Director has assigned the Audit Committee to be responsible for verifying internal control process to ensure propriety and effectiveness of the Company's internal control; including operations, financial report, and compliance with rule, regulation, policy and corporate governance.

The Company established the Internal Audit Unit and procured the outsource IA, as the head of internal audit, to evaluate and inspect internal control system of the Company and report the result of such inspection directly to the Audit Committee.

The Board of Directors stipulated policy of corporate governance; along with the business ethics and the Code of Conduct as well as other policies. The mentioned policies shall be regularly reviewed on the year basis

● **Meeting of the Board of Directors**

The Company will arrange the meeting of company's committee at least in every quarter and may arrange additional meeting if necessary by specifying clear agenda in advance including agenda to monitor performance regularly. The Secretary of the Board of Directors' meeting will provide agendas and deliver documents to the Board's members at least 7 days before the meeting starts so that the directors have enough time to consider and study information along with recording minutes and submitting reports to the committee individually as well as storing the minutes of committee's meeting certified by the committee systematically and they are prepared to be audited or inspected by the company's committee or the relevant people.

● **Remuneration of the Directors**

The company has specified returns for committee clearly and it will be propagated in annual list form. Such return shall be approved by annual general meeting. However, the company has defined principles and returns of committee and executive depending on knowledge expertise and experience along with duty and responsibility by comparing with the company in same industry to retain the skillful and experienced people to work with the company for long time¹.

● **Development of the Directors and Executives**

The Company supports all directors and executives to develop their knowledge and capacity to continually improve their works by encouraging the directors and executives to participate in trainings. In case of replacement of directors or executives, the Company will provide documents and information beneficial to their duties as well as attending curriculum seminars that are advantageous to such newcomers.

In addition, the Board of Directors who oversees the organization is committed to continue on applying good corporate governance principles for listed companies of the year 2017 to their oversight of the Company to ensure creating sustainable value for the Company; and is reliable for shareholders, all involved parties, and meeting the aspirations of the business, shareholders, investors and society.

2. The Board of Directors and Subcommittee

The Management Structure of the Company includes the Board of Directors, Executive, and three Subcommittees i.e. the Audit Committee, Nomination and Remuneration Committee, and the Executive Committee.

The Board of Directors, the Audit Committee and the Executives of the Company are completely qualified and have no prohibited characteristics according to section 68 of Public Company Limited Act B.E. 2535 and have no traits showing that they lack of qualification to be trustable in management with public as shareholders as in section 89/3 and section 89/6 of Securities and Exchange Act B.E. 2535 and Notice of Securities and Exchange Commission.

The Board of Directors has specified in the Articles of Association of the Company and the Corporate Governance Policy that the term of office of the directors shall be three (3) years with one-third (1/3) of the directors or the nearest number of one-third of the directors shall retire from office each year. The directors to retire by rotation at every annual

general meeting shall be those who have the longest term in office since their last appointment. The directors who retire can be re-elected for one more term of office.

The Audit Committee and the Nomination and Remuneration Committee hold the term of office for three (3) years, while the Executive Committee holds the term of office according to the term of service as an executive director. In case the member of the Executive Committee is the Non-Executive Director, the term of office is three (3) years, unless the Board of Directors otherwise resolved.

2.1 The Board of Director and Roles & Responsibilities

The Board of Directors consists of 9 directors, including executive directors, non-executive directors and non-executive directors who are qualified as the independent directors, in numbers of at least three independent directors or one-third of the total number of directors, in order to balance the voting and to review the management's performance to maximize the benefits to the Company.

Details of the Board of Directors as described in "**Management Structure**" page 45

Roles and Responsibilities of the Board of Directors

- (1) Supervising the Company and conduct in undertaking their duties complying to laws, the Company's objectives and the Company Articles of Association; also follow the resolutions of the shareholders with integrity and being aware of benefit of the Company and Accountability to Shareholders.
- (2) Setting corporate policies, objectives and directions of the company, also monitoring and supervising of the Executives' to conduct their duties in compliance to policies and regulations of the Company with effectiveness and efficiency for the Maximize Economic Value and Shareholders' Wealth
- (3) Controlling and supervising management department to practice with all stakeholders with ethnics and equality.
- (4) Considering and defining annual budgetary plan and revising annual budgetary plan to be suitable and corresponding to policy and trend of operation including inspecting and controlling management department to use budget according to annual budgetary plan.
- (5) Following up operations of the company to meet targets regularly and realizing compliance with law and regulations in agreement related to the company by determining management department to report overall operation along with material matters of the company to company's committee in every quarterly meeting so that the operations of the company are conducted efficiently.
- (6) Operating for the company to have accounting system, financial report, Internal Control, and Internal Audit that are efficient and reliable.
- (7) Playing a great role to operate risk management by providing guidelines and measures to manage risk suitably and sufficiently including monitoring such operation regularly.
- (8) Considering and approving and/or giving opinions to be proposed in the shareholder's meeting to consider approving significant transaction along with related-person transaction according to principles, terms and legal methods and regulations
- (9) Providing annual report of the Company and/or Company's committee to be in accordance with law and regulations and reporting to shareholders regularly and completely regarding to current condition of business and trends of operation in the future positively and negatively with supporting reasons.

- (10) Considering and appointing managing director and defining scope of duty and responsibility of the managing director.
- (11) Considering and specifying annual remuneration structure of the company and principles of remuneration payment of committees, executives and employees by recognizing proper factors such as performance, position, scope of duty and responsibility, quality, knowledge, capability and suitable return rate in same industry.
- (12) Considering amount of remuneration of the committee according to principles of return payment stipulated by company's committee to be proposed in shareholder's meeting for considering approval.
- (13) Considering procuring people with knowledge, capacity and experience along with qualification by applicable law and regulations to be proposed in shareholder's meeting for considering appointment as committee.
- (14) Defining policy, target, strategy and trend of operation of the subsidiary as well as considering appointment of people with knowledge, capability and experience relevant to the operations of subsidiary as the committee of subsidiary by proportion of holding shares of the company in subsidiary.
- (15) The committee may authorize a committee or many people or even anybody to operate substituting for the committee or may authorize those people to have power as agreed by the committee and within approved duration. The committee may provoke, terminate, change or amend such power of attorney when seeing appropriate. Nevertheless, such proxy shall be conducted in writing or recorded as resolution in the minutes of committee's meeting with clear scope of that authority and duty of the proxy. However, the proxy shall not have power to approve lists that such people or people with conflict of interest have stakes or may have conflict of any other interests with the company unless, it is approval following the policy and principles in shareholder's meeting or the company's committee has approved.
- (16) Having any other duties and responsibilities stipulated by law and regulations of the company and resolution of shareholder's meeting.
- (17) Considering and approving essential operations of the company for ultimate benefit of the company except following authority that can be conducted when being agreed by the committee's meeting with majority vote of the committees who attend the meeting and have rights to vote and from at least 3/4 of all votes in shareholder's meeting of shareholders who attend the meeting and have rights to vote:
 - a) Selling or transferring business of the company, wholly or partially.
 - b) Purchasing or accepting transfer business of other companies or private companies belonging to the company.
 - c) Making, amending or terminating an agreement related to business lease of the company, wholly or partially, assigning any persons to manage business of the company or consolidating with other people with purpose of profit and loss share.
 - d) Amending Memorandum of Association or regulations.
 - e) Adding or reducing capital including debenture issue.
 - f) Merger or Company Termination.
 - g) Any activities stipulated under the legal provision associated with securities and exchange and/or Regulations of Stock Exchange of Thailand shall be agreed by committee's meeting and

shareholder's meeting with at least $\frac{3}{4}$ votes of all shareholders who attend the meeting and have right to vote such as cross-transaction and obtainment or distribution of asset etc.

Nevertheless, any operations that the committee or the proxy or stakeholders may have conflict of interest with the company, those people have no right to vote in such matter.

The company's committee has appointed committees with knowledge and expertise to be sub-committee to practice in studying and screening material matters that require close supervision and give opinions to company's committee consisting of audit committee, management committee and Recruitment and return specification committee with following scope of duty and responsibility.

2.2 Audit Committee and Roles & Responsibilities

Audit committee is set up to Support Company's committee to supervise and inspect financial report, internal audit, and internal control, risk management including good corporate governance so that the operations and data disclosure of the company are conducted transparently and reliably. The audit committee consists of skillful and experienced independent committee that can dedicate time for operation at least 3 people and an audit committee has knowledge and experience in finance and accounting. The audit committees will select a committee as the audit committee chairman. Who will position as the audit committee chairman shall be considered by qualification circumspectly as the audit committee chairman will be a person that gives confidence in effectiveness of the audit committee.

The period of position as audit committee is equal to the company's committee and it will due positioning in annual general meeting along with due of positioning as company's committee. When they leave position, they can be reelected for another term of office.

Details of the Audit Committee as described in **"Management Structure"** page 46

Roles & Responsibilities of the Audit Committee

- (1) Verifying that the company has procedures to make and disclose data in financial report of the company correctly and completely that it is reliable, punctual and sufficient. The project to coordinate with outsourcing auditors and the executives that are responsible for making both annual and quarterly financial report, the audit committee may suggest the auditor to verify or check any list that are necessary and essential during auditing of the company.
- (2) Auditing that the company has suitable and effective Internal Control system and Internal Audit system and considering independence of internal audit institute along with approving the appointment, transferring, denoting or dismissing the leader of internal audit institute or any other institutes responsible for internal audit.
- (3) Verifying that the company has complied with law associated with Securities and Exchange, regulations of Stock Exchange of Thailand and law related to business of the company.
- (4) Considering, selecting and appointing people with independence to act as the auditor of the company and proposing returns of those people by being aware of reliability and sufficiency of resources and audit wok of the auditor office and experience of personnel assigned to audit including performance in previous year and considering denoting the auditor including participating in meeting of auditor without management department for at least once a year.

- (5) Considering and disclosing data related to cross-transaction that may have conflict of interest completely and correctly to be corresponding to law and regulations of Stock Exchange of Thailand. Nevertheless, it is to ensure that such transaction is necessary, reasonable and brings maximum benefit for the company.
- (6) Making a report of audit committee and propagating it in annual report of the company. Such report shall be signed by audit committee chairman and shall consist of following data
 - a) Opinions about correctness, completeness, and reliability of data disclosure in financial report of the company
 - b) Opinions about sufficiency of internal control system of the company
 - c) Opinions about compliance with law associated with Securities and Exchange, regulation of Stock Exchange of Thailand or law involved in business of the company
 - d) Opinions about suitability of the auditor
 - e) Opinions about transaction with conflict of Interest
 - f) Number of audit committee's meeting and attendance of each audit committee
 - g) Opinion or Notice that the audit committee received from performance according to the Charter
 - h) Any other lists that the shareholders and investors should know within scope of duty and responsibility assigned by the company's committee
- (7) Any operations assigned by the company's committee with agreement of audit committee such as reviewing policy of financial and risk management, reviewing compliance with business ethics of the executives and reviewing together with executives about essential reports that will be publicized as the law stipulates such as Report and analysis of management department etc.
- (8) Having power to audit and investigate as necessary matters that may significantly affect financial statement and overall operation of the company such as:-
 - a) Transaction with Conflict of Interest
 - b) Doubt or assumption that there may be corruption or abnormality or defect in internal controls system
 - c) The doubts that there may be violating law associated with Securities and Exchange, regulations of Stock Exchange of Thailand or laws relevant to business of the company
- (9) Having power to seek for opinions free from professional consultants when seeing that it is necessary to consider expense of the company so that the operation under duty and responsibility is achieved.
- (10) Reporting the result of auditing and investigation to company's committee to revise within time approved by the audit committee. However, if the audit committee finds that there is negligence to operate revision without reasonable support, any audit committee may report such occurrence to SEC and Stock Exchange of Thailand.

Nevertheless, the authority of audit committee does not include power that the audit committee or the proxy from the audit committee can vote and give opinions for the list that the audit committee or the proxy or those with conflict of interest as definition in notice of Security and Exchange Commission has stakes or has conflict of interest with the company and/or its subsidiary.

2.3 Nomination and Remuneration Committee and Roles & Responsibilities

The Board of Directors has appointed the Nomination & Remuneration Committee by selecting from some company's committee and/or the expert. The Nomination & Remuneration Committee shall consist of 3 but not over 5 committees. Nevertheless, the independent committee acts as the Nomination & Remuneration Committee chairman

Details of the Nomination & Remuneration Committee as described in "[Management Structure](#)" page 46

Roles & Responsibilities of the Nomination and Remuneration Committee

- (1) Recruiting, selecting and proposing a person to take position as independent committee, committee chairman, and company's committee to present to company's meeting and/or shareholders to consider approving in case of the vacant position due to the due or other cases.
- (2) Recruiting, selecting and proposing a person to act as the managing director, chief executive office, and secretary of the company in case of the vacant position to present to company's meeting for further approval including specifying principles to inherit the position of chief executive officer
- (3) Considering and screening organization structure which suitable and supporting to business operation prior to propose to the Board of Directors for consideration of approval.
- (4) Proposing policy of remuneration and other benefits for directors, managing director and top executives to be suitable for duty and responsibility corresponding to overall operation of the company and market condition.
- (5) Considering annual bonus and salary adjustment for executives and employees based on the Company's performance.
- (6) Considering and screening salary structure and principles of allowance payment
- (7) Check qualification of people who are nominated to be company's committee to be in accordance with applicable law and regulations.
- (8) In case of nomination of the retiring director, the committee should present the retiring director's performance and contribution along with the attendance record of the Board of Directors 'meetings and shareholders' meetings for consideration by the shareholders.

The term of office of the Nomination & Remuneration Committee shall be three (3) years with one-third (1/3) of the members or the nearest number of one-third of the members shall retire from office each year. The members to retire by rotation shall be those who have the longest term in office since their last appointment. The members who retire can be re-elected for one more term of office.

2.4 Executive Committee and Roles & Responsibilities

Details of the Executives as described in "[Management Structure](#)" page 46

Roles & Responsibilities of the Executive Committee

- 1) considering and screening business plan and annual budgetary plan to present to company' committee
- 2) Specifying policy of finance and investment of the company and defining trend of investment policy to be corresponding to policy of the company and approving principles of investment including proposal of investment according to regulations of the company

- 3) Considering and operating material matters relevant to operation of the company
- 4) Considering and screening and giving suggestion all work types proposed to company's committee
- 5) Considering and appointing committee of the affiliated company or joint venture by proportion of shareholding or according to agreement between shareholders of the affiliated company or joint venture (if any)
- 6) Supervising and monitoring result of management of the company to correspond the policy, operation plan and annual budget stipulated by the company's committee and approving as well as reporting to company's committee regularly.
- 7) Considering risk management policy of the company to present to audit committee
 - (A) Identifying and evaluating risk to cover Strategic Risks, Operational Risks, Financial Risks and Legal Risks
 - (B) Considering and reviewing guidelines and tools to manage risk effectively and suitable for risk size and quality of the transactions operated by the company
 - (C) Monitoring result of risk evaluation in both normal condition and Stress Testing
 - (D) Evaluating possible risks from new product or risks that happen for new transaction as well as specifying guidelines to prevent possible risks
- 8) Considering and screening matters that the managing director proposes to management committee to consider approving or agreeing
- 9) Approving matters of finance and asset of the company under scope of approval authority
- 10) Assigning or suggesting the managing director to determine or practice any transaction agreed by the management committee
- 11) Appointing the work team to consider any matters agreed by the management committee
- 12) Considering and proposing matters agreed by management committee or determining approval or agreement
- 13) Considering any matters or doing any duties assigned by the company's committee.

The approval authority of the Executive Committee must not be authorization of approval on any concerns on conflict of interest or related-party transaction of the Company and/or its subsidiary.

The Executive Committee hold the term of office according to the term of service as an executive director. In case the member of the Executive Committee is the Non-Executive Director, the term of office is three (3) years, unless the Board of Directors otherwise resolved.

2.5 Executive and Roles & Responsibilities of Managing Director

Details of the Executives as described in "**Management Structure**" page 47

Roles & Responsibilities of the Managing Director

- (1) Managing, supervising, and approving on operations related to the normal/general management of the Company.
- (2) Considering of approval the appointment, dismissal and transfer of senior management levels i.e. deputy managing director, assistant managing director, or equivalent position in accordance with the approved organizational structure; including their salary, compensation, or other benefits
- (3) Administrating the Company following the policy and target as well as business plan and strategic plan

stipulated by the Board of Directors, or the Executive Committee.

- (4) Authorizing or assigning a person or do particular task within scope complied with approval authority (authority table) or regulations or even commands stipulated by the Board of Directors.
- (5) Holding of supervisory power of issuing commands, regulations, notices, memorandum, and etc to keep good practices which corresponding to policies, the Company's benefits, and maintain work disciplines in the Company.
- (6) Holding of authorization to representing the Company in relating to the business to public or the third party for the benefits of the Company.
- (7) Approving the appointment of consultants which necessary for operation of the Company.
- (8) Performing other duties as assigned by the Executive Committee and / or the Board of Directors.

Nevertheless, the power of managing director along with authorizing other people approved by the managing director does not include power or authorizing to approve transaction that he or the relevant may have conflict of interest contrary to benefit of the company or subsidiary or even transactions that are not under normal operation of the company or subsidiary. To approve such transaction, it shall be proposed in the company's meeting and/or shareholder's meeting of the company to consider and approve according to regulations of the company or applicable law.

2.6 Authorization Levels and Monetary Limits

The Board of Directors Meeting No. 1/2017 held on February 23, 2017 resolved on approval of the **Authority Table** for specifying the authority of the Board of Directors, the Executive Committee, the Managing Director, and the Executives which can be summarized as follows:

The Authority Table specified on delegation of authority and approval of monetary limits at the Managing Director level, the Executive Committee, and the Board of Directors.:

- In case requiring of the authorization of upper levels of the Management, i.e. the Executive Committee, the Board of Directors, then delegated or assigned persons shall collect all concerned documents and propose to the Executive Committee and/or the Board of Directors for consideration of approval.
- In case requiring of the authorization of lower levels of the Managing Director, i.e. the Assistant Managing Director and the lower levels authorized in the Authority Table, then delegated or assigned persons shall collect all concerned documents and propose to the Managing Director for consideration of approval. This Authority Table shall be review every 2 years; or when appropriate.

For the budget of the company, it shall be presented to the Board of Directors for consideration of approval. If any transaction is deemed the related-party transaction or deemed as the acquisition or disposition of assets of the Company or its subsidiary, the Board of Directors and Management of the Companies are responsible for compliance with the relevant regulations of the SEC and the Stock Exchange of Thailand. In addition, the related persons which may have conflicts of interest, or any other benefits which deemed conflict of interest of the company or its subsidiary shall not vote such matters.

3. Recruitment, Nomination and Appointment of the Directors, Subcommittee, and Top Executive

To recruit a person as the directors, subcommittee and top executive of the Company is conducted by the Nomination and Remuneration Committee who responsible on recruiting and selecting persons to take such positions and nominate qualified persons to the Board of Directors and/or the Shareholder's meeting (depending on each). For selection of lower levels of the Managing Director positions, the selection is in the scope of roles and responsibilities of the Managing Director as the top executives of the Company.

However, persons who are appointed to act as the directors and executives shall have suitable qualification according to section 68 of Public Company Limited Act B.E. 2535 (including amended versions) and Securities and Exchange Act, Notice of Capital Market Supervisory Board as well as other relevant laws; besides proficiency and work experiences are counted.

In addition, directors can hold position in other listed companies; but not more than 5 companies. Besides, directors shall not be partner or executive or employee or consultant who receive regular salary or hold more than one (1) percent of total voting shares of any company that operates the same business and is a significant business competitor to the Company's or its subsidiary.

3.1 Recruitment of the Directors

The Board of Directors has the order of precedence to recruiting and appointing the directors that have expertise and experience to supervise benefit of the company and shareholders.

The Nomination and Remuneration Committee granted the minority shareholders to propose an agenda of annual general meeting and director nominee in advance. The director nominee shall have following qualifications:-

- Not having any prohibited characteristics under regulations of applicable law and notices such as Public Company Limited Act B.E. 2535, Notice of Capital Market Supervisory Board, Notice of Securities and Exchange Commission and Regulation of the company relevant to qualification of company's committee, etc.
- Having integrity, morality, initiative, excellence, responsibility, justice, independence, and providing equitable shareholder opportunities.
- Having educational background and work profile that is beneficial to the Company's business.
- Passing training related to corporate governance and high level of policy-making.
- Having commitment to equal treatment of shareholders' interests
- Dedicating time and ability to enhance the business development of the Company.

The Board of Directors shall consist of independent committees at least 1/3 of the Board of Directors; and not less than 3 persons with qualifications stipulated by Notice of Stock Exchange of Thailand, and Notice of Capital Market Supervisory Board.

The Board of Directors shall consider and screen a qualified person to be appointed as the director including directors who represent of shareholders or independent directors by considering on skill and experience to strengthen the Board of Directors' structure; reviewing when appropriate.

Election of the Directors

The election of the directors in the shareholders' meeting follows principles and procedures as below:-

- Each shareholder has his/her votes equal to amount of shares by one-share per one-vote.

- Voting a nominee individually and shareholders shall make all votes they have to select the nominated as the director one by one. The election can be for one or many nominee but the votes cannot be shared.
- The persons who have the highest votes by order are elected as the director equal to numbers of directors to be selected in that time. In case an elected person in the next order has same vote beyond the amount of committee, the president will make another vote for final judgment.

In case the position of director is vacant due to any other reasons apart from retirement by rotation, the Board of Directors shall consider appointing a qualified person and he shall not have prohibited characteristics to be the director in next board of directors' meeting unless the period of retired director is less than 2 months. The director that replaces will be in position within left period. Nevertheless, the resolution to appoint a person as the committee shall require at least three-quarters (3/4) votes of all board members left.

In annual general meeting, one-third (1/3) of the directors or the nearest number of one-third of the directors shall retire from office each year. The directors to retire by rotation at every annual general meeting shall be those who have the longest term in office since their last appointment. The directors who retire can be re-elected for one more term of office.

3.2 Recruitment of Independent Directors and Audit Committee

The company has a policy to specify qualification and recruitment of independent directors and audit committee in accordance with Notice of Capital Market Supervisory Board at T.J. 28/2008 associated with permission to offer newly issued share dated on 15 December 2008 (including amended version).

Nevertheless, the independent directors shall be at least 1/3 of all Board's members and not less than 3 persons while the audit committee consists of at least 3 independent directors with qualification stipulated by law, notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board as follows:-

Qualification of Independent Directors

- a) Holding share not over 1% of all shares with right to vote of the company, headquarter, subsidiary, joint venture, major shareholder or authority of the company. However, it includes shareholding of the relevant of such independent directors.
- b) Not or used to be a committee participating in administration, employee, staff that the consultant with regular salary or the authority of company, holding company, subsidiary or joint venture, joint venture or authority of the company unless retirement from such quality for 2 years before submitting forms to Office of Securities and Exchange Commission. Such incompatibility does not include the case that independent committee used to be bureaucrat or government's advisor that is the major shareholder or authority of the company.
- c) Not being a person with consanguinity or relation by law such as parents, spouse, sibling and child along with spouse of other committee' children, executive, major shareholder, authority or a person proposed to be directors or regulator of the company or subsidiary.
- d) Not having or used to have business connection with the company, holding company, subsidiary, joint venture, major shareholder, or regulator of the company that interrupts free discretion along with not being or used to be a shareholder or the regulator of those who have business connection with the company, holding company, subsidiary, joint venture, major shareholder, or regulator of the company

unless retirement for not less than 2 years before submitting form to Office of Securities and Exchange Commission. Such business connection includes normal trade transaction to lease or rent out real estate, asset-related list or service or financial support by guaranteeing or loaning asset as settlement guarantee including similar behaviors resulting the company or signatory have liability to settle to another party from 3% of net tangible asset of the company or at least 20 million Baht. However, calculating such liability shall follow methods of value calculation of involved transaction according to notice of capital market supervisory board associated with involved transaction permitted to consider such liability including liability during a year before having business connection with the same person

- e) Not being or used to be an auditor of the company, holding company, subsidiary, joint venture, major shareholder or regulator of the company and not being implicit shareholder, regulator or partners of auditing office in which the auditor of the company, holding company, subsidiary, major shareholder or regulator belongs to unless retirement from such characteristic not less than 2 years before submitting form to the Office of Securities and Exchange Commission
- f) Not being or used to be any professional service providers including legal consulting service or financial consultant with service charge more than 2 million Baht per year from the company, holding company, subsidiary, joint venture, major shareholder, or the regulator of the company and not being an implicit shareholder, regulator or partner of such professional service providers unless retirement from such quality not less than 2 years before submitting form to the Office of securities and Exchange Commission
- g) Not being a committee appointed to be representative of the company's committee, major shareholder or shareholders related to major shareholders.
- h) Not running business with same condition and it is implicit opponent to the company or subsidiary and not being an implicit partner in partnership or a committee taking part in administration, employee, staff, and consultant with regular salary or holding share over 1% of all shares with voting rights of other companies that run the same business with implicit competition to the company or subsidiary.
- i) Not having any other qualities that interrupt free comment about operation of the company

After appointed as the independent directors with qualification from a) to i), the independent directors shall be assigned by the Board to make decision for operations of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company with Collective Decision.

In case a person appointed by the company to be the independent directors that has or used to have business relation or professional service more than value specified in d) or f), the company can be extended limit of prohibitions to have business relation or professional service in case the company has provided opinions of the company's committee showing that it has been considered following section 89/7 of Securities and Exchange Act B.E. 2535 (including amended version) that such appointment has no effect on operations and comments that the independent directors provides following data disclosure in invitation letter to Shareholder's meeting for agenda considering independent committee appointment

- (A) Business relation or professional service that makes such person disqualified as stipulated in principles
- (B) Reason and necessity to appoint such person as the independent directors
- (C) Opinion of company's committee to propose appointing such person as the independent directors

For benefit according to (E) and (F), the word “partner” is defined as a person assigned by auditing office or a professional service provider to be the signor in auditing report or professional service report (case by case) on behalf of that juristic person.

Qualification of Audit Committee

- (A) Appointed by the committee or shareholder’s meeting of the company as the audit committee
- (B) Independent Committee with quality of independent committee that
 1. Not being a committee assigned by the committee to make decision for operation of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company and
 2. Not being the committee of holding company, subsidiary, or subsidiary in same level that is the authorized company
- (C) Having duty as same as stipulated in Notice of Stock Exchange of Thailand associated with quality and scope of operation of audit committee
- (D) Having sufficient knowledge and experience to act as the audit committee; however, there must be at least an audit committee with proficiency and experience to verify credibility of financial budget

Appointment of Independent Directors/ Audit Committee

Recruitment and Return Specification Committee selects a qualified person to propose to Company’s committee or shareholders to appoint the independent committee/ audit committee (case by case). The audit committee shall be the independent committee appointed from the completely qualified people as in the law, regulations, Notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board. There must be at least 1/3 of all committees that are independent committee and 3 audit committees. The independent committee/ audit committee has period of positioning equal to the company’s committee. When the due comes, they can be reelected to take that position again. However, at least an audit committee shall have proficiency and experience in finance and accounting.

3.3 Recruitment of Executive Committee

The Board of Directors appoints the executive committee by selecting from those who have knowledge and experience and understanding about business quality, normal operation of the business and management of the company. The component of executive committee consists of the management team with a managing director as the executive committee chairman.

3.4 Recruitment of Nomination and Remuneration Committee

The Board of Directors appoints the Nomination and Remuneration Committee by selecting from some of the Board’s members and/or experts with amount of not less 3 people but not over 5 people. Nevertheless, the independent director is the Nomination and Remuneration Committee chairman.

3.5 Recruitment of Executive

The Board of Directors appoints a managing director by the Nomination and Remuneration Committee selects those who are qualified to take such positions by considering from knowledge, experience, and proficiency of management to present to the Board of Directors for further appointment.

4. **Subsidiary and Affiliation's Operation Supervision**

The company has mechanism to supervise subsidiary and affiliation directly and indirectly as well as measures to follow up management of the subsidiary and affiliation to maintain benefit of investment of the company and be able to manage and take responsibility of operation of subsidiary as a part of the company by emphasizing on investment in business that supports and makes benefit for the company by considering returns and other benefits the company expects to receive from investment. It is to support and promote business of corporations. However, the company has specified policy of investment in subsidiary and affiliation approved by the Board of Directors' meeting 1/2017 arranged on 23rd February 2017 with following details:

The Company has a policy to consider investing in subsidiaries, and associates by focusing on supporting business and benefits of the company; whereas considering on the return and other benefits of the company such as expected return on investment, were made. The Company considers the appropriate proportion of investment and expected return on investment for the benefit of the shareholders of the Company.

The company will supervise by sending people approved by the committee's meeting to be the committee and/or executive of subsidiary and affiliation as the representative by proportion of shareholding for ultimate benefit of the company, subsidiary or affiliation. The committee and executives shall have quality, role, duty and responsibility without lacking reliability as the Notice of SEC Office to take part in such business management.

Committees and/or executives have right to vote in committee's meeting and/or shareholder's meeting of the subsidiary and affiliation according to guidelines or resolution that the committee or shareholder's meeting of the Company has approved. The appointed committees and/or executives can apply discretion to vote in the meeting of the subsidiary and affiliation associated with general management but in case of material matters, they shall be approved by the committee's meeting or shareholder's meeting of the Company first. Essential matters include connected transaction, obtainment and distribution of asset, any actions that reduce proportion of shareholding of the company in subsidiary and affiliation or even business termination of subsidiary and affiliation.

5. **Control of Internal Data Usage**

The company and subsidiary realize and give precedence to operation according to Good Corporate Governance) and Check and Balance to strengthen confidence of shareholders and every relevant institute for continual operation by being aware of long-term value growth of the company. The committee and executives of the company agree to specify internal data usage control measure so that the company has transparent operation according to good corporate governance approved by the company's meeting 1/2017 arranged on 23rd February 2017 that can be summarized as follows:

1. Committee, executives and employees shall keep secret/ internal data of the company and subsidiary and shall not disclose such data or gain personal benefit or other's interest from it no matter it is direct or indirect or receive returns or not.
2. The company provides knowledge for the committee and executives of the company to realize duty of reporting securities holding of themselves, spouse, and immature children according to section 59 of Securities and Exchange Act B.E. 2535 including amended version ("Securities Act") and Notice of Securities and Exchange Commission at S.J. 12/2009 dealing with Making and disclosing Security Holding Report of the committee, executives and auditor and punishment according to Section 275 of Securities and Exchange Act B..E. 2535

3. The company specifies that the committee and executives shall report changing of security holding of the company to Securities and Exchange Commission according to section 59 of Securities Act and Notice of Securities and Exchange Commission at SJ. 12/2009 associated with making and disclosing Security Holding Report of Committees, executives and auditors and delivers the duplicate of this report to the company on the exact same date that this report is submitted to Securities and Exchange Commission
4. The company and Subsidiary specifies not allowing committee, executives or practitioners of the company and the subsidiary to perceive internal data and disclose to outsiders or irrelevant people and they should abstain from trading shares of the company within a month before the company publicizes financial statement or essential information.
5. The committees, executives and employees of the company and the subsidiary shall not trade, transfer or accept transfer securities of the company by using internal data of the company' subsidiary and/or do any other transactions using internal data of the company or subsidiary that may result in damages to the company directly or indirectly. This specification includes the spouse and immature children of the committee, executives and employees of the company and subsidiary. Those who infringe such regulation will be deemed as severe offence and the company has defined penalty for people who gain benefit from using or revealing internal data that defames the company and the company will liaison with relevant supervisory institute for further legal action.

6. Auditor's Remuneration

6.1 Audit Fee

The company and subsidiary pays remuneration for annual auditing and interim reviewing of financial statements to Pricewaterhousecoopers ABAS which is the auditing office of the company and subsidiary for accounting years ended on 31st December 2016 for 2,300,000 Baht.

The Annual Shareholders' Meeting 2016 held on 21st April 2016 had a resolution to appoint Ms. Nattaporn Pun-udom CPA #3430, or Mr. Khajornkiet Arunpairojkul CPA#3445, or Mr. Pisit Tangtanakul CPA #4095 of Pricewaterhousecoopers ABAS as the auditor of the company and subsidiary for interim reviewing and annual auditing of financial statements for accounting year ended on 31 December 2016; including audit under BOI requirements, in amount of 2,300,000 Baht

6.2 Non-audit Fee

The company hired Pricewaterhousecoopers ABAS to review and audit the financial data of the company as agreement for year ended on 31 December 2016 with total traveling expense of 85,544 Baht.

7. Compliance with Principle of Good Corporate Governance in Other Terms

-N/A-

Overview (CSR In Process)

The Company has concept of moral and transparent business operation concept with emphasis on responsibility toward society and all groups of stakeholders according to good corporate governance as well as policy and practical guideline toward different groups of stakeholders so as to ensure that the Company can build stability and sustainability in business operation and confidence to all parties of stakeholders. However, the Company operates with social responsibly focus as follows:

1. Fair Business Operation

- The Company determines policy and practical guideline to all groups of customers. The fair and clear condition under laws is notified and the precedence is given to customer satisfaction together with fair business operation.
- The Company equally and fairly treats its business partners and creditors through strict compliance with commercial condition and/or commercial agreement.
- The Company fairly treats the competitor companies without violation of business ethics as well as non-execution in the way of criticism, malevolence or defamation of the competitor companies.

2. Anti-Corruption

- The Company's policy is to define responsibility, practical guideline, and requirement in proper operation for prevention of anti-corruptions with all of the Company's business activities and for proper and circumspect consideration and practice on decision making and business operation that may have anti-corruption risk.
- The Company's anti-corruption policy covers the prohibition of the Company's directors, executives and employees to execute or accept all forms of corruption both of direct or indirect. It also covers the businesses in all countries and all relevant agencies with regular verification on compliance with anti-corruption policy as well as review of practical guideline and operating requirement to be consistent with the change of business, rule, regulation and legal provision.
- The Audit Committee has set guidelines for auditing the internal control system by the third-party auditors to be able to conduct a thorough audit on the key issues of neutrality and independence.

3. Respect on Human Rights

- The Company gives precedence and respects human right through promotion and protection of liberty and rights as well as fair and equitable treatment without the policy of discrimination on individuals who are divergent in races, females, children and disabled.
- The Company employs the disabled to work for the Company as equitable treatment, enabling to create jobs and revenues to such disabled.

4. Fair Employee Treatment

- Human resources are regarded as the cog in propelling the Company's business to achieve the targets. The Company therefore devotes to the employee's quality of life through good working environment, fair human resource management system, encouragement of personnel development to be progressive according to appropriateness in every functional line. The Company cares for the quality of life of employees; therefore the Company has assessed the workplace health in 2016 and implemented the happy workplace project according to the guidelines for the happy organization by joining the Thai Health promotion Foundation.

5. Responsibility to Customers

- The customer satisfaction is regarded as one of the Company's main strategies in stepping into being "The Real Leader for Modern Cool" according to the Company's slogan. However, apart from maximum sales volume value in Thailand, the Company also emphasizes on customer responsibility.
- The Company has been certified for international standard of ISO 9001:2008 quality system management as the seal on well care in the Company's product and service quality. Moreover, the Company also has the assurance of the Company's product and service quality so that the customers are assured that they will get quality products and services from the Company with customer responsibility.
- The Company provides customers on direct complaint about products and services of the employees to the Company via telephone no. 02-953-8800 and 02-015-5920. In addition, the customers can directly contact to Customer Relations Management Unit via mobile phone nr. 081-422-4454. Besides, the customers may contact the independent unit i.e. the corporate secretary office via email: comsec@masterkool.com
- The Company has clear discount and selling pricing policy for each group of customers. Moreover, the Company also controls selling price with its dealers in every distribution channel to be in proper level.

6. Environment Care

- The Company realizes on the significance of environmental care in order not to cause pollution problems that may affect life quality of human and ecosystem. The Company then does not perform any acts that affect damage toward natural resources and environmental condition.

7. Co-Development for Community and Society

- The Company promotes the use of business process for benefit on quality of life development, helps build economy and strength to community and society, supports the employment in the community, implants employee conscious in environmental and social responsibility, and regularly seeks for opportunity in support of social and community activities.

8. Availability of Innovation and Propagation of Innovation Derived from Operation with Responsibility on Society, Environment and Stakeholders

- The Company continuously dedicates resources in research and development in order to invent environmentally friendly products and services, and helps in energy saving. The Company's evaporative air cooler product is one of the proofs for such dedications with energy saving capability of air cooler when compared with air-conditioner; moreover, the Company also accepts to completely advise energy saving.

Operation and Reporting Preparation

Social responsibility according to aforesaid policy and practical guideline is the part of the Company's business operations that have been continuously practiced from fair treatment to business partner, quality product manufacture and service provision based on Management Quality of ISO 9001:2008, clear selling pricing for customer, fair appraisal of employee performance until participation in community development through employment to people in community. Apart from compliance with policy and ongoing practical guideline, the Company also regularly reports social responsibility activities at the Company's website <http://www.masterkool.com>

Operation of Business Affecting Social Responsibility

-None-

Environmental and Social Benefit Activities (CSR After Process)

The Company regularly arranges environmental and social benefit activities. For 2016, the Company continued the “CSR-MASTERKOOL Weaving Coolness to Society Project”, having its objective to render the Company’s products for public benefit to various agencies that have confronted with hot weather problem and electricity bill problem of air-conditioner. The company’s products were rendered in such project to various agencies such as temples, foundations, schools and hospitals, etc.



Wat Phra That Pha Sorn Kaew, Tambon Camp Son, Khao Kho, Phetchabun



Suan Pa Uppatham School, Sanam Chaiket, Chachoengsao



Home for Blind Children, Ramindra Road, Bangkok

1. Opinion of the Board of Directors on Internal Control System

The Company and its subsidiary have the order of precedence to good internal control system management for supporting effective operations of the Company and its subsidiary under internal control system that is adequate, effective and extensive to all areas in order to be in line with the relevant laws and rules for the listed companies in the Stock Exchange. The Board of Directors always arranges the adequate and effective check and balance mechanism for protection and well-management of the properties of the Company and its subsidiary under authorization level of approval and specifies roles and responsibility of the executives and staff by check and balance mechanism with written work procedures. The independent internal audit work unit is available. The Company has hired Acc-Plus Consultant Company Limited ("Acc-Plus Co., Ltd.") to perform auditing work of all units of the Company and its subsidiary; and directly report to the Audit Committee.

Moreover, the Company and its subsidiary also arranges proper and sufficiently circumspect Internal Control System and Internal Audit System for protecting assets of the Company and its subsidiary from improper use as well as prevention of fraud that may take place in the Company and its subsidiary under clear and accountable work process in consistency with the guideline of the Stock Exchange of Thailand.

In the Board of Directors' Meeting No. 1/2016 on 23rd February 2016, the Board of Directors which included the Audit Committee considered adequacy of internal control system of the Company and its subsidiary based on Assessment Form of the Office of SEC in accompany with further inquiries for additional information from the management and related officers. The internal control system of the Company and its subsidiary in all 5 areas has been assessed based on Guideline of COSO (Committee of Sponsoring Organizations of the Treadway Commission) as follows.

- 1) Control Environment
- 2) Risk Management
- 3) Control Activities
- 4) Information & Communication
- 5) Monitoring Activities

The Board of Directors commented that the Company and its subsidiary have proper and adequate internal control system according to existing control environment. Moreover, the Company has also arranged the sufficient personnel for effective system operation and has also proper internal control system in the issue of monitoring and controlling the operations of the Company and its subsidiary to enable to sufficiently protect the properties of the Company and its subsidiary from the unauthorized or wrongful use of their directors or executives; including related-party transaction and transaction who may have conflict of interest. In conclusion, the Audit Committee and the Board of Directors have had aligned comments.

2. Observations of Internal Audit Unit on Internal Control System of the Company

In 2016, the internal auditor entered to audit and monitor internal control system and system compliance covering all of the systems of the Company and its subsidiaries, consisting of: 1) sales, marketing and after-sales service system, 2) cash receipt system, 3) payment system, 4) production system, 5) product and cost management system, 6) fixed asset system, and 7) payroll and human resource management system. The risks were also simultaneously assessed.

From the audit of aforesaid work process, the observations of Internal Audit Unit regarding work process have been as follows.

1) Sales, marketing and after-sales service system

The demand for the products of the international market has continued; in complying with the growth of international business of which risen in misting fans and evaporative air coolers. These products have a variety of requirements / specifications due to the differences in each system design of installation. Some of these products or optional parts do not have high demands in local market; thus some items may not be listed on the standard price list. The Company, therefore, has updated the standard pricing list to cover all product categories of the company; including discount structure for the international market; along with revised working procedures.

2) Cash Receipt System (Inflow)

In the rental system for the product, some consumers may provide payment through transferring the rent through the company's account, deducted the withholding tax. The submission of the certificate of withholding tax to the company will be continuously monitored by the company to be used as corporate income tax credit, by assigning the staff of the rental branch for follow up and to communicate with customers about the tax deduction process when they open their sales in the future. All outstanding values do not have a significant effect the results of operations. During the year 2016, the total amount of outstanding tax deductible items was 58,641.07 Baht.

3) Payment System (Outflow)

In order to achieve proper budgetary disbursement, checks and balances are carried out. The company has set up a manual to control the use of investment and other budgets, together with the Authority Table, to be consistent and presented to the Board for approval and to provide clear guidelines for all practitioners.

4) Production System

--None--

5) Product and Cost Management System

--None--

6) Fixed Asset System

--None--

7) Payroll and Human Resource Management

The company's business is seasonal, which results in a management which has to consider several factors such as seasonal stock (in order to accurately quantify production orders or importation of goods according to demand) as well as human resource management. Therefore the company plans the capacity according to the sales forecast and sets the annual budget plan. But the management of the business according to season has to be closely monitored, so when the off season/low season begins, the relevant agencies will have to report information in a timely manner and plans must keep in pace with any swift changes in the environment. For example, the speed of the off-season due to weather

conditions will affect the number of branches and the capacity to achieve business value. In addition, the company has prepared a long-term plan to generate consistent annual revenue.

3. Observations on the Internal Control System of the Auditor

The Annual General Meeting of Shareholders held on 21st April 2016, resolved to appoint PricewaterhouseCoopers ABAS Ltd. as the auditor of the Company. In auditing the financial statements for the year 2016, the auditors have reviewed the internal control system of the Company and its subsidiary, reporting to the Audit Committee Meeting No. 1/2017 held on 23rd February 2017 that there were no observations of defects of the internal control system from the audit for the fiscal year 2016.

1. Nature of Relationship of Related Party Transaction

Person / Juristic Person that may have conflict of interest	Nature of Relationship
Site Preparation Management Company ("Site Prep Co., Ltd.")	Mr. Kritsana Thaidumrong, the Director and Major Shareholder in Site Prep Co., Ltd. and the Company's director
Actdee Company Limited ("Actdee Co., Ltd.")	Mr. Thanapat Thaidumrong and Mr. Thammathat Thaidamrong, the Director and Major Shareholders in Actdee Co., Ltd. Mr. Thanapat Thaidumrong and Mr. Thammathat Thaidamrong are the close relatives of Mr. Kritsana Thaidumrong who is the Company's Director
Mr. Noppachai Veeraman	The Company's Director, Chairman of the Board, Managing Director, and Major Shareholder
Mr. Fung Meng Hoi	The Company's Director, Board Member, and Major Shareholder
Miss Varin Veeraman	Close relative of Mr. Noppachai Veeraman who is the Company's Director, Chairman of the Executive Committee Board, Managing Director, and Major Shareholders
Miss Veena Veeraman	Close relative of Mr. Noppachai Veeraman who is the Company's Director, Chairman of the Executive Committee Board, Managing Director, and Major Shareholders
Ms. Sunanta Wanwat	The Company's Director, Assistant Managing Director – Business and Customer Service
Ms. Phornphan Nilprasit	The Company's Director, Assistant Managing Director – Logistics

2. Details of Related Party Transaction

Person / Juristic Person that may have conflict of interest	Type of RPT	Value in FY 2016 (Thousand Baht)	Necessity and Reasonability
1. Site Preparation Management Company ("Site Prep Co., Ltd.")	Sales and service of evaporative air coolers	Sales Revenues 32.60 AR (Beginning) - AR (Ending) -	The Company has sold products and installation services of air cooler system to Site Prep Co., Ltd. under price and condition indifferent from other customers.
2. Actdee Company Limited ("Actdee Co., Ltd.")	Sales and service of evaporative air coolers	Sales Revenues 12,821.27 AR (Beginning) 3,972.56 AR (Ending) 884.31	The Company has sold the Company's products and services to Actdee Co., Ltd. which is the Company's dealer under price and condition in line with the criteria of which the Company has sold to other dealers in the same level.

As of 31st December 2016, the Company has been granted for credits from 3 financial institutions for total loan limit of approximately Baht 335.50 million. Some of this loan limit has been guaranteed by the director, executive and relevant person with below details.

Person / Juristic Person that may have conflict of interest	Type of RPT	Value (Mil.Baht) 2014	Value (Mil.Baht) 2015	Necessity and Reasonability
1. Mr.Noppachai Veerman	Co-Guarantors of Company's loan below:			<p>The Company has negotiated for personal guarantee with two financial institutions:</p> <ul style="list-style-type: none"> • KASIKORNBANK: has successfully discharged the guarantor in July 2016 • UOB BANK has successfully discharged the guarantor in Dec. 2016 <p>For financial institution that also have a personal guarantee obligation; and is in the process of requesting for release of the guarantee</p> <ul style="list-style-type: none"> • TMB BANK
2. Mr.Fung Meng Hoi	• Short-term loan	220.0	-	
3. Ms. Varin Veerman	• Overdraft loan	5.0	-	
4. Ms. Veena Veerman	• Letter of Guarantee	2.0	-	
1. Mr.Noppachai Veerman	Co-Guarantors of Company's loan below:			<p>For financial institution that also have a personal guarantee obligation; and is in the process of requesting for release of the guarantee</p> <ul style="list-style-type: none"> • TMB BANK
	• Short-term loan	32.4	32.4	
	• Overdraft loan	13.6	13.6	
	• Letter of Guarantee	-	-	
2. Mr.Fung Meng Hoi	Co-Guarantors of Company's loan below:			<ul style="list-style-type: none"> • SCB BANK: has successfully discharged the guarantor in July 2016 <p>Presently, the Company was granted the limits with the bank without guarantee obligation totaling 282.50 million baht.</p>
3. Ms. Sunanta Wanwat	• Short-term loan	32.4	32.4	
4. Ms. Phornphan Nilprasit	• Overdraft loan	3.6	3.6	
	• Letter of Guarantee	-	-	
5. Mr.Noppachai Veerman	Co-Guarantors of Company's loan below:			<ul style="list-style-type: none"> • SCB BANK: has successfully discharged the guarantor in July 2016 <p>Presently, the Company was granted the limits with the bank without guarantee obligation totaling 282.50 million baht.</p>
	• Short-term loan	85.0	250.0	
	• Overdraft loan	2.0	27.5	
	• Letter of Guarantee	-	5.0	

3. Measure and Procedure of Approving on Related Party Transaction

The Company has set up measures to enter into related party transactions with people who may have conflicts. The Audit Committee is required to give an opinion on the necessity of entering into the transaction with reasonableness and the price suitability of the item; based on the conditions in the normal course of the market. This can be compared to the price charged to third parties. In the event that the Audit Committee is unqualified in considering potential inter-transactions, the Company will provide persons with special expertise such as auditor, financial advisor. Property appraiser law Office Independent experts, independent of the company. And a person who has no conflict of interest as a facilitator of such connected transaction to be used for the decision of the Audit Committee; for the Audit Committee to present to the Board meeting and / or shareholders as depending on each case.

In addition, the Company has imposed measures not to the management and / or stakeholders can participate in approving directly or indirectly their own interests. Also, the Board of Directors is responsible for the Company to comply with the laws governing securities and stock exchange and regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand; including compliance with the disclosure requirements of connected transactions, and acquiring or disposing of important assets of the Company or its

subsidiary, moreover, comply with the accounting standards set by the Federation of Accounting Professions and the Certified Public Accountants of Thailand. The disclosure of related party transactions is included in the notes to financial statements that have been audited or reviewed by the Company's auditor.

4. Policy and Trend of Future Related Party Transaction

The Company will continue to do such transactions in the future with ACTDEE Co. Ltd, a major dealer of the Company, and relatives of the directors are major shareholders in such companies. By entering into the related transaction, it will be according to the ordinary course of business. There is a clear policy on entering into inter-company transactions i.e. the normal price and terms of business; likely to a transaction with an unrelated party by entering into an interim transaction in the future. It is necessary for the business operations and benefits of the Company

The Audit Committee will review the compliance with the rules and give an opinion on the reasonableness of transactions occurring quarterly.

For related party transactions between the Company or its subsidiaries and the person who may have conflict of interest that are not in line with normal commercial condition, the Company shall assign the Audit Committee to be the person who advises the necessity, Reasonability and appropriateness of price of connected transactions occurred to be in line with market price. The price occurred with outsiders is compared. However, if the Audit Committee is unskilled in consideration on related party transactions that may occur, the Company shall bring the person who possesses knowledge and special skill such as auditor and asset estimator, etc. that is independent from the Company and is the person who has no conflict of interest to enter for consideration and giving opinion about such related party transactions in order to be used as support on decision making of the Audit Committee.

Nevertheless, according to related party transactions that may cause conflict of interest possibly occurred in the future, the Company has prescribed the measure on prohibition of the participative ability of the executive, director or stakeholder in approval of the transaction with self-interest both direct and indirect. However, the Board of Directors shall enter to control the Company to perform in accordance with the law of Securities and Stock Exchange, regulation, proclamation, order or requirement of the Board of the Stock Exchange of Thailand and Capital Market Supervisory Board as well as the compliance with criteria about disclosure of information of connected transactions and acquisition or disposal of the Company's and its subsidiaries' assets according to the Proclamation of the Board of the Stock Exchange of Thailand and the Proclamation of Capital Market Supervisory Board and/or related agencies as well as compliance with the accounting standard required by Federation of Accounting Professions and Certified Public Accountant of Thailand.

Director's Responsibilities for Financial Statements

The Board of Directors is aware of the corporate governance responsibilities of the Company, as well as the supervision of the financial statements and reports as appeared on the annual report. The financial statements are prepared in accordance with accounting standards and sufficient disclosure of material information in the notes should be made in the financial statements. This includes a financial report review to monitor the internal control system effectively, in order to ensure that accurate, complete, timely, and fraudulent accounting records are kept.

The Board of Directors is of the opinion that the internal control system of the company is included in the satisfactory criteria, and to ensure the reliability of the company's financial statements as of 31st December 2016, the company's auditors, in accordance with generally accepted auditing standards, have expressed the opinion that the financial statements and the results of the company's operations are reasonable in substance according to conventionally adopted accounting principles



(Asso. Prof. Dr. Prakrit Tangtisanon)

Chairman of the Board



(Mr. Noppachai Veeraman)

CEO/Managing Director

Table 1: Overall performance for the twelve-month period of 2016 ended December 31, 2016

Unit : Million Baht

Items	FY2016 (12 months)	FY2015 (12 months)	Increase (Decrease)	
			Amount	%
Net Product Sales	853.25	560.72	292.53	52.17
Net Service Sales	28.26	30.3	(2.04)	(6.73)
Other Revenue *	8.08	3.46	4.62	133.53
Total Revenues	889.59	594.48	295.11	49.64
Cost of Goods Sold	562.67	363.12	199.55	54.95
Cost of Service	7.84	11.12	(3.28)	(29.50)
Selling and Administrative Expenses	210.48	204.06	6.42	3.15
Financial Cost	1.6	7.77	(6.17)	(79.41)
Net Profit	87	8.03	78.97	983.44
EPS (Baht/Share)	0.18	0.021	0.159	757.14

*Other revenue such as interest income, foreign exchange gains, government grants, etc.

Overall Performance

For the twelve-month period of 2016, Masterkool recognized a net profit of 87.00 million baht, increased by 983.44% when compared to the comparable period of the previous year; by continuously growth of sales of the evaporative cooling products through all distribution channels and cost control. The total revenue of the period recorded 889.59 million baht, increase by 49.64% when compared to the total revenue of 594.48 million baht in the comparable period of 2015. With respect to selling and administrative expenses totaled 210.48 million baht, a decrease of only 3.15% compared to the selling and administrative expenses of 204.06 million baht of the same period in 2015, the Company recorded a net profit of 9.78% for the twelve month period of 2016, a significant increase when compared to a net profit of 1.35% for the comparative period of 2015.

Table 2: Sales summary by segments for the quarter 4/2016 period and the twelve-month period of 2016

Unit : Million Baht

Segments	Q4/2016	Y-o-Y Difference (%)	Jan – Dec 2016	Y-o-Y Difference (%)
Retail Channel	18.27	(30.79)	419.69	24.57
Corporate Customer Channel	37.33	(12.13)	245.16	79.78
Exporting Distribution	59.06	68.59	216.66	84.00
Others	3.47	234.96	8.08	133.80
Total Sales	118.13	12.56	889.59	49.64

Sales Summary by Segments

- **Retail Channel**

For the twelve month period of 2016, the Retail Channel which includes Modern Trade, Dealer, and On-line trading recorded an increase of 24.57% of sales when compared to the same period of 2015; mainly resulted by the SSSG (same-store sales growth) and by expansion of the modern trade channels such as Tesco Lotus Department Store; combination with sales growth of the dealers channels, online channels, and distribution through “SINGER”. For the period of 2016, the Company has strategically marketed by doing promotions at points of sale (POS) in order to generate customer demand; and at the same time, to build awareness and understanding of the products increased, resulting in a wider market opened. Anyhow, the sales performance in the second half of the fiscal year 2016 dropped when compared to the same period of the fiscal year 2015 because of Thailand’s economics which marked a temporary slowdown in the last quarter of the year.

- **Corporate Customer Channel**

For the twelve month period of 2016, the Corporate Customer Channel recorded an increase of 79.78% of sales when compared to the same period of 2015; mainly resulted by a few adjustments to our prior Sales Plan that resulted in a meaningful impact to sales production by developing a clear coverage of the channel, products and approaching with a right term of payment offered. Target customers include government organizations, private factories, hospitals, shopping malls, etc. that require solutions on cooling down the hot environment, energy saving, and avoiding a damaging effect on the environment. Products that made up the line are ozone generator, industrial fan, and LED light bulb. Market provided more response to the products and solutions; which expected to expand future revenue of the Company.

- **Exporting Distribution**

For the twelve month period of 2016, the Exporting Distribution by International Business Department recorded an increase of 84% of sales when compared to the same period of 2015. The sales growth of the Channel recorded on the highest growth in the year 2016. Mostly, the Company exported various products to AEC countries. Key success factors are not only that those countries are in the tropical areas like Thailand; but also potentiality of agents. Another key factor was expansion of exporting to the North-American countries and other countries; which totally based more than 40 countries worldwide.

Financial Status

Table 3: Summary statement of financial position as of December 31, 2016

Statement of financial position (million baht)	Consolidated financial statements			
	31.12.2016	31.12.2015	+/(−)	%
Cash and cash equivalents	47.44	53.88	(6.44)	(11.95%)
Temporary investment	55.57	50.24	5.33	10.61%
Trade and other receivables	127.35	84.17	43.18	51.30%
Current portion of receivables for finance lease contracts	8.26	0.53	7.73	1458.49%
Inventories	183.62	230.92	(47.30)	(20.48%)
Other current assets	22.54	13.31	9.23	69.35%
Deposits as financial institutions pledged as collateral	50.03	48.24	1.79	3.71%
Receivables for finance lease contracts	8.95	0.96	7.99	832.29%
Property, plants and equipment	49.99	54.58	(4.59)	(8.41%)

Statement of financial position (million baht)	Consolidated financial statements			
	31.12.2016	31.12.2015	+/(-)	%
Intangible assets	5.02	3.20	1.82	56.88%
Deferred tax assets	7.70	5.44	2.26	41.54%
Other non - current assets	1.58	1.56	0.02	1.28%
Total assets	568.05	547.03	21.02	3.84%
Bank over drafts and short - term loans from financial institution	1.54	84.89	(83.35)	(98.19%)
Trade and other payables	153.27	126.25	27.02	21.40%
Current portion of long - term loan from financial institution	0.10	0.43	(0.33)	(76.74%)
Current portion of liabilities under finance lease contracts	1.87	0.98	0.89	90.82%
Income tax payable	10.48	-	10.48	-
Total current liabilities	6.55	4.50	2.05	45.56%
Long - term loan from financial institutions - net of current portion	0.03	0.24	(0.21)	(87.50%)
Long - term of liabilities under finance lease contracts	3.07	1.90	1.17	61.58%
Employee benefit obligation	1.89	1.58	0.31	19.62%
Total liabilities	178.80	220.77	(41.97)	(19.01%)
Issued and paid-up share capital	120.00	120.00	-	-
Premium on share capital	183.03	183.03	-	-
Surplus on share-based payment transactions	3.06	3.06	-	-
Retained earnings				
- Appropriated for legal reserve	3.74	3.74	-	-
- Unappropriated	79.42	16.43	62.99	383.38%
Total equity attributable to the equity holders of the parent company	389.25	326.26	62.99	19.31%

Assets

As of December 31, 2016, the Company had total assets of 568.05 million baht, representing a increase of 21.02 million baht of assets when compared to the assets as of December 31, 2015 which valued 547.03 million baht or increased by 3.841% as details below:-

- Account receivables increased when compared to the balance ending December 31, 2015 in corresponding to sales of the year 2016 which shaped up.
- Current portion of finance lease receivables increased when compared to the balance ending December 31, 2015 due to the Company's policy launched in the year 2016 regarding the installment payment option for corporate customers; aiming on building up customers demand and decision of purchase.
- Inventory of 183.62 million baht representing 32.32% of total assets decreased of 47.30 million baht (20.48%) when compared to inventory of 230.92 million baht as of December 31, 2015. Even with the growth in sales, management of inventories was achieved.

Liabilities

As of December 31, 2016, the Company had total liabilities of 178.80 million baht, representing a decrease of 41.97 million baht or 19.01% when compared to total liabilities as of December 31, 2015 which valued 220.77 million baht as details below:-

- Bank overdrafts and short-term loans, including long-term loans from financial institutions significantly decreased when compared with the balance as of December 31, 2015 due to the company's sufficient liquidity for paying debt faster.

- Obligations under finance leases compared to the amount as of December 31, 2015 increased due to obligations under finance leases of assets preparing for 2017 peak sales period.

Shareholder's Equity

As of December 31, 2016, the Company had total shareholder's equity of 389.25 million baht or 45.93% of total assets, representing an increase of 62.99 million baht when compared to total shareholder's equity 326.26 million baht as of December 31, 2015, increased from the operation results of the twelve months of 2016.

Table 4: Financial Ratio

	Consolidated financial statements		
	Jan - Dec 2016	Jan - Dec 2015	+ / (-)
Liquidity Ratio			
Current ratio	2.56	2.00	0.56
Quick ratio	1.50	0.93	0.57
Profitability Ratio			
Gross profit margin %	35.87%	37.05%	(1.18)
EBIT margin %	12.21%	2.72%	9.49
Net profit margin %	9.78%	1.35%	8.43
Efficiency Ratio			
Return on equity (ROE) %	22.35%	2.46%	19.89
Return on asset (ROA) %	15.31%	1.41%	13.90
Financial Policy Ratio			
Debt ratio	0.46	0.68	(0.22)

Liquidity Ratio

Current ratio and quick ratio increased of 0.56 and 0.57 respectively from the prior year as the Company repaid the bank overdrafts and short term loans from financial institutions and trade creditors; combining with well management of inventories by close monitoring and planning.

Profitability Ratio and Performance Ratio

Operating results of the year 2016, the gross margin slightly decreased due to the growth in export channel with the highest sales growth rate in the year. The channel operated at lower profit margin than other sales channels; while on the other hand costs less than others.

Financial Policy Ratio

The Company's ratio of debt to equity decreased from the previous year. This is directly from the Company's liquidity increased which resulting the risk of the loan also inclined.

Foreign Exchange Rate

The Company's products mostly imported and mainly paid in US dollars. The Company focused on the assessment of exchange rate fluctuations and managed by fix forward option to avoid loss from the exchange rate fluctuations. Anyhow, the Company had no policy to make profit from the exchange.

MASTERKOOL INTERNATIONAL PLC

Consolidated and separate financial statements

31st December 2016



Independent Auditor's Report

To The Shareholders and Board of Directors of Masterkool International Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Masterkool International Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

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

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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

A handwritten signature in blue ink, appearing to be 'am', located at the bottom right of the page.

Key audit matter	How my audit addressed the key audit matter
<p><i>Impairment of short-term borrowings to subsidiary</i></p> <p>Refer to note 33.2 "Related-party transactions" to the separate financial statements.</p> <p>The Group holds a 100% equity interest in Innov Green Solutions Co., Ltd. and accounts for this interest as a subsidiary. For the year ended 31 December 2016, the balance of short-term borrowings to the subsidiary was Baht 27,020,837.</p> <p>There was uncertainty about the business performance of the subsidiary previously, because the performance depends on a number of key projects under the save energy project by ozone, LED installation and water treatment installation. Because the subsidiary's operations haven't met the operational budget and have incurred losses over the year, management performed an impairment review of the short-term borrowings.</p> <p>I focused on this area due to magnitude of the amount and because the management has to assess the subsidiary's future profitability and cash flow projection which depends on a number of assumptions such as the revenue growth rate, the discount rate and the inflation rate. These assumptions involve significant judgements by management in assessing the possible of future business plan.</p>	<p>I evaluated the subsidiary budgeting procedures (on which the forecasts are based) and assessed the principles of the subsidiary's discounted cash flow model. I tested the mathematical accuracy of the calculation derived from each forecast model and assessed key assumptions in the forecasts such as;</p> <ul style="list-style-type: none"> • Revenue growth, by referring to management's forecasts and external data used, I assessed that the projects that were included in management's forecasted revenue were probable as they have a signed agreement or official confirmation from customers, and the revenue growth rate was in line with the reasonable future plan. • Discount rate, I challenged management regarding the reasonableness of the discount rate used and found that it was consistent with the subsidiary's cost of capital. <p>I also considered the historic and forecasted macro-economic and business performance, and compared them to other comparable companies operating in the same sector in Thailand.</p> <p>I found that the key assumptions were supported by the available evidences and was within an acceptable range. In assessing the subsidiary's future profitability and cash flow projection, the short-term borrowings do not require any impairment to be recorded in these financial statements as at 31 December 2016.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.



Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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





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

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read "Nattaporn Phan-Udom".

Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
Bangkok
23 February 2017

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Masterkool International Public Company Limited
Statement of Financial Position
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		Restated		Restated	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	4, 8	47,440,840	53,884,430	46,754,434	53,716,082
Short-term investments	4, 9	55,571,265	50,243,246	55,571,265	50,243,246
Trade and other receivables	10, 33.2				
- Related parties		884,314	3,972,556	1,950,734	4,186,225
- Other parties		126,467,676	80,196,177	122,410,808	79,322,581
Current portion of receivables of finance lease	11	8,257,378	530,110	440,030	530,110
Inventories	12	183,624,020	230,920,152	184,761,985	231,753,872
Short-term borrowings to related parties	22	-	-	27,020,837	9,159,551
Other current assets		22,542,273	13,308,895	19,878,371	12,451,753
Total current assets		444,787,766	433,055,566	458,788,464	441,363,420
Non-current assets					
Deposits at financial institutions pledged as collateral	13	50,029,913	48,242,992	49,029,913	47,230,121
Receivables of finance lease - net	11	8,950,907	963,156	523,126	963,156
Investment in subsidiary	14	-	-	1,261,210	1,261,210
Property, plant and equipment	15	49,987,591	54,576,185	45,602,394	48,669,511
Intangible assets	16	5,016,443	3,200,958	3,800,086	3,191,566
Deferred tax assets	26	7,695,625	5,437,202	7,148,087	5,437,202
Other non-current assets		1,583,734	1,556,534	1,583,734	1,556,534
Total non-current assets		123,264,213	113,977,027	108,948,550	108,309,300
Total assets		568,051,979	547,032,593	567,737,014	549,672,720

Director _____

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of Financial Position
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		Restated		Restated	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	17	1,536,844	84,894,899	1,536,844	84,894,899
Trade and other payables	18, 33.2				
- Related parties		-	-	18,320	18,320
- Other parties		153,272,846	126,247,018	145,818,342	124,920,177
Current portion of long-term borrowings					
from financial institutions	19	102,202	426,195	102,202	426,195
Current portion of finance lease liabilities	20	1,867,633	985,406	1,867,633	985,406
Income tax payable		10,478,976	-	10,478,976	-
Other current liabilities		6,553,006	4,501,255	6,401,941	4,442,059
Total current liabilities		173,811,507	217,054,773	166,224,258	215,687,056
Non-current liabilities					
Long-term borrowings from financial institutions	19	25,030	239,973	25,030	239,973
Finance lease liabilities	20	3,066,349	1,898,850	3,066,349	1,898,850
Deferred tax liabilities		-	-	-	-
Employee benefit obligations	21	1,889,945	1,575,034	1,873,261	1,570,972
Total non-current liabilities		4,981,324	3,713,857	4,964,640	3,709,795
Total liabilities		178,792,831	220,768,630	171,188,898	219,396,851

Masterkool International Public Company Limited
Statement of Financial Position
As at 31 December 2016

		Consolidated financial statements		Separate financial statements	
			Restated		Restated
		2016	2015	2016	2015
Notes		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	24				
Authorised share capital					
480,000,000 ordinary shares					
of Baht 0.25 each		120,000,000	120,000,000	120,000,000	120,000,000
Issued and paid-up share capital					
480,000,000 ordinary shares					
of Baht 0.25 each		120,000,000	120,000,000	120,000,000	120,000,000
Share premium	22, 24	183,030,333	183,030,333	183,030,333	183,030,333
Surplus on share-based payment transactions		3,063,937	3,063,937	3,063,937	3,063,937
Retained earnings					
Appropriated - legal reserve	22	3,743,166	3,743,166	3,743,166	3,743,166
Unappropriated		77,818,318	14,823,133	85,107,286	18,835,039
Other components of equity		1,603,394	1,603,394	1,603,394	1,603,394
Equity attribute to owners of the parent		389,259,148	326,263,963	396,548,116	330,275,869
Non-controlling interests		-	-	-	-
Total equity		389,259,148	326,263,963	396,548,116	330,275,869
Total liabilities and equity		568,051,979	547,032,593	567,737,014	549,672,720

Masterkool International Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2016

		Consolidated financial statements		Separate financial statements	
			Restated		Restated
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
Revenues					
Revenues from sales		853,246,230	560,718,026	831,647,863	559,027,307
Revenues from services		28,258,565	30,299,475	26,479,718	29,031,624
Other income		8,083,830	3,457,654	8,599,889	3,836,491
Total revenues		889,588,625	594,475,155	866,727,470	591,895,422
Expenses					
Costs of sales		562,670,397	363,117,875	544,595,396	362,017,401
Costs of services		7,838,137	11,115,654	6,530,655	10,014,896
Selling expenses		139,311,432	133,550,556	139,237,569	133,209,237
Administrative expenses		71,170,485	70,507,413	63,941,615	66,561,677
Finance costs		1,599,745	7,765,612	1,599,206	7,762,557
Total expenses		782,590,196	586,057,110	755,904,441	579,565,768
Profit before income tax		106,998,429	8,418,045	110,823,029	12,329,654
Income tax expense	26	(20,003,244)	(392,873)	(20,550,782)	(392,873)
Profit for the year		86,995,185	8,025,172	90,272,247	11,936,781
Other comprehensive income (expense)					
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial gain (loss) on defined employee benefit plans		-	2,004,242	-	2,004,242
Income tax relating to components of other of other comprehensive income		-	(400,848)	-	(400,848)
Other comprehensive income for the year, net of tax		-	1,603,394	-	1,603,394
Total comprehensive income for the year		86,995,185	9,628,566	90,272,247	13,540,175
Profit attributable to:					
Owners of the parent		86,995,185	8,025,172	90,272,247	11,936,781
Non-controlling interests		-	-	-	-
		86,995,185	8,025,172	90,272,247	11,936,781
Total comprehensive income for the year attributable to:					
Owners of the parent		86,995,185	9,628,566	90,272,247	13,540,175
Non-controlling interests		-	-	-	-
		86,995,185	9,628,566	90,272,247	13,540,175
Earnings per share for profit (loss) attribute to the equity holders of the parent					
	27				
Basic earnings (loss) per share		0.18	0.02	0.19	0.03

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Consolidated financial statements

Attributable to owners of the parent																
Other components of equity																
Other comprehensive income																
Gains (losses) on																
remeasurements of																
defined employee																
benefit plans																
income for the year																
Total parent's																
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The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2016

Separate financial statements																
Other components of equity																
Other comprehensive income																
Gains (losses) on remeasurements of defined employee benefit plans																
Total other comprehensive income for the year																
Total equity																
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Masterkool International Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		Restated		Restated	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash flows from operating activities					
Profit before income tax		106,998,429	8,418,045	110,823,029	12,329,654
Adjustments for:					
Depreciation and amortisation	15, 16	9,733,537	9,099,955	9,498,716	8,942,043
Allowance for impairment		3,590,041	-	358,232	-
Loss on write-off of property, plant and equipment		370,480	40,341	370,480	40,341
Gain on disposal of property, plant and equipment		(379,818)	(28,644)	(384,938)	(28,644)
Loss on impairment	15	-	418,830	-	418,830
Unrealised gain from short-term investment		(668,019)	-	(668,019)	-
Unrealised (gain) loss on foreign exchange rate		(836,391)	5,481,922	(836,391)	5,481,922
Allowance of obsolete inventories	12	4,586,436	6,006,200	4,586,436	5,970,554
Allowance (Reversal) for doubtful accounts	10	781,934	1,536,111	781,934	1,536,111
Finance costs		1,599,745	7,669,024	1,599,206	7,665,969
Interest income		(792,667)	(1,108,459)	(792,667)	(1,473,543)
Employee benefit obligations	21	261,225	624,737	249,141	620,676
Provision expense after sale		1,377,909	753,671	1,377,909	753,671
Profit from operating activities before changes in assets and liabilities		126,622,841	38,911,733	126,963,068	42,257,584
Changes in operating assets:					
- trade and other receivables		(43,249,227)	(31,675,983)	(40,918,706)	(30,703,278)
- receivable of finance lease		(15,620,525)	(829,074)	624,604	(829,074)
- inventories		42,709,696	(68,289,431)	42,405,452	(67,711,615)
- other current assets		(11,231,889)	(7,256,071)	(9,425,128)	(6,928,659)
- other non-current assets		(27,200)	-	(27,200)	-
Changes in operating liabilities:					
- trade and other payables		27,833,191	56,248,223	21,705,528	54,482,015
- other current liabilities		673,843	214,426	581,972	380,942
Cash flows from operations		127,710,730	(12,676,177)	141,909,590	(9,052,085)
Interest paid		(1,317,478)	(7,290,177)	(1,317,478)	(7,287,122)
Income tax paid		(9,696,351)	(4,759,207)	(9,696,351)	(4,759,207)
Net cash generated from (used in) operating activities		116,696,901	(24,725,561)	130,895,761	(21,098,414)

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2016

		Consolidated financial statements		Separate financial statements	
		2016	Restated 2015	2016	Restated 2015
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Deposits at financial institutions pledged as collateral increase	13	(1,786,922)	(7,575,687)	(1,799,792)	(7,562,817)
Cash paid from loans to related parties		-	-	(17,871,719)	(3,850,000)
Proceeds from disposals of property, plant and equipment	15	3,837,038	287,062	3,803,786	287,062
Investment in short-term investment		(4,660,000)	(50,243,246)	(4,660,000)	(50,243,246)
Purchases of property, plant and equipment	15	(6,856,284)	(19,297,095)	(4,877,296)	(19,227,097)
Purchases of intangible assets	16	(2,653,250)	(854,523)	(1,441,750)	(854,523)
Interest received		470,426	1,019,250	480,861	1,006,808
Net cash from/ (used in) investing activities		(11,648,992)	(76,664,239)	(26,365,910)	(80,443,813)
Cash flows from financing activities					
Increase in overdraft and short-term borrowings from financial institutions	17	(83,817,245)	(52,202,512)	(83,817,245)	(51,722,370)
Additions of long-term borrowings from financial institutions	19	-	298,792	-	298,792
Repayment of long-term borrowings from financial institutions	19	(538,936)	(389,636)	(538,936)	(389,636)
Repayments of finance lease liabilities	20	(3,135,318)	(1,726,858)	(3,135,318)	(1,726,858)
Proceed from issue of ordinary shares	24	-	30,000,000	-	30,000,000
Share premium	24	-	186,000,000	-	186,000,000
Direct cost from issue of ordinary shares	24	-	(7,869,667)	-	(7,869,667)
Dividends paid	23	(24,000,000)	-	(24,000,000)	-
Net cash from / (used in) financing activities		(111,491,499)	154,110,119	(111,491,499)	154,590,261
Net (decrease) increase in cash and cash equivalents		(6,443,590)	52,720,319	(6,961,648)	53,048,034
Cash and cash equivalents, beginning balance		53,884,430	1,164,111	53,716,082	668,048
Cash and cash equivalents, ending balance		47,440,840	53,884,430	46,754,434	53,716,082
Non-cash transaction					
Acquired vehicles under finance lease	15	4,868,634	4,239,087	4,868,634	4,239,087

The accompanying notes on pages 13 to 61 form part of this interim financial information.

1 General information

Masterkool International Public Company Limited ("the Company") is a public limited company, incorporated and resident in Thailand. The address of its registered office is as follows:

Head office: 22, Soi 2, Tessaban Rangsan-Nua Road, Ladyao, Jatujak, Bangkok, 10900, Thailand.

Factory: 184 Moo 10, Na Wang Hin, Phanat Nikhom, Chonburi 20240, Thailand.

For reporting purposes, the Company and its subsidiary are referred to as the Group.

The principal business operations of the Group are summarised as follows:

- (1) Supply and sale of cooling products such as evaporative air cooler, misting fans industrial fans and ozone generator;
- (2) Provide service of cooling products and it has a subsidiary which operates in sale and service for ozone system.

These Group consolidated and separate financial statements were authorised for issue by the board of directors on 23 February 2016.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and Separate financial statements are set out below:

2.1 Basis for preparation

The consolidated and Separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the accounting Act B.E. 2543, being those Thai financial reporting standards issued under the accounting profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and Separate financial statements have been prepared under the historical cost convention except short-term investments as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated financial statements are disclosed in note 5.

An English version of the consolidated and Separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.



2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016.

- a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 13 (revised 2015)	Fair value measurement

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. This standard has no impact to the Group.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting Company as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss. This standard has no impact to the Group.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption. This standard has no impact to the Group.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group.

TFRS10 (revised 2015) 'Consolidated' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. This standard has no impact to the Group.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or TFRS 9 (when announced). This standard has no impact to the Group.

2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations (Cont'd)

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016. (Cont'd)

b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 20 (revised 2015)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 29 (revised 2015)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TFRS 5 (revised 2015)	Non-current assets held for sale and discontinued operations
TFRS 6 (revised 2015)	Exploration for and evaluation of mineral resources
TFRS 11 (revised 2015)	Joint arrangements
TSIC 10 (revised 2015)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2015)	Service concession arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2015)	Applying the restatement approach under TAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 12 (revised 2015)	Service concession arrangements
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers
TFRIC 20 (revised 2015)	Stripping costs in the production phase of a surface mine

2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets
TFRS 5 (revised 2016)	Non-current assets held for sale and discontinued operations
TFRS 10 (revised 2016)	Consolidated financial statements

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.



2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

- a) Financial reporting standards, which have significant changes and are relevant to the Group: (Cont'd)

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its Separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its Separate financial statements using the equity method.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 5 (revised 2016), the amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing Consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

The management has assessed and considered that the above revised standards will not have a material impact on the Group.



2 Accounting policies (Cont'd)

2.2 New/revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of cash flows
TAS 8 (revised 2016)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2016)	Events after the reporting period
TAS 11 (revised 2016)	Construction contracts
TAS 12 (revised 2016)	Income taxes
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 20 (revised 2016)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2016)	The effects of changes in foreign exchange rates
TAS 23 (revised 2016)	Borrowing costs
TAS 24 (revised 2016)	Related party disclosures
TAS 26 (revised 2016)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2016)	Financial reporting in hyper-inflationary economies
TAS 33 (revised 2016)	Earnings per share
TAS 36 (revised 2016)	Impairment of assets
TAS 37 (revised 2016)	Provisions, contingent liabilities and contingent assets
TAS 40 (revised 2016)	Investment property
TFRS 2 (revised 2016)	Share-based payment
TFRS 3 (revised 2016)	Business combinations
TFRS 4 (revised 2016)	Insurance contracts
TFRS 6 (revised 2016)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2016)	Operating segments
TFRS 13 (revised 2016)	Fair value measurement
TSIC 10 (revised 2016)	Government Assistance - No specific relation to operating activities
TSIC 15 (revised 2016)	Operating leases - Incentives
TSIC 25 (revised 2016)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2016)	Evaluating the substance of transactions in the legal form of a lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue - Barter transactions involving advertising services
TSIC 32 (revised 2016)	Intangible assets - Web site costs
TFRIC 1 (revised 2016)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2016)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2016)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2016)	Applying the restatement approach under TAS 29
	Financial reporting in hyper-inflationary economies
TFRIC 10 (revised 2016)	Interim financial reporting and impairment
TFRIC 12 (revised 2016)	Service concession arrangements
TFRIC 13 (revised 2016)	Customer loyalty programmes
TFRIC 14 (revised 2016)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2016)	Agreements for the construction of real estate
TFRIC 17 (revised 2016)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2016)	Transfers of assets from customers
TFRIC 20 (revised 2016)	Stripping costs in the production phase of a surface mine
TFRIC 21 (revised 2016)	Levies
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation

2 Accounting policies (Cont'd)

2.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurements are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(2) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in [currency], which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each [statement of comprehensive income or income statement] are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. 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 and recognised in profit or loss within selling expenses.

2 Accounting policies (Cont'd)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method. 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 charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand [and the Thai Bond Dealing Centre]. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.



2 Accounting policies (Cont'd)

2.9 Property, plant and equipment

Land and buildings comprise mainly factories and offices and are shown at fair value, based on [frequency, e.g., triennial] valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and building are credited to other comprehensive income and shown as gain on asset revaluation in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from 'gain on asset revaluation' to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method and unit of production to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 years and 20 years
Leasehold improvements	Upon Contract
Equipment	5 years
Machinery	Unit of production
Assets for rent	5 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains - net' in profit or loss.

2 Accounting policies (Cont'd)

2.10 Intangible assets

2.10.1 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.10.2 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

2.11 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



2 Accounting policies (Cont'd)

2.12 Leases

Leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially 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 and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to 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 property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

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. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.13 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares that are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as interest expense.

When convertible bonds are issued, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is recorded as a non-current liability on the amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion, which is recognised and included in equity; the value of the conversion option is not changed in subsequent periods.

2 Accounting policies (Cont'd)

2.13 Borrowings (Cont'd)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

(a) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take 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 capitalisation.

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

2.14 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



2 Accounting policies (Cont'd)

2.15 Employee benefits

The Group has both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Post-employment benefits

- **Defined contribution plans**

The Group has set up a provident fund, being a defined contribution plan, of which the assets are held in a separate trust fund. The provident fund is funded by payments from employees and by the Group. The Group's contributions to the provident fund are charged to profit and loss in the years to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

- **Defined benefit plans**

Under the Labour Law applicable in Thailand and the Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement at age 55. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at rate of 300 days of final salary and may be supplemented based on management's judgement.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changed in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past - service costs are recognised immediately in profit or loss.

2.16 Provisions

Provisions for environmental restoration, restructuring costs and legal claims [*tailor as appropriate*] are recognised 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 the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Accounting policies (Cont'd)

2.17 Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares including mandatory redeemable preference shares are classified as liabilities (see accounting policy note 2.13 - borrowings).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any companies within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.18 Revenue recognition

Revenue comprises the fair value for consideration received or receivable for the sale of goods and service net of output tax, rebates and discounts, not including intercompany transaction for consolidated. Revenue from sale of goods are recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from services is recognised as revenue in the period in which they are rendered.

Interest income is recognised on a time proportion basis taking account of the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Group.

Dividend income is recognised when the right to receive payment is established.

2.19 Dividend distribution

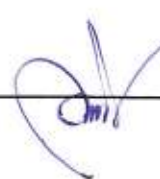
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as [e.g. The steering committee] that makes strategic decisions.

2.21 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell.



3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

3.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Thai Baht. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Entities in the Group use forward contracts to hedge their exposure to foreign currency risk in connection with measurement currency. The Group treasury is responsible for hedging the net position in each currency by using currency borrowings and external forward currency contracts.

3.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the finance director before execution.

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Company and its subsidiary manages interest rate risk relates primarily to its cash at financial institutions, receivables for financial lease contracts, loan to, bank overdrafts and short-term loan, liabilities under financial lease contracts and long-term loan by using both fixed interest rates and floating interest rates, depending on the market circumstances.



3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Interest rate risk (Cont'd)

As at 31 December 2016 and 2015, financial assets and liabilities are classified by type of interest rates. Financial assets and liabilities with fixed interest rates by the due date or the date on which the new interest rate (if the date of the new interest rate to it) are as follows:

	Consolidated financial statements				
	As at 31 December 2016				Effective
	Within 1 year Baht	1 - 5 years Baht	After 5 years Baht	Total Baht	Rate (% p.a)
Financial assets					
Cash and cash equivalents	47,440,840	-	-	47,440,840	0.125 - 0.375
Receivables of finance lease	8,257,378	8,950,907	-	17,208,285	2.7827 - 33.8484
Deposits at financial institutions pledged as collateral	50,029,913	-	-	50,029,913	0.37 - 2.43
Total	105,728,131	8,950,907	-	114,679,038	
Financial liabilities					
Bank overdrafts and short-term borrowings from financial institutions	1,536,844	-	-	1,536,844	
Finance lease liabilities	1,867,633	3,066,349	-	4,933,982	2.70 - 5.4284
Total	3,404,477	3,066,349	-	6,470,826	
	Consolidated financial statements				
	As at 31 December 2015				Effective
	Within 1 year Baht	1 - 5 years Baht	After 5 years Baht	Total Baht	Rate (% p.a)
Financial assets					
Cash and cash equivalents	53,884,430	-	-	53,884,430	0.125 - 0.375
Receivables of finance lease	530,110	963,156	-	1,493,266	2.7827 - 9.9411
Deposits at financial institutions pledged as collateral	48,242,992	-	-	48,242,992	0.37 - 2.43
Total	102,657,532	963,156	-	103,620,688	
Financial liabilities					
Bank overdrafts and short-term borrowings form financial institutions	84,894,899	-	-	84,894,899	MLR, LLR-0.25%, MOR, MOR-1.50%, MRR, SIBOR+2.50%
Finance lease liabilities	985,406	1,898,850	-	2,884,256	2.70 - 5.4284
Total	85,880,305	1,898,850	-	87,779,155	

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Interest rate risk (Cont'd)

	Separate financial statements				
	As at 31 December 2016				Effective
	Within 1 year Baht	1 - 5 years Baht	After 5 years Baht	Total Baht	Rate (% p.a)
Financial assets					
Cash and cash equivalents	46,754,434	-	-	46,754,434	0.125 - 0.375
Receivables of finance lease contracts	440,030	523,126	-	963,156	2.7827, 9.9411
Short-term loan to related party	27,020,837	-	-	27,020,837	3.79, 8.40
Deposits as financial institution pledged as collaterals	49,029,913	-	-	49,029,913	0.37 - 2.43
Total	123,245,214	523,126	-	123,768,340	
Financial liabilities					
Bank overdrafts and short-term borrowings from financial institutions	1,536,844	-	-	1,536,844	
Finance lease liabilities	1,867,633	3,066,349	-	4,933,982	
Total	3,404,477	3,066,349	-	6,470,826	

	Separate financial statements				
	As at 31 December 2015				Effective
	Within 1 year Baht	1 - 5 years Baht	After 5 years Baht	Total Baht	Rate (% p.a)
Financial assets					
Cash and cash equivalents	53,716,082	-	-	53,716,082	0.125 - 0.375
Receivables of finance lease contracts	530,110	963,156	-	1,493,266	2.7827, 9.9411
Short-term loan to related party	9,159,551	-	-	9,159,551	3.79, 8.40
Deposits as financial institution pledged as collaterals	47,230,121	-	-	47,230,121	0.37 - 2.43
Total	110,635,864	963,156	-	111,599,020	
Financial liabilities					
Bank overdrafts and short-term borrowings from loans form financial institutions	84,894,899	-	-	84,894,899	MLR, MLR- 0.25%, MOR, MOR-1.50%, MRR, SIBOR+2.50%
Finance lease liabilities	985,406	1,898,850	-	2,884,256	
Total	85,880,305	1,898,850	-	87,779,155	

3.1.3 Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3 Financial risk management (Cont'd)

3.2 Accounting for derivative financial instruments and hedging activities

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements. The fee incurred in establishing each agreement is amortised over the contract period, if any.

Disclosures about derivative financial instruments to which the Group is a party are provided in note 31.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2016. See note 9 for disclosures of the short-term investment that are measured at fair value.

Consolidated and separate financial statements			
	Level 1 Baht	Level 2 Baht	Level 3 Baht
Total Baht			
Asset			
Trading investments	55,571,265	-	-

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

Consolidated and separate financial statements			
	Level 1 Baht	Level 2 Baht	Level 3 Baht
Total Baht			
Asset			
Trading investments	50,243,246	-	-

3 Financial risk management (Cont'd)

3.3 Fair value estimation (Cont'd)

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

4 Reclassification of accounts

Certain accounts in 2015, were reclassified to conform with those in the 2016 financial statements as follows:

- Reclassification "Short-term investment" (Note 9) out of "Cash and cash equivalents"
- Reclassification of "Cost of sales" to net "Revenue from sales"
- Reclassification of "Management benefit" to expenses by function

However, this reclassification does not affect the balance as at 1 January 2015. Therefore, the Group has not reported reclassification in the Consolidated Statement of financial position as at 1 January 2015.

Consolidated financial statements			
	As previously reported Baht	Reclassification Baht	After reclassification Baht
Asset			
Current asset			
Cash and cash equivalents	104,127,676	(50,243,246)	53,884,430
Short-term investments	-	50,243,246	50,243,246
Revenues			
Revenues from sales	(606,107,625)	45,389,599	(560,718,026)
Other income	(4,368,655)	911,001	(3,457,654)
Expenses			
Cost of sales	361,893,490	1,224,385	363,117,875
Selling expenses	180,872,270	(47,321,714)	133,550,556
Administrative expenses	57,388,258	13,119,155	70,507,413
Management benefit expenses	13,419,014	(13,419,014)	-
Finance costs	7,669,024	96,588	7,765,612
Separate financial statements			
	As previously Reported Baht	Reclassification Baht	After reclassification Baht
Asset			
Current Asset			
Cash and cash equivalents	103,959,328	(50,243,246)	53,716,082
Short-term investments	-	50,243,246	50,243,246
Revenues			
Revenues from sales	(604,416,906)	45,389,599	(559,027,307)
Other income	(4,747,492)	911,001	(3,836,491)
Expenses			
Cost of sales	360,793,016	1,224,385	362,017,401
Selling expenses	180,530,951	(47,321,714)	133,209,237
Administrative expenses	55,538,522	11,023,155	66,561,677
Management benefit expenses	11,323,014	(11,323,014)	-
Finance costs	7,665,969	96,588	7,762,557

5 Critical accounting estimates assumptions and judgements

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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Deferred tax

Deferred tax assets and liabilities are recognized for temporary difference arising between tax bases of assets and liabilities and their carrying amount for accounting purposes as at the end of reporting date. Significant management judgment is used in considering whether it is highly probable that the group will generate sufficient taxable profits from its future operations to minimize these deferred tax assets. The group's assumptions regarding the future taxable profits and the anticipated timing of minimize of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

(b) Retirement benefits

The present value of the retirement benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefits obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Group considers the [market yield of high-quality corporate bonds/market yield of government bonds] that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits liability.

Additional information of other key assumptions for retirement benefits obligations other is disclosed in note 21.

(c) Impairment of short-term borrowings to subsidiary

The management has to assess the subsidiary's future profitability and cash flow projection which depends on a number of assumptions such as the revenue growth rate, the discount rate and the inflation rate. These assumptions involve significant judgements by management in assessing the possible of future business plan. If the budgeting principles of the subsidiary's discounted cash flow model is more than short-term borrowings, the impairment of short-term borrowings to subsidiary may be not required.



6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

The objectives of the Company and its subsidiary's capital management are arrangement of appropriated financial structure and maintenance of ability in continuously business operation.

As at 31 December 2016 and 2015, the Company and its subsidiary's debt-to-equity ratio was 0.68:1 and 1.951: 1, respectively. (Separate financial statements: debt-to-equity ratio was 0.66:1 and 1.94:1 respectively)

7 Segment information

Segment information is presented in respect of the Company and its subsidiary business segments.

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

Segment results and operating assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly other income, selling expense, administrative expenses finance costs and income tax expenses and corporate common assets and liabilities.

Business segments

The Company and its subsidiary comprise 2 main business segments as follows:

Segment 1 : Sale of products

Segment 2 : Service of products

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit from operation, as included in the internal management reports that are reviewed by the Company's and its subsidiary. Segment profit from operation is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

7 Segment information (Cont'd)

Major customers

For the year ended 31 December 2016 Revenues from 2 customers of sale of products Baht 252.82 million of total revenues of the Company and its subsidiary. (2015: Revenues from 2 customers of sale of products Baht 238.2 million of total revenues of the Company and its subsidiary) Financial information by business segments of the Company and its subsidiaries for the year ended 31 December 2016 and 2015 as follows:

	Sale of products		Service of products		Elimination		Consolidated financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Revenues from external customers	853,246,230	560,718,026	28,258,565	30,299,475	-	-	881,504,795	591,017,501
Inter-segment revenues	-	-	196,300	9,000	(196,300)	(9,000)	-	-
Less: Cost of sales and service	(562,538,604)	(363,348,943)	(8,105,777)	(11,115,654)	135,847	231,068	(570,508,534)	(374,233,529)
Profit from operation of Segment	290,707,626	197,369,083	20,349,088	19,192,821	(60,453)	222,068	310,996,261	216,783,972
Unallocated income and expenses:								
Other income							8,083,830	3,457,654
Selling expenses							(139,311,432)	(133,550,556)
Administrative expenses							(71,170,485)	(70,507,413)
Management remuneration							-	-
Finance costs							(1,599,745)	(7,765,612)
Profit before income tax expense							106,998,429	8,418,045
Income tax expense							(20,003,244)	(392,873)
Profit for the year							86,995,185	8,025,172
Other comprehensive income (loss)- net of tax							-	1,803,394
Total Comprehensive income for the year							86,995,185	9,828,566

The segment assets and liabilities of Company and its subsidiary as at 31 December 2016 and 2015 are as follow:

	Sale of products		Service of products		Elimination		Consolidated financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Assets by segment	263,016,678	284,513,459	5,150,209	7,369,069	(29,205,358)	(10,369,915)	238,961,529	281,512,613
Less: Provision for impairment	(4,008,871)	(414,830)	-	-	-	-	(4,008,871)	(414,830)
Asset by segment, net	259,007,807	284,098,629	-	-	-	-	234,952,658	281,097,783
Unallocated assets							333,099,321	265,934,810
Total							568,051,979	547,032,593
Liabilities by segment	26,030,677	9,038,576	-	53,500	(28,030,677)	(9,092,076)	-	-
Unallocated liabilities							178,792,831	220,768,630
Total							178,792,831	220,768,630

Geographic segments

In presenting information on the basis of geographic segment, segment revenue is based on the geographic location of customers and segment non-current assets are based on the geographical location of the assets.

Geographical segment information

	Sale of products		Service of products		Consolidated financial statements		Non-current assets	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Thailand	616,130,552	442,968,403	48,718,074	30,299,475	664,848,626	473,267,877	994,217	1,001,854
China	-	-	-	-	-	-	25,279,564	29,961,241
Other	216,656,169	117,749,624	-	-	216,656,169	117,749,624	-	-
Total	832,786,721	560,718,026	48,718,074	30,299,475	881,504,795	591,017,501	26,273,781	30,963,095

8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash on hand	343,546	400,857	330,867	384,098
Cash at banks	47,097,294	53,483,573	46,423,567	53,331,984
Total	47,440,840	53,884,430	46,754,434	53,716,082

Short-term deposits at banks real interest rates are between 0.125% to 0.375% (2015: 0.125% to 0.375%).

9 Short-term investments

As at 31 December 2016 and 2015, short-term investments which are trading investments and present in fair value are invested in low-risk mutual funds.

Fair value per unit is net asset value per unit which will be calculated from asset management company (AMC) which is governed by the Securities and Exchange Commission of Thailand (SEC).

10 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Trade and other receivables - related parties				
Trade receivables	884,314	3,972,556	1,950,734	4,165,360
Less: Allowance for doubtful accounts	-	-	-	-
Trade receivables - net	884,314	3,972,556	1,950,734	4,165,360
Accrued income	-	-	-	20,865
Advance payment	-	-	-	-
Total	884,314	3,972,556	1,950,734	4,186,225
Trade and other receivables - other parties				
Trade receivables	135,118,173	89,167,766	132,105,358	88,475,285
Less: Allowance for doubtful accounts	(13,149,710)	(12,367,776)	(13,149,710)	(12,367,776)
Trade receivables - net	121,968,463	76,799,990	118,955,648	76,107,509
Accrued income	692,718	393,509	343,606	318,000
Prepaid expense	1,371,900	1,779,460	1,371,900	1,760,857
Advance payment	1,332,262	507,316	1,282,512	507,316
Other receivables	1,102,333	715,902	457,142	628,899
Total	126,467,676	80,196,177	122,410,808	79,322,581

10 Trade and other receivables (Cont'd)

As at 31 December 2016 and 2015 trade account receivables are classified by aging as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Trade receivables - related parties				
Not yet due	5,062	2,738,286	1,071,482	2,750,720
Overdue :				
Under 3 months	196,440	1,234,270	196,440	1,390,030
3 months to 6 months	682,812	-	682,812	24,610
6 months to 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total	884,314	3,972,556	1,950,734	4,165,360
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Net	884,314	3,972,556	1,950,734	4,165,360

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Trade receivables - other parties				
Not yet due	64,023,871	39,532,114	61,011,056	39,292,134
Overdue :				
Under 3 months	35,495,061	30,804,090	35,495,061	30,351,590
3 months to 6 months	17,129,198	4,387,240	17,129,198	4,387,240
6 months to 12 months	7,852,607	4,363,757	7,852,607	4,363,757
Over 12 months	10,617,436	10,080,564	10,617,436	10,080,564
Total	135,118,173	89,167,765	132,105,358	88,475,285
<u>Less</u> Allowance for doubtful accounts	<u>(13,149,710)</u>	<u>(12,367,776)</u>	<u>(13,149,710)</u>	<u>(12,367,776)</u>
Net	121,968,463	76,799,989	118,955,648	76,107,509

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Doubtful accounts (Reversal)	583,934	1,394,111	583,934	1,394,111
Bad debt	30,870	142,000	30,870	142,000
Total	614,804	1,536,111	614,804	1,536,111

11 Receivables of finance lease contracts

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Receivables of financial lease contracts	21,149,854	1,991,256	1,290,532	1,991,256
<u>Less</u> Unearned interest income	<u>(3,694,179)</u>	<u>(174,480)</u>	<u>(79,986)</u>	<u>(174,480)</u>
Deferred service income	(247,390)	(323,510)	(247,390)	(323,510)
Net	17,208,285	1,493,266	963,156	1,493,266
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Net	17,208,285	1,493,266	963,156	1,493,266
<u>Less</u> Current portion	<u>(8,257,378)</u>	<u>(530,110)</u>	<u>(440,030)</u>	<u>(530,110)</u>
Net	8,950,907	963,156	523,126	963,156

11 Receivables of finance lease contracts (Cont'd)

As at 31 December 2016 and 2015 ,the Company has receivables for financial lease contracts with the period of receipt as follows:

	Separate financial statements				2015			
	2016				2015			
	Principal Baht	Unearned interest income Baht	Deferred Service income Baht	Total Baht	Principal Baht	Unearned interest income Baht	Deferred Service income Baht	Total Baht
Under 1 year	440,030	58,504	76,120	574,654	530,110	94,494	76,120	700,724
1 year to 5 years	523,126	21,482	171,270	715,878	963,156	79,986	247,390	1,290,532
Over 5 years	-	-	-	-	-	-	-	-
Total	963,156	79,986	247,390	1,290,532	1,493,266	174,480	323,510	1,991,256

	Separate financial statements							
	Receivables of finance lease		Percentage of allowance For doubtful accounts		Allowance for doubtful accounts		Net	
	2016 Baht	2015 Baht	2016 %	2015 %	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Not yet due	963,156	1,394,455	-	-	-	-	963,156	1,394,455
Past due:								
Less than 3 months	-	98,811	-	-	-	-	-	98,811
More than 3 - 6 months	-	-	50	50	-	-	-	-
Over 6 months	-	-	100	100	-	-	-	-
Total	963,156	1,493,266			-	-	963,156	1,493,266

As at 31 December 2016 and 2015 ,the Group has receivables for financial lease contracts with the period of receipt as follows:

	Consolidated financial statements				2015			
	2016				2015			
	Principal Baht	Unearned interest income Baht	Deferred Service income Baht	Total Baht	Principal Baht	Unearned interest income Baht	Deferred Service income Baht	Total Baht
Under 1 year	8,257,378	2,554,447	76,120	10,887,945	530,110	94,494	76,120	700,724
1 year to 5 years	8,950,907	1,139,732	171,270	10,261,909	963,156	79,986	247,390	1,290,532
Over 5 years	-	-	-	-	-	-	-	-
Total	17,208,285	3,694,179	247,390	21,149,854	1,493,266	174,480	323,510	1,991,256

	Consolidated financial statements							
	Receivables of finance Lease		Percentage of allowance For doubtful accounts		Allowance for doubtful accounts		Net	
	2016 Baht	2015 Baht	2016 %	2015 %	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Not yet due	15,423,663	1,394,455	-	-	-	-	15,423,663	1,394,455
Past due:								
Less than 3 months	1,784,622	98,811	-	-	-	-	1,784,622	98,811
More than 3 - 6 months	-	-	50	50	-	-	-	-
Over 6 month	-	-	100	100	-	-	-	-
Total	17,208,285	1,493,266			-	-	17,208,285	1,493,266

12 Inventories

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Finished goods	146,980,324	178,023,387	148,118,288	178,785,818
Raw materials and spare parts	26,599,123	34,498,680	26,599,124	34,498,680
Good in transit	25,289,272	26,306,864	25,289,272	26,306,863
Work in process	-	2,820,774	-	2,820,774
Total	198,868,719	241,649,705	200,006,684	242,412,135
<u>Less</u> Allowance for decline in value of inventories	(15,244,699)	(10,729,553)	(15,244,699)	(10,658,263)
Net	183,624,020	230,920,152	184,761,985	231,753,872

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
The cost of inventories recognised as expense and included in cost of goods sold for the year ended 31 December				
- Cost of goods sold	558,155,251	357,111,676	540,008,960	356,046,847
- Loss on decline in value of inventories	4,515,146	6,006,199	4,586,436	5,970,554
Total	562,670,397	363,117,875	544,595,396	362,017,401

Movement of allowance for decline in value of inventories as at 31 December 2016 and 2015 are summarized below

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Balance as at 1 January	10,729,553	4,723,354	10,658,263	4,687,709
<u>Add</u> Loss on decline in value of inventories	4,515,146	6,006,199	4,586,436	5,970,554
Balance as at 31 December	15,244,699	10,729,553	15,244,699	10,658,263

13 Deposits at financial institutions pledged as collateral

As at 31 December 2016 and 2015 the Group has pledged deposits at financial institutions of Baht 50.03 million and 48.24 million, respectively (Separate financial statements has Baht 49.02 million and 47.23 million, respectively) as as collateral.

14 Investment in subsidiary

	Percentage of direct and indirect holding		Paid-up capital		At cost method	
	2016 %	2015 %	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Innov Green Solution Co.,Ltd	100	100	1,000,000	1,000,000	1,261,210	1,261,210

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15 Property, plant and equipment

Consolidated financial statements									
	Land Baht	Buildings Baht	Leasehold improvements Baht	Equipment Baht	Assets for rent Baht	Furniture, fixtures and office equipment Baht	Vehicles Baht	Construction in progress Baht	Total Baht
At 1 January 2015									
Cost	900,000	16,710,493	4,236,395	24,098,449	6,326,579	7,338,733	5,131,702	696,600	65,438,951
Less Accumulated depreciation	-	(10,753,205)	(2,495,227)	(8,679,384)	(1,875,574)	(4,301,619)	(3,086,689)	-	(31,191,698)
Net book amount	900,000	5,957,288	1,741,168	15,419,065	4,451,005	3,037,114	2,045,013	696,600	34,247,253
Year ended 31 December 2015									
Opening net book amount	900,000	5,957,288	1,741,168	15,419,065	4,451,005	3,037,114	2,045,013	696,600	34,247,253
Additions	-	-	33,484	17,028,989	1,313,746	920,877	4,239,087	-	23,536,183
Disposal/write-offs	-	-	-	(47,675)	(95,651)	(353,629)	(489,000)	-	(985,955)
Transfer in/(out)	-	-	-	2,602,322	3,370,943	-	-	(306,100)	5,667,165
Impairment charge	-	-	-	(418,830)	-	-	-	-	(418,830)
Depreciation charge	-	(1,018,184)	(808,444)	(2,254,573)	(1,724,473)	(828,033)	(835,924)	-	(7,469,631)
Closing net book amount	900,000	4,939,104	966,208	32,329,298	7,315,570	2,776,329	4,959,176	390,500	54,576,185
At 31 December 2015									
Cost	900,000	16,710,493	4,269,879	43,682,085	10,915,617	7,905,981	8,881,789	390,500	93,656,344
Less Accumulated depreciation	-	(11,771,389)	(3,303,671)	(10,933,957)	(3,600,047)	(5,129,652)	(3,922,613)	-	(38,661,329)
Provision for impairment	-	-	-	(418,830)	-	-	-	-	(418,830)
Net book amount	900,000	4,939,104	966,208	32,329,298	7,315,570	2,776,329	4,959,176	390,500	54,576,185

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15 Property, plant and equipment (Cont'd)

	Consolidated financial statements								
	Land Baht	Buildings Baht	Leasehold improvements Baht	Equipment Baht	Assets for rent Baht	Furniture, fixtures and office equipment Baht	Vehicles Baht	Construction in progress Baht	Total Baht
Year ended 31 December 2016									
Opening net book amount	900,000	4,939,104	966,208	32,329,298	7,315,570	2,776,329	4,959,176	390,500	54,576,185
Additions	-	-	1,865,394	375,937	347,684	2,609,177	4,868,649	1,658,078	11,724,919
Disposal/write-offs	-	-	(6,400)	(211,904)	(1,608,645)	(732,163)	(1,268,588)	-	(3,827,700)
Transfer in/(out)	-	-	-	-	(25,638)	25,638	-	-	-
Impairment charge	-	-	-	(3,590,041)	-	-	-	-	(3,590,041)
Depreciation charge	-	(1,018,184)	(571,609)	(5,116,024)	(884,833)	(572,576)	(732,546)	-	(8,895,772)
Closing net book amount	900,000	3,920,920	2,253,593	23,787,266	5,144,138	4,106,405	7,826,691	2,048,578	49,987,591
At 31 December 2016									
Cost	900,000	16,710,493	6,128,873	43,846,118	9,614,594	9,823,057	12,481,850	2,048,578	101,553,563
Less Accumulated depreciation	-	(12,789,573)	(3,875,280)	(16,049,981)	(4,470,456)	(5,716,652)	(4,655,159)	-	(47,557,101)
Provision for impairment	-	-	-	(4,008,871)	-	-	-	-	(4,008,871)
Net book amount	900,000	3,920,920	2,253,593	23,787,266	5,144,138	4,106,405	7,826,691	2,048,578	49,987,591

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15 Property, plant and equipment (Cont'd)

	Separate financial statements								
	Land Baht	Buildings Baht	Leasehold improvements Baht	Equipment Baht	Assets for rent Baht	Furniture, fixtures and office equipment Baht	Vehicles Baht	Construction in progress Baht	Total Baht
At 1 January 2015									
Cost	900,000	16,710,493	4,236,395	18,743,544	5,295,079	7,338,733	5,131,702	696,600	59,052,546
Less Accumulated depreciation	-	(10,753,205)	(2,495,227)	(8,478,203)	(1,681,573)	(4,301,619)	(3,086,689)	-	(30,796,516)
Provision for impairment	-	-	-	-	-	-	-	-	-
Net book amount	900,000	5,957,288	1,741,168	10,265,341	3,613,506	3,037,114	2,045,013	696,600	28,256,030
Year ended 31 December 2015									
Opening net book amount	900,000	5,957,288	1,741,168	10,265,341	3,613,506	3,037,114	2,045,013	696,600	28,256,030
Additions	-	-	33,484	16,990,617	1,313,746	889,250	4,239,087	-	23,466,184
Disposal/write-offs	-	-	-	(47,675)	(95,651)	(353,629)	(489,000)	-	(985,955)
Transfer in/(out)	-	-	-	2,602,322	3,370,943	-	-	(306,100)	5,667,165
Impairment charge	-	-	-	(418,830)	-	-	-	-	(418,830)
Depreciation charge	-	(1,018,184)	(808,444)	(2,208,130)	(1,621,324)	(823,077)	(835,924)	-	(7,315,083)
Closing net book amount	900,000	4,939,104	966,208	27,183,645	6,581,220	2,749,658	4,959,176	390,500	48,669,511
At 31 December 2015									
Cost	900,000	16,710,493	4,269,879	38,288,808	9,884,117	7,874,354	8,881,789	390,500	87,199,940
Less Accumulated depreciation	-	(11,771,389)	(3,303,671)	(10,686,333)	(3,302,897)	(5,124,696)	(3,922,613)	-	(38,111,599)
Provision for impairment	-	-	-	(418,830)	-	-	-	-	(418,830)
Net book amount	900,000	4,939,104	966,208	27,183,645	6,581,220	2,749,658	4,959,176	390,500	48,669,511

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15 Property, plant and equipment (Cont'd)

	Separate financial statements								
	Land Baht	Buildings Baht	Leasehold improvements Baht	Equipment Baht	Assets for rent Baht	Furniture, fixtures and equipment Baht	Vehicles Baht	Construction in progress Baht	Total Baht
Year ended 31 December 2016									
Opening net book amount	900,000	4,939,104	966,208	27,183,645	6,581,220	2,749,658	4,959,176	390,500	48,669,511
Additions	-	-	699,410	314,857	347,684	2,152,394	4,868,650	1,362,936	9,745,931
Disposal/write-offs	-	-	(6,400)	(173,533)	(1,608,645)	(732,163)	(1,268,588)	-	(3,789,329)
Transfer in/(out)	-	-	-	-	(25,638)	25,638	-	-	-
Impairment charge	-	-	-	(358,232)	-	-	-	-	(358,232)
Depreciation charge	-	(1,018,185)	(515,334)	(5,067,556)	(767,260)	(564,606)	(732,546)	-	(8,665,487)
Closing net book amount	900,000	3,920,919	1,143,884	21,899,181	4,527,361	3,630,921	7,826,692	1,753,436	45,602,394
At 31 December 2016									
Cost	900,000	16,710,493	4,962,889	38,430,133	8,597,517	9,320,224	12,481,850	1,753,436	93,156,542
Less Accumulated depreciation	-	(12,789,574)	(3,819,005)	(15,753,890)	(4,070,156)	(5,689,303)	(4,655,158)	-	(46,777,086)
Provision for impairment	-	-	-	(777,062)	-	-	-	-	(777,062)
Net book amount	900,000	3,920,919	1,143,884	21,899,181	4,527,361	3,630,921	7,826,692	1,753,436	45,602,394

As at 31 December 2016 and 2015, the Company's land and buildings are mortgaged with net book value amounting to approximately Baht 5.03 million and Baht 5.8 million, respectively such as collateral for credit line from financial institutions.

As at 31 December 2016 and 2015, net book value of assets under financial lease contracts amounting to approximately Baht 7.8 million and Baht 4.4 million, respectively.

15 Property, plant and equipment (Cont'd)

The impairment charge in the Consolidated and Separate financial statements of Baht 3,590,041 and Baht 358,232, respectively, in 2016 for moulds was made during the year. This is a result of there has been no the production order or purchase order continuously for 3 years or there has been no distribution the product from that mould which the group shall recognise the provision for impairment fully.

The recoverable amount (the higher of the value in use or fair value less costs of disposal) was determined at the cash-generating unit level being the mould will produce the goods for sale in the product line. The recoverable amount represents the value in use was determined with reference to market prices for equivalent assets.

The value in use was determined by the discount rate using the Weighted Average Cost of Capital (WACC) at 5.47%

Leased assets included above, where the Group is a lessee under a finance lease, comprise vehicles:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cost-capitalised finance leases	9,107,722	4,770,966	9,107,722	4,770,966
<u>Less</u> Accumulated depreciation	(1,776,747)	(700,238)	(1,776,747)	(700,238)
Net book amount	<u>7,330,975</u>	<u>4,070,728</u>	<u>7,330,975</u>	<u>4,070,728</u>

16 Intangible assets

	Consolidated financial statements		
	Computer Program Baht	Software under installation Baht	Total Baht
At 1 January 2015			
Cost	9,675,980	-	9,675,980
<u>Less</u> Accumulated amortisation	(6,386,418)	-	(6,386,418)
Net book amount	<u>3,289,562</u>	<u>-</u>	<u>3,289,562</u>
Year ended 31 December 2015			
Opening net book amount	3,289,562	-	3,289,562
Additions	374,523	480,000	854,523
Amortisation charge	(943,127)	-	(943,127)
Closing net book amount	<u>2,720,958</u>	<u>480,000</u>	<u>3,200,958</u>
At 31 December 2015			
Cost	10,050,503	480,000	10,530,503
<u>Less</u> Accumulated amortisation	(7,329,545)	-	(7,329,545)
Net book amount	<u>2,720,958</u>	<u>480,000</u>	<u>3,200,958</u>
Year ended 31 December 2016			
Opening net book amount	2,720,958	480,000	3,200,958
Increased investment	1,396,250	132,000	1,528,250
Development costs recognized as assets	-	1,125,000	1,125,000
Amortisation charge	(887,765)	-	(887,765)
Closing net book amount	<u>3,279,443</u>	<u>1,737,000</u>	<u>5,016,443</u>
At 31 December 2016			
Cost	11,446,753	1,737,000	13,183,753
<u>Less</u> Accumulated amortisation	(8,167,310)	-	(8,167,310)
Net book amount	<u>3,279,443</u>	<u>1,737,000</u>	<u>5,016,443</u>

16 Intangible assets (Cont'd)

	Separate financial statements		
	Computer Program Baht	Software under Installation Baht	Total Baht
At 1 January 2015			
Cost	9,659,158	-	9,659,158
<u>Less</u> Accumulated amortisation	(6,382,353)	-	(6,382,353)
Net book amount	3,276,805	-	3,276,805
Year ended 31 December 2015			
Opening net book amount	3,276,805	-	3,276,805
Additions	374,523	480,000	854,523
Amortisation charge	(939,762)	-	(939,762)
Closing net book amount	2,711,566	480,000	3,191,566
At 31 December 2015			
Cost	10,033,681	480,000	10,513,681
<u>Less</u> Accumulated amortisation	(7,322,115)	-	(7,322,115)
Net book amount	2,711,566	480,000	3,191,566
Year ended 31 December 2016			
Opening net book amount	2,711,566	480,000	3,191,566
Increased investment	1,309,748	132,000	1,441,748
Development costs recognized as assets	(833,228)	-	(833,228)
Amortisation charge			
	3,188,086	612,000	3,800,086
Closing net book amount			
At 31 December 2016	11,343,429	612,000	11,955,429
Cost	(8,155,343)	-	(8,155,343)
<u>Less</u> Accumulated amortisation			
	3,188,086	612,000	3,800,086
Net book amount			

17 Bank overdrafts and short-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Bank overdrafts	-	9,307,458	-	9,307,458
Short-term borrowings	-	-	-	-
Liabilities under trust receipts	1,536,844	75,587,441	1,536,844	75,587,441
Total	1,536,844	84,894,899	1,536,844	84,894,899

As at 31 December 2016 and 2015, the Group has bank overdrafts and short-term borrowings line from financial institutions of Baht 328.50 million and Baht 358 million, respectively (Separate financial statements: Baht 323.50 million and Baht 353 million, respectively) with interest at the rate of MLR, MLR+0.25%, MOR, MOR+1.50%, MRR and SIBOR+2.50% p.a.

As at 31 December 2016, the Company entered into buying forward contracts for hedging its liabilities denominated in US Dollar with the outstanding notional amount of USD 500,000 and there were the foreign currency-dominated liabilities remaining unhedged in the amount of USD 3,526,805.

Such the line of bank overdrafts and short-term borrowings from financial institutions are secured by bank deposits described in Note 10 to the financial statements, mortgaged land and buildings described in Note 15 to the financial statements, director's land and buildings and apartment, and directors of the Company guarantees the full amount.

18 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Trade and other payables				
- related parties (note 33.2)				
Advance received income	-	-	18,320	18,320
Total	-	-	18,320	18,320
	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Trade and other payables				
- Other parties				
Trade payables	134,108,944	96,394,343	133,601,198	95,328,896
Accrued expense	14,840,993	10,928,661	8,262,573	10,712,749
Advanced received income	3,303,493	17,407,242	3,011,933	17,385,682
Other payables	1,019,416	1,516,772	942,638	1,492,850
Total	153,272,846	126,247,018	145,818,342	124,920,177

19 Long-term borrowings from financial institutions

	Consolidated and separate financial statements	
	2016 Baht	2016 Baht
Long-term loans	127,232	666,168
Less Current portion	(102,202)	(426,195)
Net of current portion	25,030	239,973

In April 2014, the Company entered into a loan agreement with a local financial institution amount of Baht 1.0 million. Such loan is repayable in monthly installments commencing from May 2014 and fully repayment will be paid within 36 months from the first drawdown period with interest at the rate MLR-1% (KBANK) p.a., such loan is mortgaged land and buildings described in Note 15 to the financial statement

And in January 2015, the Company entered into a loan agreement with a local financial institution amount of Baht 0.3 million. Such loan is repayable in monthly installments commencing from March 2015 and fully repayment will be paid within 36 months from the first drawdown period with interest at the rate MLR (TMB) p.a., such loan is secured by the personal guarantee of Company's directors.

20 Finance lease liabilities

	Consolidated and Separate financial statements	
	2016 Baht	2015 Baht
Finance lease liabilities	5,408,881	3,203,906
<u>Less</u> Deferred interest	<u>(474,899)</u>	<u>(319,650)</u>
Net	4,933,982	2,884,256
<u>Less</u> Current portion	<u>(1,867,633)</u>	<u>(985,406)</u>
Net	<u>3,066,349</u>	<u>1,898,850</u>

As at 31 December 2016 and 2015, the Company has liabilities under financial lease contracts with the details of payment as follows:

	Consolidated and Separate financial statements					
	2016			2015		
	Future minimum lease payment Baht	Deferred Interest Baht	Present value of minimum Lease payment Baht	Future minimum Lease payment Baht	Deferred Interest Baht	Present value of minimum Lease payment Baht
Not later than one year	2,135,613	267,980	1,867,633	1,161,833	176,427	985,406
Later than 1 year but not later than 5 years	3,273,268	206,919	3,066,349	2,042,073	143,223	1,898,850
Total	<u>5,408,881</u>	<u>474,899</u>	<u>4,933,982</u>	<u>3,203,906</u>	<u>319,650</u>	<u>2,884,256</u>

21 Employee benefit obligation

The Company paid retirement benefits and pension in accordance with the regulation of Labor Protection Act B.E. 2541 for the retirement benefit and other long-term benefit entitled to the employees based on their right and length of services.

Employee benefit obligations in statements of financial position as at 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Post-employment benefits				
Legal severance payment plan	<u>1,889,945</u>	<u>1,575,034</u>	<u>1,873,261</u>	<u>1,570,972</u>

Movement in the present value of the defined benefit obligations for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Defined benefit obligations as at 1 January	1,575,034	2,815,048	1,570,972	2,815,048
Current service cost and interest	314,911	764,228	302,289	760,166
Actuarial gains (loss) in the statement of Comprehensive income	-	(2,004,242)	-	(2,004,242)
Defined benefit obligations as at 31 December	<u>1,889,945</u>	<u>1,575,034</u>	<u>1,873,261</u>	<u>1,570,972</u>

21 Employee benefit obligation (Cont'd)

Expenses recognized in statement of comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current service costs	261,225	624,738	249,141	620,676
Interest on obligation	53,686	139,490	53,148	139,490
Total	314,911	764,228	302,289	760,166

The above expense recognised in statement of comprehensive income for the years ended 31 December 2016 and 2015 and as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cost of manufacturing	13,633	36,611	13,633	36,611
Selling expenses	57,983	126,188	57,983	126,188
Administrative expenses	189,609	461,939	177,525	457,877
Total	261,225	624,738	249,141	620,676

Principal actuarial assumptions at the reporting dates as at 31 December 2016 and 2015 are as follows:

	Consolidated financial statements	
	2016 (Percentage)	2015 (Percentage)
Discount rate	2.92, 3.34	2.92, 3.34
Salary increase rate	7.54	7.54
Employee turnover rate	0 - 53	0 - 53
Mortality rate	(Depend on age of employees) Thai Mortality Ordinary Table 2008 Divided by gender	
	Separate financial statements	
	2016 (Percentage)	2015 (Percentage)
Discount rate	2.92	2.92
Salary increase rate	7.54	7.54
Employee turnover rate	0 - 53	0 - 53
Mortality rate	(Depend on age of employees) Thai Mortality Ordinary Table 2008 Divided by gender	

21 Employee benefit obligation (Cont'd)

The sensitivity analysis for each significant assumption are as follows;

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease 4.66%	Increase 4.97%
Salary growth rate	0.50%	Increase 5.16%	Decrease 4.88%
Pension growth rate	0.50%	Decrease 6.17%	Increase 6.62%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 13 years (2015: 13 years).

Expected maturity analysis of undiscounted retirement benefits:

	Consolidated and Separate financial statements				
	Less than 2 years Baht	Between 2-5 years Baht	Between 5-10 years Baht	Between 10-15 years Baht	Total Baht
As at 31 December 2016					
Retirement benefits	-	115,952	2,311,808	1,072,387	3,500,147
Total	-	115,952	2,311,808	1,072,387	3,500,147

	Consolidated and Separate financial statements				
	Less than 2 years Baht	Between 2-5 years Baht	Between 5-10 years Baht	Between 10-15 years Baht	Total Baht
As at 31 December 2015					
Retirement benefits	98,060	115,952	2,500,263	1,247,210	3,961,485
Total	98,060	115,952	2,500,263	1,247,210	3,961,485

22 Premium on share capital and legal reserve

Premium on share capital

Section 51 of the Public Companies Act B.E 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("premium on share capital"). Premium on share capital is not available for dividend distribution

Legal reserve

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution.

23 Dividends paid and appropriated for legal reserve.

A dividend that relates to the period to 2015 and that amounts to Baht 9.6 million was paid on 18 May 2016, at Baht 0.02 per share.

An interim dividend that relates to the period to 2016 and that amounts to Baht 14.4 million was paid on 7 September 2016, at Baht 0.03 per share.

24 Share capital

	Consolidated financial statements				Separate financial statements			
	Number of share Baht	Common share Baht	Excess share value Baht	Total Baht	Number of share Baht	Common share Baht	Excess share value Baht	Total Baht
As at 1 January 2015	360,000,000	90,000,000	4,900,000	94,900,000	360,000,000	90,000,000	4,900,000	94,900,000
Issue of shares	120,000,000	30,000,000	178,130,333	208,130,333	120,000,000	30,000,000	178,130,333	208,130,333
As at 31 December 2015	480,000,000	120,000,000	183,030,333	303,030,333	480,000,000	120,000,000	183,030,333	303,030,333
As at 1 January 2016	480,000,000	120,000,000	183,030,333	303,030,333	480,000,000	120,000,000	183,030,333	303,030,333
Issue of shares	-	-	-	-	-	-	-	-
As at 31 December 2016	480,000,000	120,000,000	183,030,333	303,030,333	480,000,000	120,000,000	183,030,333	303,030,333

On 21 September 2015, the Company offered 120 million common shares, with a par value of Baht 0.25 each, at an offering price of Baht 1.80 each through Initial Public Offering. The net amount received from share subscription was Baht 208.4 million (less the subscription expenses of Baht 7.6 million.) The Company recognized premium on share capital of Baht 178.4 million. The Market for Alternative Investment (MAI) approved the 480.0 million common shares with a par value of Baht 0.25 each as listed securities to be traded, effective from 23 September 2015.

25 Expense by nature

The significant expenses classified by nature for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Changes in inventories	41,959,442	(63,062,832)	42,655,431	(64,340,672)
Purchase of goods	470,437,407	387,321,318	451,727,317	387,525,209
Employee expenses	109,852,632	97,237,347	107,782,978	95,713,631
Transportation expenses	19,291,315	17,185,972	19,291,315	17,184,122
Management remuneration (note 33.4)	11,181,063	13,419,014	10,638,063	11,323,014
Depreciation and amortisation	12,465,002	9,099,955	12,224,965	8,942,043
Loss on decline in value of inventories	4,515,145	6,006,199	4,586,436	5,970,554
Unrealized loss on exchange rate	-	5,481,922	-	5,481,922
Realized loss on exchange rate	-	5,538,439	-	5,536,377
Bad debt and doubtful accounts (Reversal)	812,804	1,536,111	812,804	1,536,111
Finance costs	1,564,173	7,669,024	1,564,173	7,665,969
Other expenses	110,511,212	98,624,641	104,620,959	97,027,488
Total	782,590,196	586,057,110	755,904,441	579,565,768

26 Current and deferred income taxes

Income tax income (expenses) for the years ended 31 December 2016 and 2015 as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current income tax expenses:				
Income tax expenses for the year	(22,261,667)	(2,275,252)	(22,261,667)	(2,275,252)
Deferred tax:				
Relating to origination and reversal of temporary differences	2,258,423	1,882,379	1,710,885	1,882,379
Income tax expenses reported in the Statement of comprehensive income	<u>(20,003,244)</u>	<u>(392,873)</u>	<u>(20,550,782)</u>	<u>(392,873)</u>
	Consolidated financial statement			
	2016 Baht	2015 Baht		
Accounting profit before income tax	106,998,429	8,418,045		
Tax calculated at a tax rate of 20% (2015: 20%)	(21,399,686)	(1,683,609)		
Tax effects of:				
Income not subject to tax	1,518,991	264,587		
Expenses not deductible for tax purpose	(122,549)	(1,026,149)		
	<u>(20,003,244)</u>	<u>(392,873)</u>		
	Separate financial statement			
	2016 Baht	2015 Baht		
Accounting profit before income tax	110,823,029	12,329,654		
Tax Calculated at a tax rate of 20% (2015: 20%)	(22,164,606)	(2,465,931)		
Tax effects of:				
Income not subject to tax	1,518,991	264,587		
Expenses not deductible for tax purpose	(94,833)	1,808,471		
	<u>(20,550,782)</u>	<u>(392,873)</u>		

26 Current and deferred income taxes (Cont'd)

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

	Consolidated and Separate financial statements	
	2016 Baht	2015 Baht
Deferred tax relating to		
Actuarial loss from employee benefit plan	-	(400,848)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	6,561,398	5,212,142	6,561,398	5,212,142
Deferred tax asset to be recovered after more than 12 months	1,242,928	798,809	593,230	798,809
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(1,651,476)	(506,870)	(88,006)	(506,870)
Deferred tax liability to be settled after more than 12 months	1,542,775	(66,879)	81,465	(66,879)
Deferred tax asset (net)	7,695,625	5,437,202	7,148,087	5,437,202

The movement in deferred tax assets and liabilities during the year is as follows:

	Separate financial statements		
	1 January 2016 Baht	Credited/ (charged) to profit or loss Baht	31 December 2016 Baht
Deferred tax assets			
Allowance for doubtful accounts	2,473,555	156,387	2,629,942
Provision for inventory obsolescence	2,131,653	917,287	3,048,940
Impairment	83,766	718,008	801,774
Provision expenses for after sale services	606,934	275,582	882,516
Employee benefit obligations	314,194	63,795	377,989
Total	5,610,102	2,131,059	7,741,161
Deferred tax liabilities			
Receivables of financial lease	(29,316)	(79,385)	(108,701)
Depreciation	(143,584)	206,749	63,165
Total	(172,900)	127,364	(45,536)
Deferred tax asset (net)	5,437,202	2,258,423	7,695,625

26 Current and deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

	Separate financial statements		
	1 January 2015 Baht	Credited/ (charged) to profit or loss Baht	Credited/ (charged) to comprehensive income Baht
Deferred tax assets			
Allowance for doubtful accounts	2,194,733	278,822	-
Provision for inventory obsolescence	937,542	1,194,111	-
Impairment	-	83,766	-
Provision expenses for after sale services	456,200	150,734	-
Employee benefit obligations	563,009	152,033	(400,848)
Total	4,151,484	1,859,466	(400,848)
Deferred tax liabilities			
Receivables of financial lease	(2,062)	(27,254)	-
Depreciation	(193,750)	50,166	-
Total	(195,812)	22,912	-
Deferred tax asset (net)	3,955,672	1,882,378	(400,848)
Consolidated financial statements			
	1 January 2016 Baht	Credited/ (charged) to profit or loss Baht	31 December 2016 Baht
Deferred tax assets			
Allowance for doubtful accounts	2,473,555	156,387	2,629,942
Provision for inventory obsolescence	2,131,653	917,287	3,048,940
Impairment	83,766	71,646	155,412
Provision expenses for after sale services	606,934	275,582	882,516
Employee benefit obligations	314,194	60,458	374,652
Total	5,610,102	1,481,360	7,091,462
Deferred tax liabilities			
Receivables of financial lease	(29,316)	22,776	(6,540)
Depreciation	(143,584)	206,749	63,165
Total	(172,900)	229,525	56,625
Deferred tax asset (net)	5,437,202	1,710,885	7,148,087

26 Current and deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

	Consolidated financial statements			
	1 January 2015 Baht	Credited/ (charged) to profit or loss Baht	Credited/ (charged) to comprehensive income Baht	31 December 2015 Baht
Deferred tax assets				
Allowance for doubtful accounts	2,194,733	278,822	-	2,473,555
Provision for inventory obsolescence	937,542	1,194,111	-	2,131,653
Impairment	-	83,766	-	83,766
Provision expenses for after sale services	456,200	150,734	-	606,934
Employee benefit obligations	563,009	152,033	(400,848)	314,194
Total	4,151,484	1,859,466	(400,848)	5,610,102
Deferred tax liabilities				
Receivables of financial lease	(2,062)	(27,254)	-	(29,316)
Depreciation	(193,750)	50,166	-	(143,584)
Total	(195,812)	22,912	-	(172,900)
Deferred tax asset (net)	3,955,672	1,882,378	(400,848)	5,437,202

27 Earnings per share

The calculation of earnings per share for the years ended 31 December 2016 and 2015, were based on the profit for the period attributable to equity holders of the Company and the number of common shares outstanding during the period as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit for the period attributable to equity holders of the parent company (Baht)	86,995,185	8,025,172	90,272,247	11,936,781
Weighted average number of common shares outstanding (shares)				
Issued common shares at 1 January	480,000,000	360,000,000	480,000,000	360,000,000
Effects of common shares issued	-	33,534,246	-	33,534,246
Total	480,000,000	393,534,246	480,000,000	393,534,246
Basic earnings per share (Baht per share)	0.18	0.02	0.19	0.03

28 Promotional privileges

The Company was granted certain promotional privilege under the Investment Promotion Act. B.E 2520 in accordance with certificate No.1811 (5) /2554 on its business segment of evaporative cooling system. The privilege granted can be summarized as follows:

- a) Corporate income tax exemption on profit for a period of eight years from the date of the income occurred from the certified products (March 15 ,2012). The company can carry forward any net loss incurred during the tax-exempt period to be deducted as expenditure from net profit incurred during the five year period commencing from expiry of the tax-exempt period.
- b) Any dividends distributed by the Company are exempt from income tax if the dividend is distributed by the Company and received by the recipient during the exempt period.
- c) Exemption of import duty on raw or essential materials used in export products for a period of one year commencing from the first import.
- d) Exemption of import duty on re-exports items for one year commencing from the first import
- e) The Company exempt from any duty on import of machinery approved by the BOI.

Revenue from sale of goods for the years ended 31 December 2016 and 2015 classified by promoted and non-promoted business as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Promoted business	45,542,125	53,184,684	45,542,125	53,184,684
Non - Promoted business	807,704,105	507,533,342	786,105,738	505,842,623
Total	853,246,230	560,718,026	831,647,863	559,027,307

29 Agreement

- 1) In January 2012 the Company entered into a distributor agreement with a foreign company for a period of 11 years expiring in December 2022. The Company is authorized to sell the products of cooling machines business in the country around the world save except some country as specified in the agreement. Under the agreement, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.
- 2) In January 2013 , the Company entered into a distributor agreement with a foreign company as the same as 1) for 2 contracts for a period of 11 years expiring in December 2023. The Company is authorized to sell the products of cooling machines business in the country around the world save except some country as specified in the agreement. Under the agreement, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.
- 3) In January 2013 , the Company entered into a distributor agreement with a foreign company for a period of 3 years expiring in December 2015. The Company is authorized to sell the products of cooling machines business in Thailand. Under the agreements, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.
- 4) In October 2013, the Company and its subsidiary entered into a joint investment and share benefit agreement with a local company . The Condition of joint operation and share of benefit as specified in the agreement.
- 5) In July 2015, the Company entered into the MOU trading energy saving project with a foreign company. Such foreign company provides sale and marketing and the company provides management project. The MOU is for 3 years and will be renewed for periods of 3 years when that both sides make an addendum for renewal.

30 Provident fund

The Company has established a provident fund in accordance with the Provident Fund Act.B.E.2530, and registered on 1 April 2007. Employees contribute as 2% of salary of each month and the Company contributes as 2% of employee' salary. The company appointed a fund manager to manage the fund in accordance with the ministerial regulation 2nd issuance (B.E 2532) based on the Provident Fund Act B.E. 2530

The Company contributed net of the refund amount to the fund for the years ended 31 December 2016 and 2015 amounting to Baht 0.9 million and Baht 0.8 million, respectively.

31 Financial instruments

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases, which are denominated in foreign currencies insignificant, since the Company mainly entered into forward exchange contracts to hedge such foreign currency risk.

As at 31 December 2016 and 2015 the balance of trade payables in foreign currencies and most are repayable within one year, which are not hedged against exchange rate risk are as follows

Currency	Liabilities Baht	Average exchange rate as at 31 December 2016 Baht per foreign currency
USD	3,526,805	35.73

Forward exchange contracts balance as at 31 December 2016 are as the follows;

Currency	Liabilities Baht	Exchange rate per forward exchange contracts
USD	500,000	36.00

As at 31 December 2016 and 2015 the balance of trade payables in foreign currencies and most are repayable within one year, which are not hedged against exchange rate risk are as follows

Currency	Unit :Currency				Average of exchange rate	
	Consolidated financial statements		Separate financial statements		(Baht/currency)	
	2016	2015	2016	2015	2016	2015
USD	3,526,805	2,688,855	3,526,805	2,689	35.73	36.06
EURO	-	14,173	-	14,173	-	41.01

Fair value

Accounting policies and disclosure of the Company and its subsidiary require that the fair value of financial assets and liabilities and non-financial. Fair value is the amount the buyer and seller agree to exchange an asset or a liability settled while both sides have a knowledgeable and willing to reciprocate and the market price independently of the characteristics of those who are not related. The purpose of the measurement and / or disclosure of fair value is determined by the following method. More information about the assumptions in determining fair values is disclosed in the notes associated with the assets and liabilities.

The fair value of cash equivalents, trade and other receivables and accrued income, current portion of receivable for financial lease contracts, short-term loans to related parties, other current assets, bank overdrafts and short - term loan, short - term loan from related parties, trade and other payables, current portion of long-term loans, current portion of liabilities under financial leases contracts, income tax payable and other current liabilities approximates their carrying values due to its maturity is short-term.

The fair value of receivables of finance lease, finance lease liabilities and long-term borrowings are not material different from their carrying value..

31 Financial instruments (Cont'd)

Foreign currency risk (Cont'd)

The fair values of the forward foreign exchange contracts bought and sold outstanding which are measured based on inputs that are observable for the types of instruments such as foreign exchange rates observable at commonly quoted in publicly available sources on the statement of financial position date as at 31 December are as follows:

	Level 2	
	2016 Million Baht	2015 Million Baht
Net favourable (unfavorable) of fair values of:		
- Forward exchange contract bought	17.83	75.83

32 Commitments and contingent liabilities

As at 31 December 2016 and 2015 the Group has:

- 1) Commitments in respect of lease agreement of office buildings, warehouse and office equipments with the annual payments as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Less than 1 year	9,312,083	5,806,720	8,940,083	5,806,720
1 to 5 years	14,189,868	1,948,431	13,529,867	1,948,431
Over 5 years	-	-	-	-
	23,501,951	7,755,151	22,469,950	7,755,151

- 2) Commitments for letter of guarantee which issued by bank for guarantee to pay electricity expenses, goods, and services to customers amounting to Baht 5 million and 1.5 million, respectively.
- 3) Contingent liabilities for unused letter of credit amounting to Baht 4.2 million and Baht 5.3 million, respectively.

33 Related-party transactions

A portion of the Company's assets, liabilities, revenues, costs and expenses arose from transactions with related companies. Related parties are those parties controlled by the Company, directly or indirectly or significant influence, to govern the financial and operating policies of the Company.

The relationship with related parties are as follows:

The Company's/Individual's name	Type of business	Type of relationship
Innov Green Solutions Co., Ltd.	Manufacturing, sale, design, installation and service of ozone systems	Subsidiary (since 1 October 2013, formerly is jointly-controlled entity)
Bangkok Equipments Suppliers Limited Partnership	Sale of construction materials	Relative of Shareholder & Executive
Let Co.,Ltd.	Constructor for installation systems inside and outside buildings and sale construction products	Relative of Shareholder & Executive
Site Preparation Management Co., Ltd.	Distribution of all of air and electricity systems and service for design, repair of air and electricity systems	Co-Shareholder & Co-director
Actdee Co., Ltd.	Sale and rental for cooling equipments for out of building	Relative of Shareholder & Director
Mr.Noppachai Weeraman	-	Shareholder & director
Mr. Fung Meng Hoi	-	Shareholder & director

Pricing policies for each transaction are described as follows:

Type of transactions	Pricing policies
Revenues from sales and services	Price approximate price charge to third party
Interest income	Contract price (rate at 3.69%, 3.79% p.a. and 8.38-8.43% p.a.)
Other income	Contract price
Purchases of goods	Cost plus margin
Purchase of fixed assets	Price approximate price charge to third party
Cost of services and rentals	Price approximate price charge to third party
Management fees	Cost plus margin
Advertising and sale promotion expenses	Price approximate price charge to third party
Supplies	Price approximate price charge to third party
Finance costs	Contract price (8.50% p.a.)

33 Related-party transactions (Cont'd)

33.1 The following material transactions were carried out with related parties for the year ended 31 December 2016 and 2015

	Consolidated financial statements		Separate Financial Statement	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Revenues from sales and service				
Innov Green Solutions Co.,Ltd.	-	-	1,032,690	103,090
Site Preparation Management Co.,Ltd.	-	17,977	32,595	17,977
Actdee Co.,Ltd.	12,841,845	15,768,446	12,841,845	15,768,446
	<u>12,841,845</u>	<u>15,786,423</u>	<u>13,907,130</u>	<u>15,889,513</u>
Intersect income				
Innov Green Solutions Co.,Ltd.	-	-	1,361,286	379,663
	<u>-</u>	<u>-</u>	<u>1,361,286</u>	<u>379,663</u>
Other income				
Innov Green Solutions Co.,Ltd.	-	-	5,250	106,500
	<u>-</u>	<u>-</u>	<u>5,250</u>	<u>106,500</u>
Purchase of fixed assets				
Let Co.,Ltd.	-	978	-	978,300
	<u>-</u>	<u>978</u>	<u>-</u>	<u>978,300</u>
Cost of services and rentals				
Let Co.,Ltd.	-	264	-	264,000
	<u>-</u>	<u>264</u>	<u>-</u>	<u>264,000</u>
Management income				
Innov Green Solutions Co.,Ltd.	-	-	-	25,632,098
	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,632,098</u>
Advertising and sale promotion				
Actdee Co.,Ltd.	-	13,470	-	13,740
	<u>-</u>	<u>13,470</u>	<u>-</u>	<u>13,740</u>
Finance Costs				
Mr.Noppachai Weeraman	-	16,384	-	16,384
	<u>-</u>	<u>16,384</u>	<u>-</u>	<u>16,384</u>

33 Related-party transactions (Cont'd)

33.2 The balances of receivables from and payables to related parties as at 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Trade other receivable				
Innov Green Solutions Co., Ltd.	-	-	1,066,420	213,669
Site Preparation Management Co., Ltd.	-	-	-	-
Actdee Co., Ltd.	884,314	3,972,556	884,314	3,972,556
	<u>884,314</u>	<u>3,972,556</u>	<u>1,950,734</u>	<u>4,186,225</u>
Short - term loans and interest receivable				
Short - term loans to				
Innov Green Solutions Co., Ltd. (note 33.3)	-	-	25,279,888	8,779,888
	<u>-</u>	<u>-</u>	<u>25,279,888</u>	<u>8,779,888</u>
Interaset receivable				
Innov Green Solutions Co., Ltd.	-	-	1,740,949	379,663
	<u>-</u>	<u>-</u>	<u>1,740,949</u>	<u>379,663</u>
Trade and other payables				
Innov Green Solutions Co., Ltd.	-	-	18,320	18,320

33.3 The significant movements of loans to related party during the year are as follows:

	Separate financial statements			
	1 January 2016 Baht	Increase Baht	Decrease Baht	31 December 2016 Baht
Short-term loans to				
Innov Green Solutions Co., Ltd.	8,779,888	16,500,000	-	25,279,888
	<u>8,779,888</u>	<u>16,500,000</u>	<u>-</u>	<u>25,279,888</u>
	Separate financial statements			
	1 January 2015 Baht	Increase Baht	Decrease Baht	31 December 2015 Baht
Short-term loans to				
Innov Green Solutions Co., Ltd.	4,929,888	3,850,000	-	8,779,888
	<u>4,929,888</u>	<u>3,850,000</u>	<u>-</u>	<u>8,779,888</u>

33 Related-party transactions (Cont'd)

33.4 Key management compensation for the year ended 31 December 2016 and 2015 are as follows;

The compensation paid or payable to key management for employee services is shown below:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Management benefit (Note 25)				
Salaries and other short-term employee benefits	11,006,150	12,938,750	10,463,150	10,842,750
Post-employment benefits	174,913	480,264	174,913	480,264
Total	11,181,063	13,419,014	10,638,063	11,323,014

Key management compensation divide into expenses by nature as follows;

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Management benefit (Note 25)				
Costs of sales	1,205,942	1,224,385	1,205,942	1,224,385
Administrative expenses	9,940,088	12,098,041	9,397,088	10,002,041
Finance costs	35,033	96,588	35,033	96,588
	11,181,063	13,419,014	10,638,063	11,323,014

34 Events after the reporting period

At Board of Directors' Meeting of the Company no.1/2017 on 23 February 2017, the meeting passed a resolution to approve an increase in authorized share capital of subsidiary from Baht 1,000,000 to Baht 30,000,000 by issuing new 290,000 ordinary shares with a par value of Baht 100, totaling Baht 29,000,000. The process of registration the increased share capital with the Ministry of Commerce will be not more than 30 days from the Board of Directors' approval date.



Masterkool International Public Company Limited
12/16-17 Thesabansongkro Rd., Ladyao,
Chatuchak, Bangkok 10900 Thailand
Tel: +66 (0) 2953 8800
www.masterkool.com