

# Annual Report 2019



**PATKOL**

Public Company Limited

SINCE 1965

PATKOL Public Company Limited

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# “Learning Center”

289 Moo.14 Tha Phra Subdistrict, Khon Kaen City, Khon Kaen , Thailand



# PATKOL PUBLIC COMPANY LIMITED

## Business Overview :

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

## General Information :

PATKOL PUBLIC COMPANY LIMITED

Location : No. 348 Chalerm Prakiat Rama  
9 Road, Pravate, Nongbon, Bangkok 10250  
Thailand

Tel : + 66 (0) 2328 1035

Fax : + 66 (0) 2328 1245

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

Registration : 0107536000587

Date of Establishment : 28 November 1965

## Securities Information :

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

Registered Capital : 600,243,737 Baht

Paid-up Capital : 494,095,237 Baht

Paid-up Common share : 414,607,781 Share

Paid-up Preferred share : 79,487,456 Share

Par Value : 1 Baht

## Contacts :

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

Fax : + 66 (0) 2328 1245

Email: [wannaporn@patkol.com](mailto:wannaporn@patkol.com)

## Other Important Information

Summary Business held by the Company 10% upward

1. Patkol Manufacturing Company Limited (PKM) :

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

Tel. +66 (032) 447 920-27

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

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

2. Patkol Trading Company Limited (PKT):

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

Tel. +66 (0) 2328 1035 49

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

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

3. S Panel Company Limited (SPN) :

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

Tel. +66 (034) 885 090 91

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

Registered Capital : 40,000,000 Baht shareholding 80%

4. Heat Away Company Kimited (HA)

No 135 Mo 7 Klong Prang, Maung Chachoengsao, Chachoengsao Province

Tel. +66 (038)-088 708

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

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

5. Tygienic Company Limited

No 348 Chaloen Phraiat Ratchakan Thi 9 Road, Nong Bon, Pravate, Bangkok

Tel. +66 (0) 2328 1035

Business Type : Designed and Produced hygienic standard tank And other tank components in food and beverage field, cosmetic, pharmaceutical and petrochemical industries

Registered Capital : 65,000,000 Baht shareholding 99.99%

6. Siam Patkol Company Limited (SPK)

No 348 Chaloen Phrakiat Ratchakan Thi 9 Road, Nong Bon, Pravate, Bangkok

Tel. +66 (0) 2328 1035

Business Type : on process of registering dissolution the company Registered

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

7. Patkol Philippines Coporation Company Limited (PK-PH)

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

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

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

8. PT. Indonesia Patkol Service Corporation (PK-ID):

Rukan Bisnis Blok KJA 12 A-14 Perum Daan Mogot Baru, Daan Mogot KM16-Kalideres, Jakarta Barat 11840

Business Type : Machinery installation and maintenance services in Indonesia

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

9. PATKOL Malaysia Sdn Bhd (PK-MY):

S-01-09 Impian Meridian Commerzshop Jalan Subang1, Us-j, 47600 Subang Jaya, Selangor, Malaysia

Business Type : Machinery and project sales representative, including providing machinery in spallation and maintenance services

Registered Capital : 1,000,000 Malaysian Ringgit shareholding 100 %

10. Patkol Myanmar Company Limited (PK-MM)

No.19, New Aye Ward, Dawbon Township 11241, Minadar Road, Yangon Region, The Republic of the Union of Myanmar

Business Type : : Machinery and project sales representative, including providing machinery in spallation and maintenance services

Registered Capital : 50,000 USD shareholding 99 %

### Reference Firms

Registrar off Common Shares : Thailand Securities Depository Co.,Ltd

93 Ratchadapisek Road, Dindaeng, Bangkok.

Tel. +66 (0) 2009-9000

Authorized Auditor : Karin Audit Company Limited

72, 24th floor 72 CAT Telecom Tower, Floor24, Charoen Krung Road, Bangrak, Bangkok. 10500 Thailand

Tel. (662) 105-4661 Fax. (662) 026-3760

55 ปี  
พัฒนา



## Vision

“ Leader in Food and Beverage, Refrigeration,  
Ice Industrial Machine Business with Friendly Engineering”

## Mission

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01

Serious and sincere friendly with partners by creating quality works and services for the maximum benefit of customer.

02

Friendly with employers by creating safe and sincere work environment with continuous development.

03

Friendly with our earth, society and community by committing to preserve environment.

# Ice Machine



Tube Ice Machine



Scale Ice Machine



Block Ice Plant



# Refrigeration

## Cold Room & Cold Storage



## Ripple Plate Water Chiller

## Evaporative Condenser





# Food & Dairy



Dairy & Beverage  
Industry

---



Sauces & Seasoning  
Industry

---

Pharmaceutical  
Industry

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# Patkol Branch Office



## Other service office and factory

Head Office



Factory ( Samut Prakarn )



Factory ( Phetchaburi )



Patkol Northeast Branch (Khon Kaen)



Patkol North Branch (Lamphun)



Patkol South Branch (Surat Thani)





# Service & Spare Part

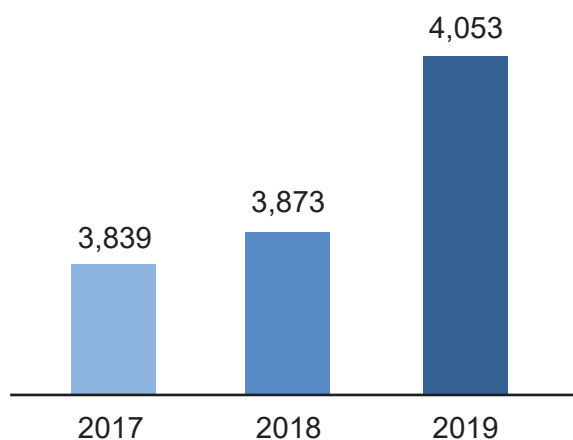


## PATKOL INTERNATIONAL OFFICE

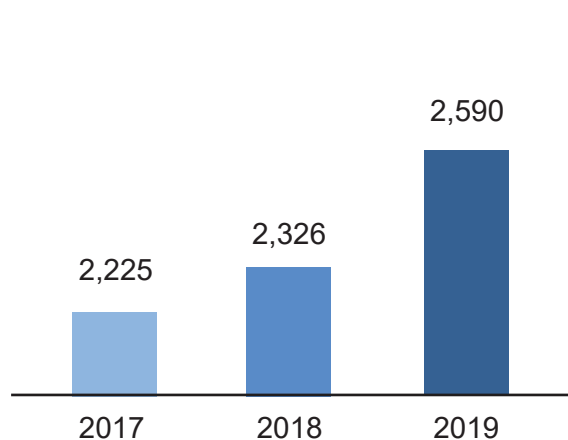
- Thailand
- Philippines
- Indonesia
- Vietnam
- Malaysia
- Myanmar
- Cambodia
- Laos

# Financial Highlights

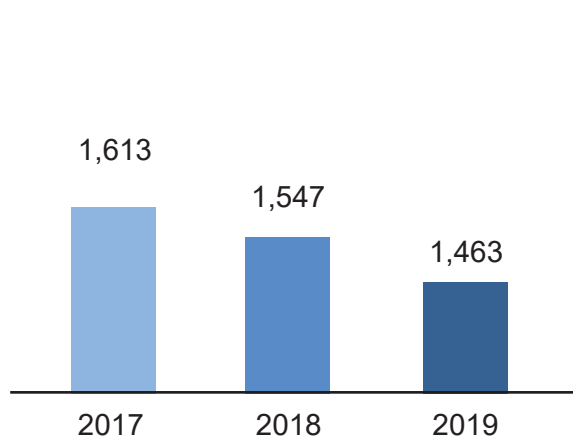
### Total Assets (Million Bath)



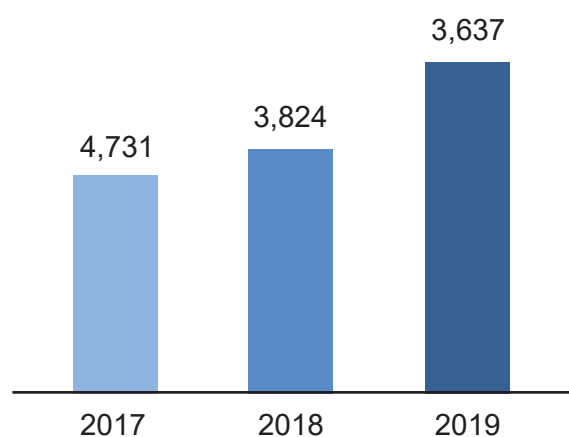
### Total Liabilities (Million Bath)



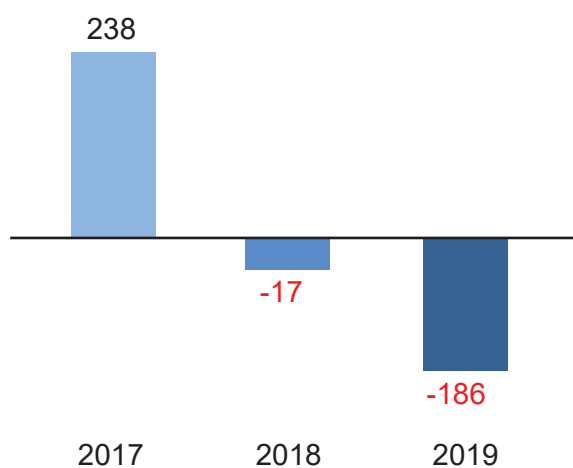
### Total Shareholders Equity (Million Bath)



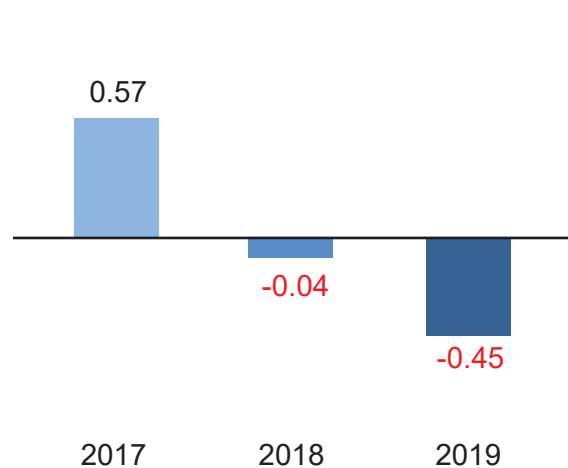
### Total Revenues (Million Bath)



### Profit Attributable to owners of The parent (Million Bath)

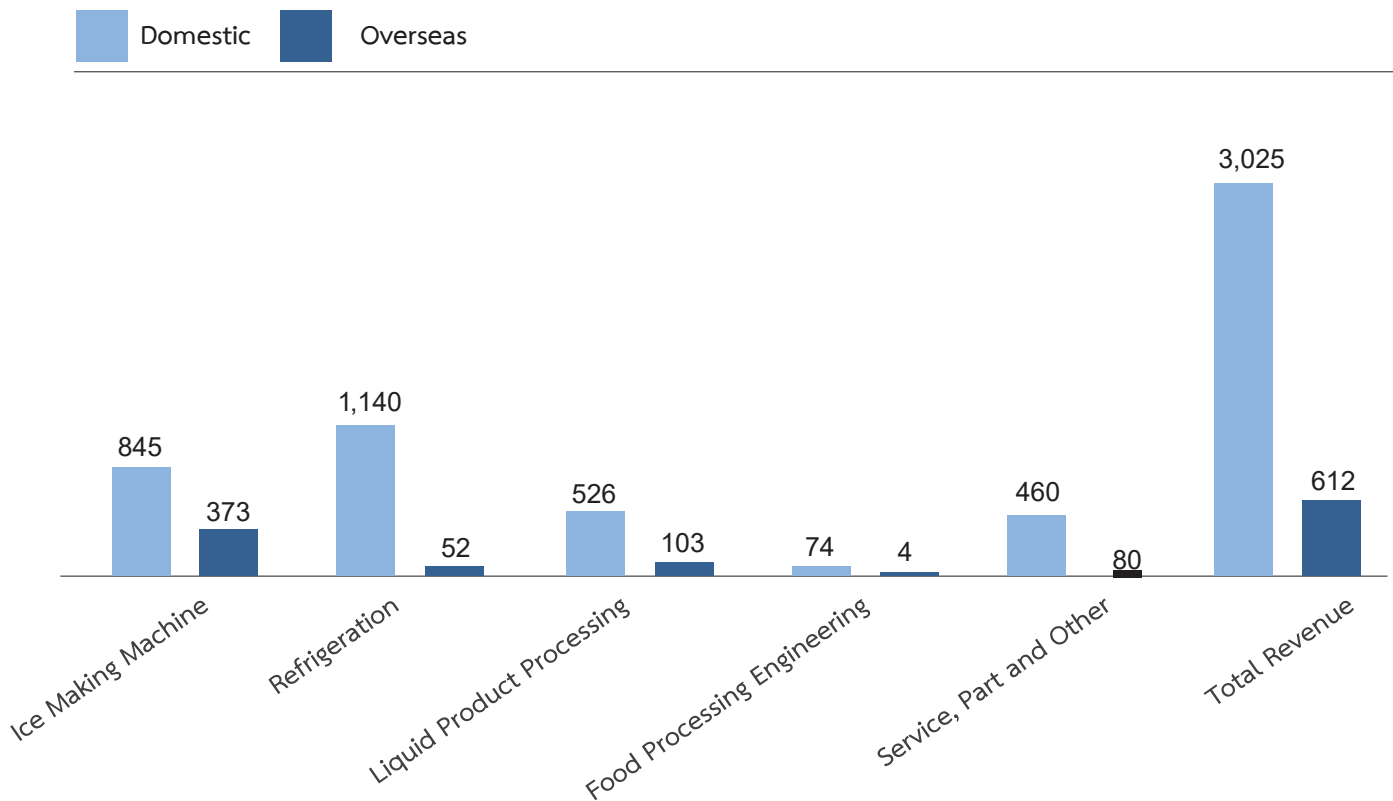


### Earning per Share (Bath)



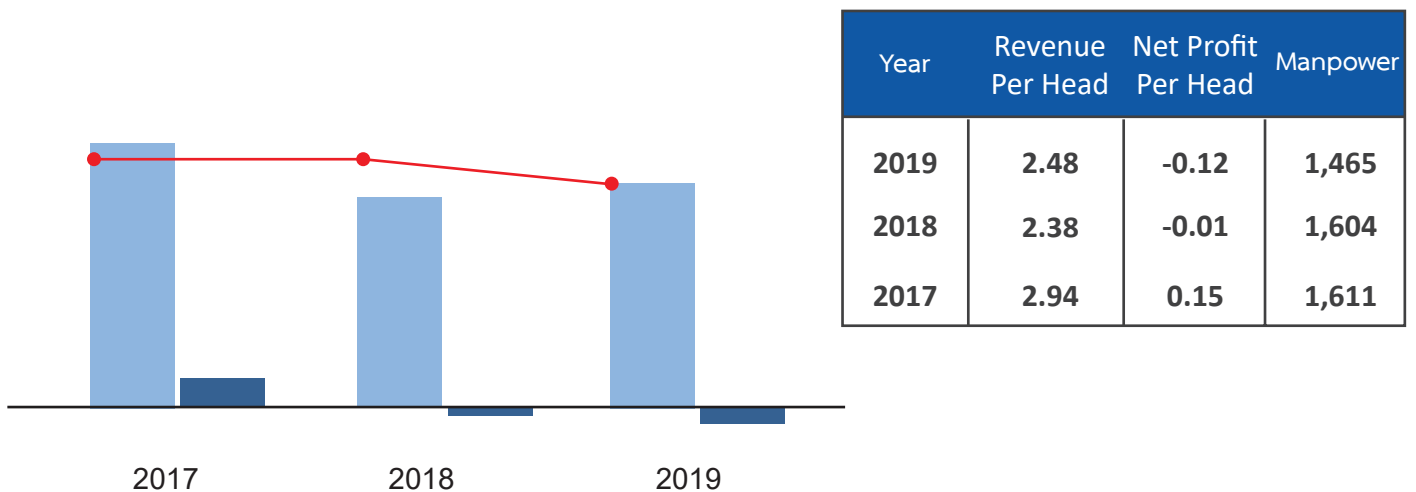
# Financial Highlights

The Proportion of PATKOL GROUP revenue is split by Domestic and Overseas regions (Million Baht)



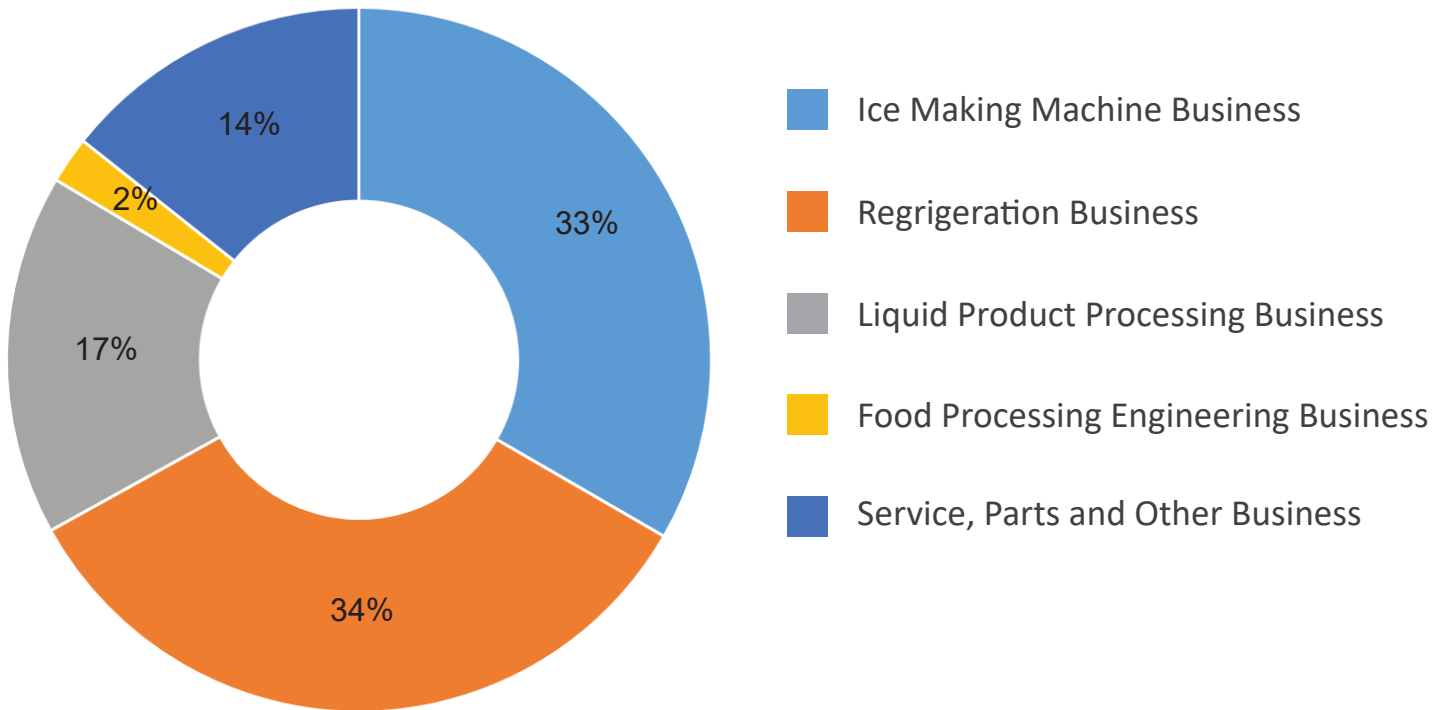
## MANPOWER AND RETURN

Legend: Revenue Per Head (Light Blue), Net Profit Per Head (Dark Blue), Manpower (Red Line)

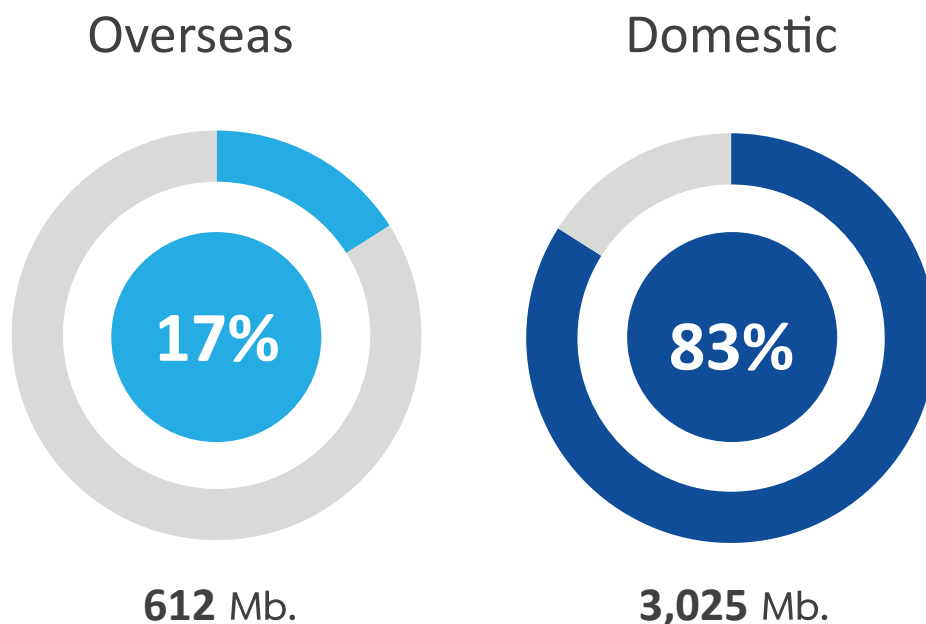


# Financial Highlights

The proportion of PATKOL Group revenue is split by business (%)



The proportion of PATKOL Group revenue is split by region (%)



# Financial Highlights

## Summary Consolidated Operational and Financial Highlights

Consolidated Financial Statement Highlights		Unit : Million Baht	
As at 31 December	2019	2018	2017
Total Assets	4,053	3,873	3,839
Total Liabilities	2,590	2,326	2,225
Total shareholders' Equity	1,463	1,547	1,613
Sales and services income	3,637	3,824	4,731
Profit before income tax	-191	-4	322
Total comprehensive income (expense) for the year	-90	-20	227
Owners of the parent	-186	-17	238

Consolidated Financial Ratios		Unit : Million Baht	
As at 31 December	2019	2018	2017
Liquidity ratio (Times)	1.15	1.51	1.55
Debt to equity ratio (Times)	1.80	1.52	1.40
Gross profit ratio (%)	19	24	25
Net profit (%)	-5	0	5
Average return on equity ratio (%)	-13	-1	16
Average return on assets ratio (%)	-5	-0	6
Net earnings per share (Baht)	3.47	3.68	3.85
Book value per share (Baht)	-0.45	-0.04	0.57

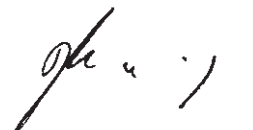
# Message from The Chairman

Dear Shareholders,

In the previous year, domestic and global economies were not doing too well, which had a direct impact on the Company's business. In addition, investment of the Company's customers was also affected by climate change in Thailand and currency depreciation in the ASEAN region where the Company was expanding into.

In response, the Company needed to adjust its work plans and make organizational improvement. Although the Company's operating results were not as good as the years before, our subsidiaries were able to make some profit. The strategic plan developed and submitted to the Board of Directors by management should enable the Company to do better this year and the Board will follow up the implementation of this plan every quarter.

On behalf of the Board of Directors, management team, and employees, I would like to thank every shareholder for their continued support and encouragement that keep us moving forward.



H.E. Mr. Pitipong Puengboon Na Ayutthaya

Chairman



# Message from The CEO

Dear Shareholders,

The current economic slowdown in the country is expected to continue and will surely affect the Company's domestic business operations. In overseas countries, the Company has also been affected by new trade barrier measures to restraint the flow of international goods, and the situation is getting worse.

In the previous year, we had to adapt in response to negative impacts brought about by various changes. We made organizational and personnel restructuring so that each business group had its own direct responsibilities and appropriate workforce. We have managed cost structure based on income to allow for flexibility in responding to changes. In overseas countries, we have designated countries for doing business in exactly the same way as local companies, both de jure and de facto, which will take some time to obtain approval, and use local personnel instead of sending Thai employees. Furthermore, we have organized training for both local and foreign employees at the Khon Kaen Learning Center to ensure international working standards.

Even in Thailand, the labor welfare law has impelled the Company to increase employee benefits, causing a loss in accounting performance.

I and the management team are determined to resolve and manage these changes to get the Company back to making profit as quickly as possible.



Mr. Sangchai Chotchuangchutchaval  
Chief Executive Director

# Board of Director



**Mr. Pitipong  
Phungbun na Ayutthaya**

- Chairman of the Board  
(Independent Director)



**Mr. Pairoj  
Sanyadechakul**

- Chairman of Audit Committee  
(Independent Director)



**Mr. Sangchai  
Chotchuangchutchaval**

- Vice Chairman of the Board  
- Chief Executive Committee



**Mr. Paradorn Chulajata**

- Director, Audit Committee Advisor  
- Risk Management Committee Member  
- Nomination and Remuneration  
Committee Member



**Ms. Anongsiri Chaiyakul**

- Director



**Ms. Nongluck Sakdakrai**

- Director and Nomination  
- Remuneration  
Committee Member



**Mr. Veerachai Srikajorn**

- Audit Committee Member
- Chairman of the Risk Management Committee (Independent Director)



**Mr. Preecha Chantarangkul**

- Audit Committee Member (Independent Director)
- Chairman of the Remuneration Committee



**Mr. Sumet Jiambutr**

- Director and Executive Committee Member



**Mr. Panet Chongvatana**

- Director, Executive Committee Member
- Risk Management Committee Member



**Mr. Rangsan Thammanee Wong**

- Director, Executive Committee Member
- Risk Management Committee Member



**Ms. Naitya Chongvatana**

- Director

# Management Team



- 1 Mr. Sangchai Chotchuangchutchaval  
- Chief Executive Office
- 2 Mr. Panet Chongvatana  
- Chief Strategy Office  
- Managing Director of Refrigeration
- 3 Mr. Sumet Jiambutr  
- Chief Manufacturing Office
- 4 Mr. Mongkol Maduethong  
- Managing Director of Ice Machine Group
- 5 Ms. Wannaporn Trinvisuthikul  
- CHIEF ADMINISTRATIVE OFFICER
- 6 Mrs. Siwaporn Dumronglaohapun  
- Managing Director of FOOD & DAIRY GROUP
- 7 Mr. Chakkrachong Chaosuan  
- CHIEF INTERNATIONAL BUSINESS OFFICER (Acting)

# PATKOL Group Organization 2019



# Major changes and developments over the last 3 years

## 2017

### ■ Increase investment in subsidiary company

S Panel Co., Ltd. a subsidiary company (the Company shareholding 80%) by increasing its registered capital from 10 million baht to 40 million baht for accommodates additional expansion.

### ■ The progress of establishing a subsidiary in overseas

#### Malaysia

Patkol Malaysia SDN. BHD., establishment at 11 November 2016, registered company of 100 million MYR (7.96 million baht), the company shares holding 100% for sales representative, including the installation and the machinery maintenance job.

### ■ Expand domestic business

The Board of Directors' Meeting No. 4/2017 held on 10 November 2017 resolved to approved the establishment new subsidiary for manufacture Pressure Vessel and other tanks and accessories.

### ■ Expand oversea business

The Board of Directors' Meeting No. 4/2017 held on 10 November 2017 resolved to approved the establishment of subsidiary in Myanmar for support the expansion in the ASEAN.

## 2018

### ■ Progress of set up subsidiary at oversea.

#### Myanmar

Patkol Myanma Co., Ltd was set up since 9 January 2018 with capital 50,000 US Dollar (1,584,560.05 Baht), the company are stoking shares at the rate 99 percent. The purposes are advice service, installation service, maintenance service relates with ice machine, refrigerator and machine relate with food and drink system.

### ■ Progress of set up subsidiary at domestic.

Tygenic Co., Ltd was set up since 8 January 2018 with capital 65,000,000 Baht, the purposes are design, produce, install, and sell tank with pressure and non- pressure, heat exchange machine, refinery, cooling vent, filter tanks, machine' stirring and others equipment assemble tank.

### ■ Expand business in domestic

Set up the new learning centre and new service centre at Khon Kaen, the name "Training Center for technicians". The purposes for learning centre and training a work skill of employees include give opportunity to persons at the area come to work with us.

### ■ Expand industrial in domestic

Expand Heataway Co., Ltd' factory at Chacho-ongsao for expand the production of Evaporative Condenser machine.

## 2019

■ In the year 2019, the company has emphasized to change and develop organization and management for focus and response to business strategies included to the major business changes in the past 2 years.

■ The company has restructured of internal management for more response to overseas companies and pay more attention about cost management in oversea company by focus on recruit local employees.

■ The company has emphasized on some products group to expand in overseas for comply with the economic, social and cultural contexts of each country.

■ The Learning Center, Khon Kaen Province had developed to be the professional technician training center. Therefore, our technicians from domestic and oversea have to take course in both theory and practice.



# Policy on Business Operations and Nature of Business

## Policies of Our Company Business:

- 1) We have determination to develop the products and the manufacture of refrigeration machines and those used in processing and producing various types of food in response to the demand of the target groups in accordance with the pledge to the customers. It has presented the friendly service and created satisfactory to the customers to make our company can make a more profit from sales and to create the highest reward to our shareholders.
- 2) We have determination to respond to the demands of our customers by providing the integrated services covering from giving advice, design and engineering work up to the construction and installation to provide convenience to our customers and to receive the maximum benefits.
- 3) We have a policy on the investment by the affiliates and the subsidiaries by giving priority to the business that it has skills and stay close to our business line. It has invested in terms of the direct major shareholder or via the affiliates by holding shares in the ratio of more than 80 percent and/or has the control power in the invested companies. Except the condition of the business or competition do not support or the operations have to receive support and cooperation from other business participants, it can invest in terms of a joint venture.
- 4) We have a policy of developing personnel with continuity both in the profession and service, so our personnel shall have the knowledge and specialization in the ice maker industry and the manufacture of machinery for refrigeration and food processing and production of the various types.
- 5) We have given priority on creating new innovations and development of technology to maintain business leadership, including giving importance to the information technology. It focuses on the working system to be streamline and preparation of the information to be ready for the expedient and correct decision.
- 6) We have a policy of developing the working system to comply with the international standards all the time, with in 2016 it was certified for the standards of ISO 14001 and BS OHSAS 18001 from TUV NORD.
- 7) We have a policy of doing business under the principle of good governance by considering the benefit of the society and the environment in parallel with profitability for sustainable growth and development.

- 8) It gives priority on conservation of the environment and reward to the society, including development of life quality of the humanity to have better livelihood.
- 9) It has a policy of promoting to build the value for the stakeholders by setting the policy on taking care of the stakeholders, including the measures on compensating by the company has categorized the stakeholders into seven groups are employees, customers, shareholders, trade partners (including the consultants and contractors), creditors, governmental agencies and the communities surrounding the factory.

### **Nature of Business**

PATKOL Public Company Limited was established in 1965 under the registered name "Patanakolkarn Company Limited" and was renamed "PATKOL Company Limited" in 1992. The Company was registered as a public company listed on the Stock Exchange of Thailand (SET) and transformed into a public company limited on 28 June 1993 is the symbol "PK".

PATKOL Public Company Limited is a leading engineering manufacturer of refrigeration and industrial machinery, varying in ice maker, chiller, food and dairy processor, and pressure vessel. Additionally, the company specializes in manufacturing machinery for the paint, cosmetic, and petrochemical industries.

Staying beyond the leader of industrial engineering, PATKOL is capable of providing a complete range of one-stop services, consisting of consultancy, planning, design, installation, and operations. Several premium-quality products of PATKOL are certified with registered patents and international standards.

The company has always recognized the importance of selecting high-quality raw materials to manufacture excellent and unique machine structures. All industrial machines have passed complete inspection and are designed to unveil the most advanced technology, backed by enhanced quality, sanitization, safety, and convenience of use. Above all, the company aims to provide its customers with the highest satisfaction towards revolutionary products and excellent services evolved to meet all types of demands. Renowned for being the first manufacturer of tube ice machines in Thailand and currently honoured as the world's best producer of ice production machines, with a tremendous volume of exports to several countries in Asia, the Middle East, Africa, and Europe as well as the US and Australia.



## Type of Product and Service

PATKOL is fully committed to generating greater development of four core businesses to serve the expansion of today's food and food export industries

### Group Business No.1: Ice Machine Business Unit

Renowned for being Thailand's first pioneer and manufacturer of tube ice, PATKOL always recognizes the importance of product quality and sanitization in line with internationally accepted standards. Aside from the long-standing reputation of being the world's leading manufacturer of tube ice machines, the company also specializes in producing, designing, installing, and distributing equipment and parts of various types of ice machines for over 50 years.

- 1.1 Tube Ice Machine – PATKOL is able to produce the tube ice machine, with the production capacity of up to 10-120 tons per day. This can be ideal for the consumable ice manufacturing business and the food processing industry requiring the use of ice to maintain the freshness of their food products.
- 1.2 Scale Ice Machine – With the production capacity of up to 2.5-5 tons per day, the company's targeted customers are those using ice in food production, such as chicken meat processing factories, canned tuna processing factories, and shrimp processing factories. The scale ice machine is also used widely in the fishery industry.
- 1.3 Plate Ice Machine – The plate ice machine is used to produce ice for the food manufacturing industry. With the production capacity of 5-80 tons per day, the ice obtained from the plate ice machine will be used to ensure the freshness of food products. With advanced development of the machine, the ice must be maintained in good quality with no contamination of harmful substances according to the principles of Good Manufacturing Practice (GMP). In addition, the plate ice machine doesn't require a large space for installation, which can be ideal for the food manufacturing business.
- 1.4 Block Ice – PATKOL specializes in constructing and designing the block ice plant with the production capacity of up to 100-2,400 units per day, where the standard sizes are 50, 135, 150, 165, 180, and 200 kilograms per unit. As a majority of customers of block ice come from the fishery business, the block ice will be used to maintain the quality and freshness of food and raw materials prior to being processed.
- 1.5 Ice Handling and Cold Room – PATKOL successfully produces its ice handling machine of the semi-automatic and automatic systems, where ice will never be touched by bare hands throughout the entire production process. Ice containers vary in size, ranging from

1.5-5 kilograms to 10-25 kilograms or they can be produced according to customers' specific requirements. PATKOL's ice handling has become more special with the so-called 'Form-Fill-Seal Packing' technology, while the cold room can be constructed according to customers' specific requirements.

- 1.6 Automatic Control System – PATKOL is renowned for being Thailand's leading developer of software programs for automatic machines, backed by the advancement of an online monitoring system for controlling and inspecting such automatic machines. The automatic machines are developed to replace human workers with greater performance efficiency and convenience of operations.

### **Competitiveness and Distribution Channels**

PATKOL is renowned for being the first manufacturer of tube ice machines in Thailand and currently honored as the world's best producer of ice production machines, with a tremendous volume of exports to several countries in Asia, the Middle East, Africa, and Europe as well as the US and Australia. As the company's main distribution channels are agency, online marketing, and exhibition, it has successfully maintained its regular groups of customers who tend to increase their product orders, while being able to generate a continued expansion in emerging markets.

### **Competitiveness**

Despite increasingly intense competition due to many manufacturers in the tube ice machine business both at home and abroad, ice machine customers have continuously expanded their branches. Also, the Company has advantage in terms of quality and high standard machines. Ice machines of the Company are manufactured in accordance with the ASME Standard (American Society of Mechanical Engineer), which is a product design standard based on mechanical engineering principles. Although most customers demand quality products, few manufacturers comply with this standard.

In addition, the Company has a team of engineers and technicians skilled in designing and installing ice machines, refrigeration systems and equipment, ice packing machines, conveyor systems, and ice storages, as well as supplying water treatment systems both in and outside Thailand. The ice machine system is designed to produce clean ice suitable for consumption in line with the Notification of the Ministry of Public Health on Good Manufacturing Practice (GMP). The Company also has service centers in northern, northeastern, central, and southern regions of Thailand and other ASEAN countries. Moreover, Patkol is able to deliver machines with after-sales services and one year

quality warranty to customers both at home and abroad. Our after-sales service unit not only provides a repair service but also regularly perform preventive maintenance on machinery to lessen the likelihood of it failing or breaking down.

In addition, the Company continues to develop more effective, productive, and energy efficient products and machines and design high quality, durable, and easy-to-use products in order to retain its existing customer base and tap into new markets.

## Customers

PATKOL has both domestic and foreign customers consisting of:

- Large and small-sized manufacturers of consumable ice
- Large and small-sized manufacturers of ice for the fishery business
- Small, Medium, and large-sized food processing factories

For the block ice market, the company has reiterated its intention to penetrate ASEAN nations with consumable ice and ice for the fishery business, expecting to see a rising sales volume in the long run.

PATKOL currently achieves the highest distribution ratio of tube ice in Asia and successfully generates tremendous exports to more than 50 countries in five continents around the globe.

## Industrial Aspects

The severe drought in 2019, which is expected to continue in 2020, may affect the ice-making industry since it uses water as the main raw material. However, the current situation is still under control but may affect the overall industry if the drought intensifies in 2020.

Restaurant, wholesale, and retail businesses have adopted a wait-and-see attitude on the country's GDP. This, coupled with a decline in foreign tourists, causes ice consumption to decrease, which directly impact the Company's business.

As for the industrial situation in the ASEAN region, the economic figures of other ASEAN countries are better than Thailand. People are increasingly consuming tube ice instead of packet ice and eating out at restaurants more often. As a result, more restaurants have been opened, causing the demand for tube ice per year to rise. This offers an opportunity for operators to increase their production capacity and expand their business to new countries.

## **Business Group No.2: Refrigeration Business**

PATKOL is considered a major business entrepreneur in the ASEAN region specializing in industrial engineering of several aspects, including production, design, installation, and sales of spare parts of its refrigeration systems used in food processing plants, varying in processed meat, poultry, fish, shrimp, vegetables, and fruits. The company has developed the cold water system to reduce temperature as well as the refrigeration system to maintain the quality and freshness of products throughout the entire production process. Modern technology has been applied to ensure greater efficiency and energy-saving efforts. As a consequence of the increasing market share in the domestic market, the company has determined to maximize its exports to foreign countries.

PATKOL has classified its products and services of the refrigeration business into two major categories as follows:

### **1. Industrial Refrigeration**

PATKOL specializes in production, design, and installation of the refrigeration system for large to small-sized businesses with ammonia utilization. Customers of industrial refrigeration are processed food manufacturers and producers of seafood, meat, vegetables and fruits, and ready-made food products. Certain customers operate the fishery business and provide cold rooms for frozen food, such as chicken, seafood, vegetables, fruits, and other products.

### **2. Commercial Refrigeration**

PATKOL also provides production, design, and installation services for the refrigeration system for small and medium-sized entrepreneurs using the so-called Freon substance. Customers of commercial refrigeration are processed food manufacturers and producers of seafood, meat, and vegetables and fruits. Customers also include those operating the fishery business and possessing cold rooms for frozen food, such as chicken, seafood, vegetables, fruits, and other products and small-scale operators of retail shops and restaurants.

The refrigeration business also unveils several excellent products used in certain industries including:

1. The Cold Room of small, medium, and large sizes for product storage.
2. The Processing Room used during the processing and elaboration stages.

3. The Ripple Plat Chiller used to reduce food temperatures down to 0.5 degrees Celsius without being frozen as ice.
4. The Air Blast Freezer providing the most advanced freezing technology, where users are required to complete a full-amount loading of products prior to freezing.
5. The Supermarket Showcase available at leading supermarkets and hypermarkets in Bangkok and provincial areas.
6. Spare parts related to the refrigeration system, for instance, compressor, ripple plate, valve, and insulator for cold rooms.

PATKOL has established S Panel Company Limited and Heataway Company Limited as its affiliates, renowned for being a leading distributor of cold rooms and a leading manufacturer of evaporative condensers used widely in the refrigeration machine industry, respectively.

### **Competitiveness and Distribution Channels**

For distribution channels, PATKOL has managed to focus on agency, online marketing, and exhibitions. The company already possesses regular customers who tend to increase their product orders, while preparing to penetrate new markets domestically and internationally. Meanwhile, the establishment of Heataway Co., Ltd., a leader of evaporative condenser manufacturing, aims to highly satisfy customers in an efficient and timely manner.

### **Competitiveness**

In major and key customer segment, the Company is able to maintain market share with its modern machines designed for production lines that requires high quality control and energy efficiency and full after-sales services. However, the economic slowdown both at home and abroad has caused customers to slow their investment and the Company to be unable to quickly expand its market.

However, the Company's advantage is that it has gradually developed its factory manual system into a factory automation system, increasingly upload data into the online monitoring system

to replace human control to reduce labor cost that continues to rise. Therefore, Patkol can give advice, design, and install automated machinery and has a programmer team who understand production process to design a system suitable for particular production line to support more workload.

For small business customers who want to expand into a medium business in the poultry export industry to accommodate the expected market growth in 2020, they need a factory that meets strict quality requirements. Customers wanting to upgrade their existing factory refrigeration systems must choose a company that provides modern machinery designed for production process, high quality product control, and one-stop services such as Patkol. Thus, the Company can tap into this market.

#### Customers

- Manufacturers and distributors of frozen food, ready-made food, seafood, meat, vegetables, and fruits.
- Providers of cold rooms for the storage of frozen food such as chicken, seafood, vegetables, and fruits.
- Manufacturers of ice cream, dairy products and sparkling beverages.
- Operators of food restaurants.
- Providers of distribution centers for fresh and frozen food.
- Operators of hypermarkets and supermarkets possessing commercial freezers.
- Providers of small and medium-sized commercial freezers.
- Operators not engaging in the food business, but requiring a refrigeration system for product storage.

#### Industrial Aspects

The economic slowdown and decrease in purchasing power cause exporters to slow their investment and adopt a wait-and-see attitude on GDP of other countries.

Restaurant, wholesale, and retail businesses have adopted a wait-and-see attitude on the

country's GDP. This, coupled with a decline in foreign tourists, results in lower consumption and slowing business.

For some industries, such as chilled, frozen, and processed chicken export, although the growth in 2019 was low, business is expected to pick up in 2020 as clean food consumption (chicken breasts) increases. More and more small factories will start to upgrade to medium factories.

The economic growth of CLMV countries, which creates the opportunity for tapping into neighbouring countries' fresh and processed food markets, and the fact that Thailand is a goods transportation hub has caused cold storage rental business and goods distribution center business to grow considerably. Furthermore, Thailand as a source of raw materials will be positively affected by an increase in purchasing power in many countries such as Vietnam, the Philippines, and Indonesia. The Company can expand business from both existing domestic customers who are investing overseas and new customers in other countries.

### **Business Group No.3: Liquid Product Processing**

PATKOL has constructed a production plant equipped with advanced machines for the production of liquid products used for the combination, sterilization, and stabilization of pasteurized milk, UHT milk, energy drinks, and other beverages as well as food, cosmetics, medicines, chemicals, and petrochemicals.

The company has divided its liquid products into three major categories as follows:

#### **1. Dairy and Beverage Manufacturing**

PATKOL specializes in manufacturing, designing, and installing machines for dairy plants as well as alcoholic and non-alcoholic beverage factories, with the combination, sterilization, and stabilization of liquid products. The company has applied the use of automatic control and measurement systems for all machines, ensuring energy and time efficiency for the production of dairy and beverage products, including pasteurized milk, UHT milk, energy drinks, juices, drinking water, beer, and other beverages, while being able to allocate spare parts and equipment required for certain machines. PATKOL's

products and services are in line with the Ministry of Public Health's Good Manufacturing Practice (GMP) standard.

## 2. Liquid Food Processing

2.1 Seasoning Production – PATKOL provides a range of excellent services on manufacturing, design, and installation of machines for manufacturing seasonings, including seasoned soy sauce, soy bean sauce, fish sauce, bean paste, and other dipping sauces. Machines evolved by PATKOL are designed to facilitate each and every manufacturing process in line with customers' general and specific requirements, varying in cleaning and processing of raw materials, preparation of ingredients, fermentation, filtering, sterilization, and packaging. Additionally, stainless tanks used for the aforementioned activities are required to be featured with hygienic structure and design, which are different from those used for other activities. Products and systems used in seasoning production are evolved according to the internationally accepted standards, supported by the so-called 'Cleaning in Place (CIP)' system.

2.2 Cosmetic and Medicine Production – PATKOL is capable of providing quality manufacturing, design, and installation services for machines reserved for cosmetic and medicine production, varying in body cream, shampoo, and general medicines. Machines and other related equipment are developed in compliance with the required standards, backed by the accuracy and stability of combination and measurement. Meanwhile, automatic systems will be applied to reduce difficulties in manufacturing and other relevant processes. To obtain the best and most efficient products and services, the company always emphasizes on the application of the control, monitoring, and reporting systems.

2.3 Paint, Chemical, and Petrochemical Production – PATKOL provides a complete range of manufacturing, design, and installation services for pressure vessel, storage tank, heat exchanger (shell and tube), stack, and pipeline in compliance with the American Society of Mechanical Engineers (ASME) standard.

PATKOL has established its affiliate company named Tygienic Company Limited, with a registered capital of 65 million baht, to support further business expansion. According to PATKOL, Tygienic Co., Ltd. specializes in manufacturing, designing, repairing, and distributing common



vessels, pressure vessels, heat exchangers, refinery equipment, cooling vent, filtering tank, and more. The affiliate company will officially be established on January 1, 2019.

Tygenic Co., Ltd. possesses teams of highly professional and experienced engineers and a certified production plant for manufacturing food, beverages, cosmetics, medicines, chemicals and petrochemicals under the ASME, GMP, ISO 9001, ISO 14001, and OHSAS 18001 standards equivalent to those of foreign manufacturers and distributors.

## Sales and Distribution Channels

### Domestic Market:

- Highly professional and experienced engineers will be responsible for the distribution of major products, aiming to generate greater sales of each product category.
- Distribution channels will include services, which have been expected to increase due to customers' utilization of purchased products.
- Participating in local exhibitions as well as promoting products and services online can be effective and profitable.

### Foreign Markets:

- Sales engineers shall oversee sales of key products in their respective countries.
- Participating in international exhibitions as well as promoting products and services online can be effective and profitable.
- Mainly penetrating foreign markets with high possibilities of production expansion and abundance of raw materials, referring to regular customers and previously used channels.
- Developing strategic partnership with customers who possess enhanced potential in generating business expansion, while being adaptable to the company's general and specific requirements.

## Competitiveness

The Company is able to meet customer needs in all industries with a one-stop service,

covering consulting, planning, and designing installation, production process, machinery, and operation. It can design a customized system to meet the specific needs of customers. The Company has its own brand machinery, such as CIP Unit, Pasteurization Unit, UHT Machine, thereby assuring leading customers that they will get both quality machines and services.

Under Technology Thailand 4.0, the Company has advanced to become an automated factory that uses online monitoring technologies to reduce labor cost that continues to rise. This gives Patkol an opportunity to become the first and only Thai company that can give advice, design, and install online monitoring machinery. The Company has a team of programmers who understand production process to design a system suitable for particular production line to support more workload.

In addition, a factory that uses online monitoring machinery can reduce human error and is easy to adjust to increase productivity in the future.

The Company's competitive advantage is that its subsidiary, Tygienic Company Limited, has lengthy experience in process tank manufacture. It has a quality control system and engineering design that are U-STAMP certified under the ASME standard (American Society of Mechanical Engineer), which gives customers confidence in the quality of the pressure tanks produced by Company. However, the higher cost incurred to meet that standard causes a price disadvantage for the Company.

## Customers

PATKOL's customers vary in manufacturers of daily products, ice cream, alcoholic and non-alcoholic beverages, juices, energy drinks, healthy drinks, sugar, and syrup as well as producers and distributors of seasonings, cosmetics, medicines, chemicals, and petrochemicals.

## Industrial Aspects

The main groups of drinks of Thailand's beverage industry includes bottled water, carbonated drinks, energy drinks, and alcoholic beverages. The non-alcoholic beverages sector has experienced high growth rate due to urbanization, changes in consumer lifestyle, and frequent dining out. The Company is expected to continue to grow in the current domestic market.

The new beverages such as healthy drinks emerge in the market all the time to meet the rapidly changing consumer demand and different genders and ages, causing customers to invest in more machinery.

Large and medium-sized ready-to-drink milk businesses wanting to expand their production capacity and upgrade to automated production process, as well as the presently-imposed strict regulations on factory hygienic standards, provide an opportunity for the Company with expertise in this industry to help customers develop and improve their factories, allowing it to maintain sales in this group of customers.

With growing seasonings market, the Company is experienced in developing and designing a complete sauce production process for leading customers, allowing it to expand its business in this market.

Because of increasing milk production and consumption in ASEAN countries and the Company's ability to build machinery and factories that meet the FDA requirements and effective after-sales service, the Company is able to tap into foreign markets.

## Business Group No. 4: Services, Spare Parts, and Others

From operational guidelines that adhere to the foundation of product and service development based on the principles of quality, completion, and timeliness, PATKOL has successfully promoted its high-quality products and engineering masterpieces to be accepted worldwide.

## Products and Services

PATKOL offers a comprehensive range of after-sales services, including spare part allocation and preventive maintenance. Quality services are available for products that remain both inside and outside the warranty period. Similarly, our preventive maintenance services include the allocation of spare parts, repair and maintenance for major machines, and overhauling of existing machines, which are developed to support other business categories, for instance, maintenance services for tube ice machines, block ice machines, and refrigeration machines and systems available in various processed food and dairy product factories. The company also provides preventive and annual maintenance services for major ice manufacturing plants as well as leading modern trade operators, such as Big C Supercenter and Ek-Chai Distribution System.

## Sales and Distribution Channels

PATKOL can successfully maintain its regular customers who express their interests in several products and services provided by the company. In addition, the company is able to present a number of its engineering masterpieces to several leading companies, while, as a major distribution channel, focusing on exhibitions in both Thailand and foreign nations.

## Competitiveness

The Company's advantage in services and maintenance is that it has lengthy experience and service personnel who are knowledgeable, skilled, and highly capable. The Company not only provides services to customers who buy its machinery and products but is also ready to serve general customers as well.

The Company also offers preventive maintenance to manage and maintain systems and machinery before they are damaged to allow customers to produce without interruption, reduce loss, and maintain product quality. The Company will perform maintenance services for customers starting from product delivery until the end of warranty. Afterward, customers can renew the preventive

maintenance service contact, thus allowing the Company to increase revenue and expand the customer group.

Providing services with honesty to customers by experts and with appropriate warranty conditions in a fast and timely manner makes Patkol stand out from other services and creates better relationships with customers.

### **Customers**

- Regular customers

### **Industrial Aspects**

Ice machine and refrigeration industries have been around for quite some time and are continuing to grow every year, resulting in increasing demand for equipment maintenance or compressor replacement services. Customers also require fast and prompt services. Therefore, the Company has set up service centers in every region of Thailand and other ASEAN countries, thus giving the Company an advantage over competitors.



# Securities Information and Major of Shareholders

## Amount of Registered Capital and Paid-up Capital

As of 31 December 2019 the Company has registered capital of 600,243,737 Baht, paid-up capital of 494,095,237 Baht divided into 414,607,781 common shares and 79,487,456 preferred shares with a par value of 1 Baht.

## Rights of Preferred Shares

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

## Major of Shareholders

The Company's 10 major shareholders as at 6 March 2020 (latest book-closing date)

No.	Shareholder Name	Amount of Shares	%
1.	Bangkok Bank Public Company Limited	49,307,800	9.97
2.	Ms. Ratchanee Chongvatana	45,970,942	9.30
3.	Mr. Sangchai Chotchuangchutchaval <sup>2</sup>	45,841,303	9.27
4.	Mrs. Noppavan Chongvatana <sup>1</sup>	38,574,151	7.80
5.	Mr. Panet Chongvatana	31,618,586	6.39
6.	Ms. Nongluck Sakdakrai	29,985,080	6.06
7.	Ms. Thitikan Chongvatana	14,374,371	2.90
8.	Ms. Surasa Poonapirat	11,516,673	2.33
9.	Mr. Jamorn Chulajata	11,432,500	2.31
10.	Srisawad Finance Public Company Limited	11,400,000	2.30
11.	Other Shareholders	215,506,331	41.37
<b>Total</b>		<b>494,095,237</b>	<b>100.00</b>

### 1. Chongvatana Group's Shareholding Structure

(1)	Ms. Noppavan Chongvatana	7.807%	(38,574,151 shares)
(2)	Mr. Panet Chongvatana	6.399%	(31,618,586 shares)
(3)	Ms. Thitikan Chongvatana	2.909%	(14,374,371 shares)
(4)	Mrs. Sirinuch Chongvatana	0.080%	(400,000 shares)

### 2. Chotchuangchutchaval Group's Shareholding Structure

(1)	Mr. Sangchai Chotchuangchutchaval	9.278%	(45,841,303 shares)
(2)	Ms. Chanthipha Chotchuangchutchaval	0.809%	(4,000,000 shares)

### 3. Chulajata Group's Shareholding Structure

(1)	Mr. Jamorn	Chulajata	2.314%	(11,432,500 shares)
(2)	Mr. Paradorn	Chulajata	2.243%	(11,080,500 shares)
(3)	Mr. Kornnop	Chulajata	22.195%	(10,844,000 shares)
(4)	Ms. Surasa	Poonapirat	2.331%	(11,516,673 shares)

#### Issuance of other securities

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

#### Warrant {"PK-W"}

The date of issuance of warrants	21 September 2011
Type	Warrants (Securities not listed on the SET)
Amount	106,148,500 units
Age	10 year
Exercise Date	Every 1 <sup>st</sup> of March, June, September and December
First Exercise Date	1 December 2011
Last Exercise Date	1 August 2021
Exercise Ratio	1 Unit of Warrant: 1 new common share
Exercise Price	0.01 Baht: Unit
Remaining Warrant	106,148,500 Units



## Dividend Payment Policy

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

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

## Dividend history of the Company for the past 3 years from 2017 to 2019

Operation result year	2019	2018	2017
1. Net profit (Lost) (Baht)	(114,646,227)	(11,528,850)	270,397,208
2. Number of Share			
2.1 Preferred Share (Share)	79,487,456	79,487,456	79,487,456
2.2 Common Share (Share)	414,607,781	414,607,781	414,607,781
<b>Total share</b>	<b>494,095,237</b>	<b>494,095,237</b>	<b>494,095,237</b>
3. Dividend Per Share			
3.1 Preferred Share	0	0	0.03250
(Baht/Share)			
3.2 Common Share	0	0	0.12
(Baht/Share)			
<b>Total paid dividend (Baht)</b>	<b>0</b>	<b>0</b>	<b>52,336,276.04</b>
4. Dividend payout ratio (%) of separate financial statement profit	0	0	19.35%

Note: *\*In 2014-2015, the company was unpaid dividend because the company must use cash flow for support extends work and reserve for business operation*

*\*In 2016, Finance statement restated.*

*\*In 2018, No dividend payment*

*\*\* In 2019, the right to receive dividend is uncertain because it has to wait resolution form Annual General Meeting of the Shareholder on 23 April 2020.*



# Management Structure

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

## Board of Directors

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

As at 31 December 2019, the Board of Directors There are a total of 12 directors who are highly qualified in the areas of skills, knowledge and experience that are beneficial to the operation.

(1) 8 executive directors

(2) 4 non-executive directors, consisting of

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

In the year 2019, the Board of Directors held 8 meetings with pre-arranged meeting schedules.

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

Name	Position	Board of Directors Meeting	
		No. of times meeting	No. of times attended
1. Mr. Pitipong Phungbun na Ayutthaya	Chairman of the Board (Independent Director)	8	8
2. Mr. Sangchai Chotchuangchutchaval	Director, Chairman of Executive Committee and Chief Executive Officer	8	8
3. Mr. Pairoj Sanyadechakul	Chairman of Audit Committee (Independent Director)	8	7
4. Mr. Preecha Chantrangkul	Audit Committee Member (Independent Director) and Chairman of the Nomination and Remuneration Committee	8	8
5. Mr. Veerachai Srikajorn	Audit Committee Member and Chairman of the Risk Management Committee (Independent Director)	8	8
6. Mr. Paradorn Chulajata	Director, Audit Committee Advisor, Risk Management Committee Member and Nomination and Remuneration Committee Member	8	7

Name	Position	Board of Directors Meeting	
		No. of times meeting	No. of times attended
7. Ms. Nongluck Sakdakrai	Director and Nomination and Remuneration Committee Member	8	7
8. Ms. Anongsiri Chaiyakul	Director	8	7
9. Mr. Sumet Jiambutr	Director, Executive Committee Member	8	8
10. Mr. Rangan Thammanee Wong	Director, Executive Committee Member and Risk Management Committee Member	8	7
11. Mr. Panet Chongvatana	Director, Executive Committee Member and Risk Management Committee Member	8	8
12. Ms. Naitya Chongvatana	Director	8	7

#### Authorized Directors at present

"Mr. Sangchai Chotchuangchutchaval and Mr. Panet Chongvatana, both of these Directors have been authorized to sign and stamp with the company's seal or Mr. Sangchai Chotchuangchutchaval or Mr. Panet Chongvatana has been authorized to sign with Ms. Anongsiri Chaiyakul, Mr. Paradorn Chulajata, Mr. Sumet Jiambutr, Ms. Naitya Chongvatana that combine 2 Directors of sign and stamp with the company's seal."

#### The Authorities and Duties of the Board of Directors

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

#### The scope of authority of the Board of Directors is as follow:

- 1) Provide the business of the company to comply with the legal, objectives and the company's article of association, including resolutions of the shareholders' meeting, with honesty and be careful to maintain the interests of the company.
- 2) Responsible to shareholders on a regular basis and operate by maintaining the maximum benefit of the shareholders, and also disclosed the information's to investors accurately, fully, standard and transparent.
- 3) Determine and amend the list of authorized directors of the Company.

- 4) Appoint sub-committees to help monitor and control the management of the company in matters of essence.
- 5) The Board of Directors has assigned the Chief Executive Officer to be responsible for the Company's business and assign the management to reports on the performance of the Board of Directors at every meeting.
- 6) The Board of Directors may authorize to one or more persons to perform any act representational the Board as the Board deems appropriate, and within the time that the Board deems appropriate. The Board may revoke the revocation change or modify that power.
- 7) Prepare annual report and responsible for the preparation and disclosure of financial statements to reflect the financial position and the results of the past year to propose to the shareholders meeting.
- 8) Meet at least 3 months for decision of the Board of Directors' meeting is the majority vote. Any director who has a vested interest in any matter shall not have the right to vote on that matter and the Annual General Meeting of Shareholders within 4 months from the end of the fiscal year.
- 9) To set up a succession plan for the top management. To be prepared in case of top management cannot work.
- 10) Provide appropriate channels for communication with each group of shareholders and evaluate the disclosure to ensure accuracy, clarity, transparency and reliability.
- 11) Leadership and -role model in good performance consistent with good corporate governance and the corporate social responsibility approach.
- 12) Encourage the company operates to combat all types of corruption and corruption to maximize the Company's business and stakeholders.
- 13) Provide a Code of Conduct for Directors, Executives and Employees.

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

#### **Sub-committees**

Sub-committees are 4 groups. They are appointed by the Board of Directors, for support and administer the Board of Directors, make the operation of the Board of Directors has efficiency and success. Sub-committees are composed of (1) Audit Committee (2) Executive Committee (3) Nomination and Remuneration Committee and (4) Risk management Committee

- **Executive Committee**

#### Qualifications and Requirements of Executive Committee

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

As of 31 December 2019, the Executive Committee of the Company was composed of 4 members. In the previous year, there were 12 meetings. And attendance Summarized as follows;

Name	Position	Attendance the Meeting (times)
1. Mr. Sangchai Chotchuangchutchaval	Chairman of the Executive Committee	12/12
2. Mr. Rangsang Thammaneeuwong	Executive Committee Member	12/12
3. Mr. Panet Chongvatana	Executive Committee Member	12/12
4. Mr. Sumet Jiambutr	Executive Committee Member	12/12

#### Scope of Authority of the Executive Committee

- 1) Determine the policy, target, strategy, operating plan, investment project, annual budget and other management authorization to be proposed to the Board of Directors for approval.
- 2) Supervise and monitor the company' business operations consistent to the policy, target, strategy, operating plans, investment projects and the annual budget with approved by the Board of Directors to be effective and augment the business condition

with giving consultation, introduction, management and report the operating results to the board meeting for acknowledgement.

- 3) Regulate the organizational structure and management with efficiency covering the recruitment, training, employment and termination of the employees, who are the management or senior executive. It may assign the chairman of the board of the Chairman of the Executive Committee as the authorized person to sign the employment contract.
- 4) Supervise and approve the matter related to the operations of the company such as,
  - 4.1) Consider approving the sales from 100-300 million baht.
  - 4.2) Consider approving the sales of the property, including the investment valued from 10-30 million baht.
  - 4.3) Consider deciding in the case there is a problem in delivering jobs to customers with the total project value is more than 50 million baht, and cannot deliver the job by exceed 180 days.
  - 4.4) Consider setting guidelines on taking legal actions,
    - In the case the company has become a plaintiff or defendant in the civil case with the capital exceed 10 million baht.
    - In the case the company has become a plaintiff or defendant in all the criminal cases.
  - 4.5) Consider accepting a fine and/or return of the goods with the total project value by more than 10 million baht.
- 5) Consider approving the financial transactions with a financial institution to open or close the account, lending/borrowing, pledging, mortgage, guarantee and anything, including a transaction, registration of land ownership to do the normal transaction of the company under the authorized amount of 10 million baht.
- 6) Consider screening all types of the jobs presented to the Board of Director except the job under the responsibility and/or authority of Sub-committees of the company to become the screener to present to the Board of Director directly.
- 7) It has the power to appoint and supervise the operations of the Management Committee appointed according to the set policy and target.
- 8) It may assign someone or a Management Committee with the power to act on behalf of the Executive Committee as it deems appropriate, and may cancel, revoke and change or revise such the power.
- 9) Perform other duties as assigned by the Board of Directors.

Whereas, the power of the board shall not include approving any item for any director or a person with a conflict of interest or vested interests or a subsidiary according to the guidelines of the SEC and the SET. Meanwhile, such the approved items shall be presented to the board meeting and/or the shareholders' meeting to approve in accordance with the relevant law.

### **Tenure and Vacancy**

1) Members of the Executive Committee deemed as members of the company's Board of Directors shall remain effective in the position for a 3-year term. When the term is due, the Board of Directors shall be allowed to re-appoint the same members to return to the position plausibly and appropriately.

2) Members of the Executive Committee deemed as members of the company's Board of Directors shall remain effective in the position of executive management, except as otherwise determined by the Board of Directors.

3) Members of the Executive Committee deemed as members of the third party shall remain effective in the position in accordance with the resolution of the company's Board of Directors and shall be altered as appropriate. Apart from the aforementioned provisions, members of the Executive Committee shall be withdrawn from the position due to the following causes;

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

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



- **Audit Committee**

**Definition Audit Committee**

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

As at 31 December 2019, the Audit Committee members was composed of 3 members. In the previous year, there were 5 meetings. The list of the Audit Committee and attendance Summarized as follows;

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

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

**Qualifications and Requirements of Audit Committee**

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

**Scope of Authority and Duties of the Audit Committee**

- 1) Review the Company financial reporting in accordance with the accounting standards prescribed by law is accurate and adequate.
- 2) Review the Company an appropriate and effective internal control and internal audit system are in place, and the adequacy of the risk management process.
- 3) Review the Company to comply with the Securities and Exchange Act and the Stock Exchange of Thailand (SET) regulations, and the law related to the business of the company.

- 4) To consider connected transactions or transactions that may lead to conflicts of interests in accordance with the laws and regulations of the Stock Exchange of Thailand (SET).
- 5) Review and consider with the management regarding major defects detected and management response.
- 6) Have the power to investigate and investigate related parties within the scope of authority of the Audit Committee, and have the power to hire or bring specialized experts to help investigate and investigate by following the rules from the company.
- 7) To prepare a corporate governance report of the Audit Committee to be disclosed in the Company's annual report. The report must be signed by the Chairman of the Audit Committee.
- 8) To consider, select and nominate an independent person to be the Company's auditor and propose the compensation of such person. Also, attend meetings with the auditors without the management at least once a year.
- 9) Consider the scope of audit and audit plan of the auditor. And the internal audit section is related and complementary and reduces redundancy in respect of financial audits.
- 10) Approve charter, budget audit plan, training plan, and the power of the internal audit.
- 11) Consider, appoint, transfer and evaluate the annual performance of the head of internal audit. consider the independence of the internal audit.
- 12) Review the effectiveness and effectiveness of information technology systems related to internal control and risk management.
- 13) In performing duties of the Audit Committee. If there are any inquiries or doubts, there are transactions or actions that may have a material impact on the Company's financial position and performance.

(1) Transaction that causes a conflict of interest.

(2) Fraud or irregularity or defect in the internal control system

(3) Violation of the Securities and Exchange Act, the Stock Exchange of Thailand (SET) regulations or laws relating to the business of the Company.

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

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

## Tenure and Vacancy

1.The Audit Committee has a term of office of 3 years, including the appointment, removal and removal from the Audit Committee.

2.Audit Committee members who vacated office by rotation May be re-appointed as the Board deems appropriate.

3.The Audit Committee vacates office upon

- (1) The expiration of the term
- (2) Die
- (3) Resignation
- (4) The Board of Directors has resolved to vacate office.
- (5) Not being qualified as an audit committee in accordance with the charter of the audit committee or the rules and regulations of the Capital Market Supervisory Board; the Stock Exchange of Thailand (SET) And various regulators set up.

4.If the Audit Committee member(s) wish to resign before the end of the term should report to the Board of Director before at less 1 month in advance with the reason(s) for the Board of Directors to consider the appointment of other qualified person(s) to replace.

5. When a member of Audit Committee retires the Audit Committee cannot stay until the term. As a result, the number of Audit Committee member is less than 3 persons. The Board of Directors will immediately appoint the new Audit Committee of delayed within 3 months from the date the number of committee is incomplete. To ensure continuity in the work of the Audit Committee and the person who becomes a member of the Audit Committee will be in the position only for the remaining term of the member of the Audit Committee.

- **Nomination and Remuneration Committee**

### Qualifications and Requirements of Nomination and Remuneration Committee

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

As of 31 December 2019, the Nomination and Remuneration Committee had 3 members. In the previous year, there were 2 meetings. The Nomination and Remuneration Committee and attendance Summarized as follows;

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

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

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

#### Tenure and Vacancy

1. The Nomination and Remuneration Consideration Committee shall remain effective in the tenure for 3 financial years and shall be re-appoint to return to the position plausibly and appropriately.
2. When a member of the Nomination and Remuneration Consideration Committee is dismissed from the position or shall not be able to remain effective throughout the tenure, the Board of Directors shall appoint a new member to substitute a vacant position within a period of 3 months following the date of

position vacancy. The newly appointed member shall remain effective in the position for the remaining period of effective tenure only.

3.The discharge of the Nomination and Remuneration Consideration Committee shall be considered from the termination of normal tenure and

- 1) Death
- 2) Resignation
- 3) Disqualification of directorial properties, possession of any action or lack of proper qualifications required for the company's Director.

- **Risk Management Committee**

**Qualifications and Requirements of Risk Management Committee**

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

As at 31 December 2019, the Risk Management Committee was composed of 4 members. In the previous year, there were 4 meetings. The Risk Management Committee and attendance summarized as follows;

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

### Scope of Authority and Duties of the Risk Management Committee

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

### Tenure and Vacancy

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

### Management Team

On 31 December 2019, the management team consists of

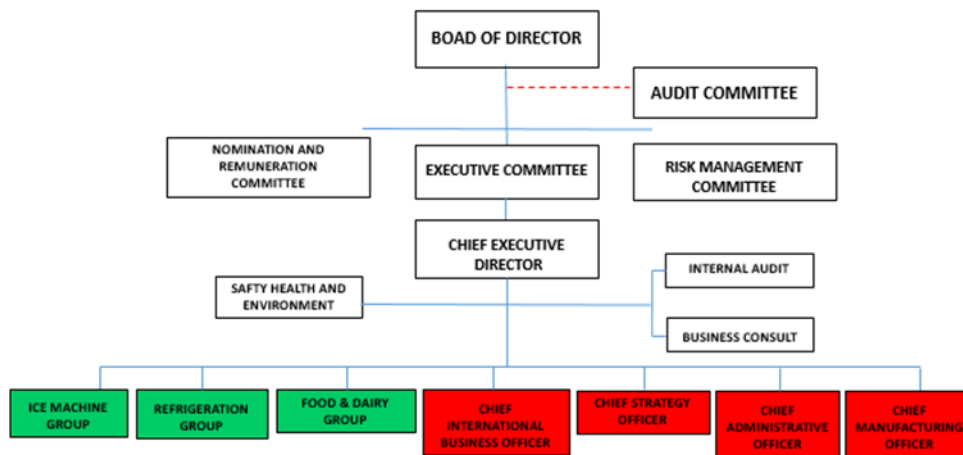
1. Mr. Sangchai Chotchuangchutchaval Chief Executive Officer and  
Chief Operation Officer
2. Mr. Mongkol Maduethong Managing Director Business Ice Machine
3. Mr. Panet Chongvatana Chief Strategy Officer  
Managing Director of Refrigeration
4. Ms. Wannaporn Trinvisutthikul Chief Administrative Officer,

Executive Director Accounting and Finance  
 Company Secretary (November 2018 – Present)

- 5. Mrs. Siwaporn Dumronglaohapun Managing Director of FOOD & DAIRY GROUP
- 6. Mr. Chakkraphong Chaosuan Chief International Business Officer (Acting)
- 7. Mr. Sumet Jiambutr Chief Manufacturing Office

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

**Internal management structure (As defined by SEC)**



**Scope of Authority and Duties of Chief Executive Officer**

- 1) Define business plan, investment plan and annual budget plan to propose to the Executive Committee and/ or Board of directors.
- 2) Overall management responsibility and consider various management policies of the company to achieve the company's goals under the policy framework, business plans and budget plans approved by the Board of Directors.

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

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

- **Company Secretary**

The Board of Directors has resolved to appoint, Ms. Wannaporn Trinvisutthikul Company Secretary from 9 November 2018 onwards, such person is knowledgeable, and have practical experience in performing duties. They have been trained in necessary and relevant courses in the company secretarial duties and provide legal advice and rules and to oversee the affairs of the Board of Directors to coordinate and follow up the implementation of resolutions of the Board of Directors.



### Scope of Authority and Duties of Company Secretary

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

### Remuneration for Directors and Managements

The directors' remuneration for the year 2019 in amount but not exceed 8 million baht as follows:-

Position	Remuneration for the Board (Baht/Month)	Attendance Meeting (Baht/Times)
Chairman of the Board	78,750	15,000
Director	34,650	10,000
Chairman of the Executive Committee	-	10,000
Executive Committee Member	-	5,000

Chairman of the Audit Committee	23,100	10,000
Audit Committee Member	23,100	5,000
Chairman of the Nomination and Remuneration Committee	-	10,000
Nomination and Remuneration Committee Member	-	5,000
Chairman of the Risk Management Committee	-	10,000
Risk Management Committee Member	-	5,000

#### Remuneration for Directors of Directors for the year 2019

Name	Remuneration for the Board (Baht)	Remuneration for the Audit Committee (Baht)	Attendance the Meeting (Baht)					Total (Baht)
			Board	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Risk Management Committee	
1. Mr. Pitipong Phungbun na Ayutthaya	945,000	-	120,000	-	-	-	-	1,065,000
2. Mr. Sangchai Chotchuangchutchaval	415,800	-	80,000	-	120,000	-	-	615,800
3. Mr. Veerachai Srikajorn	415,800	277,200	80,000	25,000	-	-	40,000	838,000
4. Mr. Preecha Chantarangkul	415,800	277,200	80,000	20,000	-	20,000	-	813,000
5. Mr. Paradorn Chulajata	415,800	277,200	70,000	20,000	-	10,000	10,000	803,000
6. Ms. Nongluck Sakdakrai	415,800	-	70,000	-	-	10,000	-	495,800
7. Mr. Pairoj Sanyadechakul	415,800	277,200	70,000	50,000	-	-	-	813,000
8. Ms. Anongsiri Chaiyakul	415,800	-	70,000	-	-	-	-	485,800

9. Mr. Sumet Jiambutr	415,800	-	80,000	-	60,000	-	-	555,800
10. Mr. Rangsan Thammanee Wong	415,800	-	70,000	-	60,000	-	20,000	565,800
11. Mr. Panet Chongvatana	415,800	-	80,000	-	60,000	-	20,000	575,800
14. Ms. Naitya Chongvatana	415,800	-	70,000	-	-	-	-	485,800
<b>รวม</b>								<b>8,122,600</b>

#### Details of holding securities of the Company directors

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

No.	Name	Amount (Share)	%
1	Mr. Sangchai Chotchuangchutchava	45,841,303	9.27
2	Ms. Nongluck Sakdakrai	29,985,080	6.06
3	Mr. Panet Chongvatana	31,618,586	6.39
4	Mr. Paradorn Chulajata	11,080,500	2.24
5	Mr. Sumet Jiambutr	1,068,340	0.21

#### Management Remuneration

Total remuneration of the Company's management and the company groups of companies in 2019 in the amount of 86.23 Million Baht.

#### Employees

##### Employee benefits

The totalling amount benefit of employees of the Company and the company groups as of 31 December 2019 in the amount of 692,393,987 Baht with 1,465 employees as detailed below:

Type of Benefits	Total (Baht)
Wages / Salary	625,999,585.60
Incentive	39,097,784.70
Provident fund	14,846,702.79
Social security fund	12,449,914.00

## Employee Development Policies

The Company has strategically issued regulatory policies to encourage its executive and operational employees at all levels to advance their working knowledge and skills, aiming to ensure technical expertise required for each particular task while prompting quality people for effective management and leadership. In addition, the company has always recognized the importance of quality, environment, and occupational health and safety, with the expectation to promote the company's employees of quality and professionalism who are eager to keep pace with organizational progress. Average in the year 2019, staff training was approximately 6 hours per person.

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

1. Provide effective plans and budgets for corporate training programs and career-oriented activities in the short and long runs to support the company's continuing growth.

2. Foster development training programs and behaviour-focused activities to promote the significance of the "Friendly Engineering" working concept conforming to the corporate cultures in various fields.

3. Encourage executive and operational employees at all levels to have greater involvement in creating organizational development, with the effectiveness of mutual evaluation, proposal, and implementation through the "Syner Team" and "Program Alert Project" activities.

4. Conduct an employee engagement survey using a questionnaire and focus group interview and use employee feedback and suggestions to develop and improve the organization in order to increase the level of employee engagement.

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

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

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

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

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

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

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

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

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

#### **Supervision and operations of the affiliates and subsidiaries**

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

#### **Supervision on the use of internal information**

The company has the system of internal control that is rules and procedures in all systems, including having the internal audit, which audits the performance to make sure that the operations shall be effective regularly in all systems throughout the year. It has the independence and consistency with the international standards reporting directly to the CEO and the audit committee according to the emphasis on preventive policy. It includes there is an update of the internal audit and a review on the guidelines and the methods on the use of the internal information constantly to prevent the important

and accumulated data from being lost and/or the inside/outside persons from using the data personally. In the case an employee or the management reveals the important information or used it personally or acted that may cause a conflict of interest, the employee or the management shall be punishable according to the rules of the company.

#### **Prevention of internal information**

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

#### **Measures on prevention from using the inside information**

- 1) *It is prohibited the relevant persons from trading in the securities of Patkol (PK) within 30 days before there is disclosure of the quarterly and annual financial statements within 24 hours after the blackout period.*
- 2) *In the case of learning of any information that is not yet revealed, which may have an impact on the securities price of the company, they shall not trade on the securities of the company until passing 24 hours from the disclosure of such the information to the public entirely. It includes prohibiting the management or agencies from receiving the inside information to be revealed to the outsiders or unauthorized persons or from utilizing the inside information illegally.*
- 3) *In the case the board and the management, which means to include their spouse and underage offspring, when there is a change in the number of shareholding shall notify the change on the holding with the SEC and the SET pursuant to Section 59 of the Security Exchange Act 1990, within three days from the trading, transferring or transferred date.*
- 4) *The company has designated its directors and senior management (from the E15 level and up as well as the director of accounting and finance) to notify the trade on securities of the company to the board each quarter, including revealing it in the annual report.*

#### **Audit fee**

- 1) Audit fee for the year 2019

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

The details of the certified auditors are as follows:

- 1) Mr. Jadesada Hungsapruet CPA License No. 3759 or
- 2) Mr. Jirote Sirirorote CPA License No. 5113 or
- 3) Ms. Kannika Wipanurat CPA License No. 7305

One of the auditors shall have the authority to auditing and to give opinion on the financial statement of the Company. The proposed of auditing fees for financial statement quarterly review are in the amount of 990,000 Baht and the fees for financial statement for the year 2019 are in the amount of 620,000 Baht. The total fees for financial statement for the year 2019 are in the amount of 1,610,000 Baht.

2) Non-Audit fee

-none-

#### **Implementing good corporate governance principles for listed companies**

The Board of Directors' Meeting No. 3/2018, held on 10 August 2018, acknowledged the good corporate governance for listed companies 2017 (CG Code 2017) in accordance with the guidelines of the Securities and Exchange Commission set forth in 8 categories. Which the Board of Directors considers that all eight topics are already normal



# Corporate Governance

## Corporate Governance Policy

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

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

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

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

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

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



- 2.2) Equitable treatment, treatment of the shareholders is for both as the shareholders who are the management and the non-management, including the foreign shareholders and the minor shareholders by being treated with equity and fairness.
- 2.3) Stakeholders Treatment of the stakeholders is by considering their right of each group in accordance with the law or the agreement with the company, including not doing anything in violation or derogation of their right.
- 2.4) Transparency Disclosure of the important information to the shareholders, the investors, the stakeholders, the supervising agency involved with the company both the financial information and the non-financial information correctly, completely, sufficiently, reliably and equally and within the specified time through the easily access channel.
- 2.5) Responsibilities of the board Performing the duty and responsibility of the board of directors for the shareholders by the board of directors has the leadership situation, vision, independence and decision-making for optimum benefit of the company and the overall shareholders. It has separated the role and responsibility between the directors and the management clearly as well as the care on the management under the framework of the law and the business ethics.
3. The Board of Director, the management and all of the employees determined to apply the practice on the principle of good corporate governance of the company, business ethics and code of conduct of the directors, the management and the employees as guidelines in the operation.
4. The Board of Director has the responsibility in taking care of reporting on finance and disclosure of the information with correctness and sufficiency according to the good guidelines and relevant criteria.
5. The Board of Director encourages participation and designation of the channel that can communication with the shareholders, the investors, the supervision agency, the stakeholders, including giving general information to the interested persons.
6. The Board of Director provided an operation for the managerial structure of the company by designating the duty and responsibility of each board of directors and the management clearly.
7. The Board of Director shall provide the system of risk management and the internal audit to be at the suitable and efficient level, including the accounting system and a report on finance with accuracy and reliability.

## Chapter 1 Right of Shareholder

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

### 1. Meeting of the shareholders

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

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

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

**Proxy:** In the case the shareholders cannot attend the meeting by themselves, The Board of Director shall prepare a proxy statement in the form that is easy to fill the information that the shareholders can select the directors by themselves or use an alternative by presenting the name of the independent director or other people in giving the proxy by using a proxy statement that the company has sent with a meeting appointment. Moreover, the shareholders can download the proxy statement via the website

of the company by another way as well. As for the shareholders who are institution investors or foreign investors and have appointed a custodian in Thailand shall be the depositor and caretaker of the company shares to coordinate on the document and evidence to show before attending the meeting in advance to register on the meeting date with convenience and speedier.

## **2. Implementation on the shareholder's meeting date.**

2.1 The Board of Director encourages to apply the technology with the AGM on registering the shareholders on counting the scores and show the results, so that the meeting can be conducted expediently, correctly and accurately with voting by the show of hands for more accuracy.

2.2 The company shall encourage all the directors to attend the shareholder meeting, which the shareholders can inquire the chairman of the committees in the relevant matters.

2.3 In the shareholder meeting, it shall provide voting separately for each item. In case that item contains multiple names, e.g. the item on the appointment of individual directors, etc.

2.4 The Board of Director shall encourage on an independent counting person or inspector of the voting scores in the AGM and the extraordinary general meeting (EGM) and disclose to the meeting for acknowledgement with recording in the meeting report.

2.5 The Board of Director shall encourage using the ballots in the important items, e.g. making the related items, making an item of acquisition or disposal of assets, etc. for transparency and accountability, in the case there is an argument later on.

2.6 The chairman of the meeting shall allocate the appropriate time and encourage the shareholders to have a chance to express their opinions and ask a question(s) in the meeting on the relevant matter with the company.

2.7 The company has prepared a VDO on the meeting of the shareholders throughout the meeting time, so the shareholders who have a question can follow up on the meeting of the shareholders.

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

3.1 The minutes of the meeting of the shareholders shall record the explanations of the procedure on voting and the method of showing the scores to the meeting for acknowledgement before conducting the meeting, including open an opportunity for the shareholders to set an issue or inquiry. Moreover, it shall record the questions and answers as well as the results on voting in each

item if the shareholders agree or disagree or abstain from voting. It includes the recording of the names of the attending directors and the directors taking leave.

3.2 As for convenience of the shareholders to provide registration by using the bar code system to show the registration number of each shareholder on the proxy statement, so the procedure on the registration shall be speedy.

3.3 Exercising the right to vote on each item by using the method of collecting the ballots of the voting shareholders who disagreed and abstained. At the end of the meeting, the shareholders can request for verification.

3.4 The company shall disclose to the public on the results of voting of each item in the AGM and the EGM in the next working day on its website.

3.5 The company has prepared the minutes of meeting within 14 days from the date of conducting the AGM, which has been submitted to the SET and the Ministry of Commerce within the specified time.

## **Chapter 2 Equitable Treatment of Shareholders**

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

### **Policy in the equitable treatment of shareholders**

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

#### **1. Giving information before the shareholders meeting**

1.1 The Board of Director shall take care of the company to notify the schedule on the shareholder meeting with the agenda and its opinions to the SET and disseminate it via the website of the company about one month before the appointment date of the shareholder meeting.

1.2 The Board of Director shall take care of the company to notify the shareholders for acknowledgement of the various guidelines used in the meeting, procedure on voting, including the right to vote in accordance with each type of the share.

1.3 The Board of Director shall supervise the company to prepare a letter of invitation to the shareholders in the complete Thai languages.

## **2. Protection of the right of the minor shareholders**

2.1 The Board of Director shall provide convenience to the minor shareholders by setting up guidelines on the method of giving the right to the shareholders to present the subject to fill the agenda of the AGM in advance before the meeting date a minimum of 90 days via its website or the fax number 02-328-1245 through the news system of the SET.

2.2 The Board of Director shall provide convenience to the minor shareholders by setting up the guidelines on the method of giving the right to present the name of the persons to be considered in the election as directors in the AGM in advance before the meeting date a minimum of 90 days in advance. It is made through the website or the email of the company secretary at poonyavee.ch@patkol.com or the fax number 02-328-1245 through the news system of the SET.

2.3 The company has no policy to increase the agenda that has not been notified in advance without necessity, especially the important item that the shareholders have to spend time to study the information before making the decision.

2.4 The Board of Directors opens an opportunity for the shareholders to exercise the right to appoint the directors on an individual basis.

## **3. The Directors' Conflict of interest**

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

### **Policy and practice on conflict of interest**

1) It designates the directors and the senior management (from the E16 level and up and the accounting and finance director) shall report on the conflict of interest related to the management of the company or its affiliate when holding the title of directorship or the senior management for the first time and report each time when there is a change of information on the conflict of interest, including reporting annually. However, the secretary of the company shall send a copy of the report on the conflict of interest to the chairman of the board and the chairman of audit for acknowledgement within

7 days from the date of receiving the report to comply with the Securities and Exchange Act 1982, and to use such the information in the examination and the prevention of a conflict of interest.

2) There is a disclosure of the structure on shareholding of the affiliates, subsidiaries, joint venture and other companies clearly, including the authorized shareholders to make sure that the company has the shareholding structure that is clear, transparent and no cross holding with the major shareholders to cause a conflict of interest to either party.

3) In a board meeting, if a director has a conflict of interest on the matter under consideration, that director shall not participate in making such the decision. They cannot attend the meeting or have to omit voting so the decision of the board shall be fair or for the true benefit of the shareholders.

### **Chapter 3 Roles of Stakeholders**

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

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

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

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

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

##### **1) Employee**

#### **Policies on taking care of the employees**

- 1) The company gives compensation to its employees by holding on to the principle of consideration with fairness and can measure the result, e.g. monthly income, income from

overtime, commissions, annual bonus, provident fund, savings cooperative, life insurance and health insurance, etc.

- 2) The company intends to promote and develop its personnel to have knowledge and skills continuously, i.e. to have training and seminar of the management and the employees at all levels for the whole year, etc.
- 3) The company has treated all of its employees with equity, e.g. assessment of the employees, keeping the secret of the working experience and the exercise of their various rights, etc.
- 4) The company considers the right of the employees as priority and opens an opportunity for its employees to file a complaint in the case they are not treated fairly through the various channels, e.g. the complaint box, the Human Resources Department (HR), etc.
- 5) The company has a duty to take care of the working environment to have safety, hygiene and suitable for working with effectiveness, e.g. the company manages to have implementation on the 5S (1. Clearing up, 2. Organizing, 3. Clearing, 4. Standardizing and 5. Training & Discipline). It has set up the safety unit to control and take care of the occupational health and safety health, etc.

## 2) Customers

### Policies on taking care of the customers

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

### 3) Shareholders

#### Policies on taking care of the shareholders

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

### 4) Trade Partners (including the consultants and subcontractors)

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

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

### 5) Creditors

#### Policies on taking care of the creditors

- 1) The company has a duty to build up relations and practice on the creditors by adhering to the principle on integrity, reliability and mutual trust.



- 2) The company has a duty to take responsibility, attention and priority on the various conditions on the agreement with the creditors at the best.

#### **6) Governmental Agencies**

##### **Policies on taking care of the governmental agencies**

- 1) The company shall operation follow the law and any conditions that was determined. Moreover, we shall operation over than the law and/or any condition that was determined.
- 2) The company shall support the activities in the various occasions of the government agencies as appropriate.
- 3) The company has a policy of prohibiting from giving or receiving a bribe to the governmental authorities, which specified in the policy and guidelines on resist fraud and corruption of the company and its affiliates in Patkol group.

#### **7) Communities around the Factory**

##### **Policies on taking care of the communities around the factory**

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

## **2. Mechanisms for Participation by the Stakeholders**

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

Whereas the complainant shall state details of the matter to express the opinion/advice/ complaint with evidence or sufficient information for the verification and notification of the name,

address and telephone number that can be contacted to the channel of receiving the matter as follows:

(1) Notify via the telephone 02-328-1035 ext. 1013

(2) Via the email [info@patkol.com](mailto:info@patkol.com)

(3) Send a letter in the suggestion box inside the company at the canteen area at all plants.

(4) Send a letter to Patkol at Secretary of Audit Committee, Patkol Public Co., Ltd. No. 348, Chaloeam Plra Kiat Ratchakan Thi 9 Rd., Nong Bon Sub-district, Prawet District, Bangkok, Thailand.

#### **Chapter 4 Disclosure of Information and Transparency**

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

##### **1. Disclosure of the Information by the Board of Directors**

1. It has a system that takes care of the disclosed information to the investors to be correct without misunderstanding but sufficient for the decision-making of the investors.

2. It has to provide a report on the results of the operations in accordance with the policy on good governance, business ethics, risk management and policy on social and environmental care approved in summary. The results on the compliance with such the policy, including in the case it cannot comply with such the policy with the reason by reporting via the various channels, e.g. the annual report and its company website.

3. It has to provide a report on the liability of the board of directors on the financial report to show in parallel with the auditor's report in the annual report.

4. It has to disclose the explanations and analysis of the management discussion and analysis (MD&A) to complement the revelation of the financial statement every quarter.

5. It has to disclose the cost of the audit and other service costs provided by the auditor.

6. It has to disclose the role and duty of the board of directors and its committees, the number of the meetings and the number that the directors have attended the meeting in the past year. It included the training and development on the profession continuously by the board in the annual report.

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

## 2. Disclosure of Information on the Website of the Company

The Board of Directors has disclosed the information on its website on [www.patkol.com](http://www.patkol.com) both in Thai and English languages by updating it constantly.

## Chapter 5 Responsibility of the Board of Directors

### 1. Components of the Board of Directors

1) It shall consist of the directors with diverse qualifications on the skills, experience and specialization that benefit the company.

2) It shall consist of a minimum of five persons, but no more than 12 persons.

3) It must have a director who is not in the Executive Committee Member a minimum of one person with experience in the business or main industry of the company.

4) It must have a minimum of four external directors or one-third of The Board of Directors, who can provide an opinion on the working of the management independently.

5) It must have the directorship term each time for three years. In the case of reinstating the directorship, it shall be presented to the annual general meeting (AGM) for approval.

6) It shall be the elector of the chairman of the board who is an outsider.

7) It shall set up the guidelines for the outside directors who can hold the directorship in other registered companies for no more than three places. It shall consider on the efficiency of working by the directors holding the title in multiple companies to make sure that they can dedicate their time on performance of the duty to the company sufficiently.

8) The director who is in the management can hold the directorship in other registered companies by no more than two other places.

9) The director have the complete qualifications and no prohibiting characteristics in accordance with the Public Company Limited Act and the Securities and Exchange Act, including no characteristics to show the lack of suitability to receive trust in the management

## **2. Qualifications of the board of Directors**

1) They shall possess the complete qualifications and no prohibited characteristics pursuant to the Public Company Limited Act 1992 or the relevant laws, including the requirement of the SET and the SEC.

2) They shall be an authoritative person with the knowledge, skills and experience that can benefit the business operations of the company.

3) They shall have the leadership and independence on decision-making for a maximum benefit of the company and the overall shareholders.

4) They shall have responsibility for performing the duty of the directorship and can sacrifice their time in the performance of the directorship duty fully, including having the responsibility for the shareholders and making a decision with circumspection and maintaining the interests of the company.

5) They shall perform the duty with honesty, integrity, ethics and virtue under the legal framework, including the guidelines on the good governance and code of conduct.

## **3. Term of the Directorship**

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

## **4. The Meetings of the Board of Directors**

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

2. Before the Board of Directors meeting each year, the company secretary shall prepare a meeting schedule for the board of directors to acknowledge on the meeting in advance throughout the year, so the directors can plan in advance and allocate the time to attend the meeting.

3. In setting the number of times on the board meeting, the company shall consider the suitability with the duty and responsibility of its board. While the company secretary has shall prepare the annual schedule with stating the matter for consideration in each meeting, so the board can acknowledge on the details to consider in each meeting in advance. For instance, in the meeting in February shall have an approval on the annual financial budget and the schedule on the AGM, it is included the schedule on closing the register suspending the transfer of the company's shares. The meetings in May, August and December shall approve the verified financial budget on the quarterly basis at the 1, 2 and 3 quarters, etc.

4. In each meeting, the board secretary shall submit the meeting documents to the directors for consideration in advance a minimum of seven days before the meeting and shall prepare the documents and information to supplement the meeting.

5. Organizing the meeting shall comply with the bylaws of the company and the Public Limited Company Act 1992 strictly. It shall open an opportunity for the directors to discuss important problems prudently and widely. It shall have the company secretary to attend the meeting and record the minutes of the meeting, questions and recommendations of the directors as well. So the directors and the relevant persons can follow up and verify them.

6. In each board meeting, the chairman of the board shall spend the time in the meeting about 1-2 hours, which is sufficient for the management to present the matter for consideration, and the directors can discuss the important problems with circumspection thoroughly. Nevertheless, the Chairman of the Board has encouraged the directors in the meeting to use the careful discretion and can inquire from the meeting if there is someone to have a question additionally or there is an alternative opinion in the meeting on any item.

## **5. Self-Assessment of the Board of Directors**

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

## 6. Independence of the Board of Directors and the management

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

## 7. Development of the Directors and the Management

1. The Board of Directors has promoted and provided convenience to have training for development and knowledge to the relevant directors, including the directors in the various committees, so the improvement is continuous.

2. The company secretary has provided the manual on the directorship and guidelines on the disclosure of the information, records on possessing the securities, a change of the securities possession, etc. It shall submit each time with a change of the new director.

3. The Board of Directors shall require the Chief Executive Officer to prepare a regular report on the plan for development and successive jobs to prepare for readiness on the successor in the case they cannot perform the duty.

4. The Board of Directors has set up the structure for the development of the management by assigning the Chief Executive Officer to report annually for the things that they have performed during the year and consideration in parallel with the plan on job succession



# Risk Factors and Risk Management

The company has been aware of the responsibility on performing good governance for optimization to our shareholders. Therefore, we have set up a risk committee to perform the duty in setting the policy, system and evaluate the various risks, including setting guidelines on administration/ management of the multiple risks. It includes setting guidelines on the administration and management of the risk to be at the acceptable level.

In the assessment of the risk level of the organization on 31 December 2019, the risk factors that may have an impact significantly with the achievement of the target in the business of the company as follows:

## 1. The risk from the fluctuations of the raw material price

The main raw materials in the production of the company such as steel, stainless steel and copper, which are commodities with their price is changed in accordance with the price in the world market. They are the external factors beyond control and may expose the company from such the fluctuations and the have some shortages in some occasions.

### Management of the risk

The Company has designated planning team for plan to use of the raw materials, so the inventory administration has more efficiency. It has a policy to order the goods according to the demand without price speculation and would not hoard the goods. It shall place a purchase order and control it by a quarterly basis. It would send an internal circular to inform on the main raw material prices to the management. It is the same information in planning on the order for production and a follow-up on the information regularly and compares the raw material prices, so the purchase order may not be higher than the market price. In addition, there was a constant search for a new production source and new suppliers from the domestic and overseas sources to spread the risk and price competition among the sellers.

Furthermore, there were negotiations with the customers and specify in the contract that if the raw material prices had a change by more than the agreed percentage, the company would like to adjust the job price to be consistent with the increased price to close such the risk.

## **2. Risk of Talented Personnel Shortage**

The Company is involved mainly in engineering work, which requires people with knowledge, skills, and experience in design, planning, and construction including project managers, project engineers or foreman, and specialized technicians that are in demand in the job market. It is highly competitive to recruit skilled labors. Failure to recruit and/or retain quality personnel may affect the Company's ability to accept jobs or its work continuity, as well as impacting the Company's operations in the future.

### **Management of the risk**

To prevent the risk of labor shortage, the Company has set a proactive recruitment plan in place by organizing activities to introduce the Company at vocational institutions and universities and accepting intern students to work at the Company in order to recruit them to join the Company.

This included the policy of promoting professional advancement with the various measures that can compete in the market. We took care of their income, safety, including providing suitable welfare according to the working years.

The Company has established a learning and training center in Khon Kaen to train skilled labors and allow employees to be near their hometown and families in order to build morale at work.

Moreover, there was an increase in the ratio on hiring subcontractors to be sufficient for the job volume in existence, so the operations can be continued smoothly.

## **3. Risk from depending the high-leveled management**

Since the group of the high-level management at present is the established of the company is the group with experience in business and well-known and acceptable widely on the know-how of the company. Such the qualification plays an important part to make the company to be trusted by our customers for a long time. Thus, if there is a change of such the high-level management, it may cause the company to face with a problem.



#### Management of the risk

The company has a policy of decentralize on the administration with the Board of the Directors, the Chief Executive Officer, the chiefs of the various fields and the Executive Directors with the knowledge and suitable ability to take care of the respective field. Therefore, it reduces the risk to depend on the high-level management.

In addition, the Company has developed a successor plan by training qualified employees to take up executive positions. It also has a long-term plan to develop and build future generation of executives in order for the organization to continue to grow strongly.

In the previous year, the Company conducted organizational restructuring in order to make a chain of command and career path clearer and streamline operations.

#### 4. Risk from depending on the large distributors

In procuring raw materials for use in the production, the company could procure raw materials from domestic and foreign sources, and there were multiple distributors, including there was management on the purchase continuously. Thus, the risk from dependence on the large distributors was very few.

#### Management of the risk

We have the policy on procuring raw materials from the domestic and foreign sources by trying to find the other production sources or reserved distributors as an alternative and prevention from dependence on a particular manufacturer or distributor solely.

#### 5. Risk from the fluctuated rates of currency exchange

We have imported some raw materials from overseas to incur some debts in foreign currencies, and in the same time it had an income from selling goods overseas in the form of foreign currencies as well. We may incur a risk from the fluctuations of the currency exchange rate as well.

#### Management of the risk

Since the company has the list of purchases and sales that are in foreign currencies, so it had to manage the risk by using the natural hedge partially. Nonetheless, there is still a risk from the currency exchange rate arises from the difference between the sale and purchase turnover, which can have effects positively and negatively. Therefore, in order to reduce the risk, the company has a policy to trade in the forward contracts as well as other financial instruments which helps the Company to control exchange rate fluctuation and limit the scope of potential impact.

In addition, it has sent a circular to inform on the internal exchange rate within the group of Patkol monthly, so the management can use the same information for the estimate of the cost and the sales offer as well.

#### **6. Risk from a lack of the working capital**

Since the company has a project on building food production processes, which requires working capital is for buying raw materials for working and pays the labor wages. In the part of the working capital shall come from the existing working capital of the company and support from the banks and the financial institutions in the form of the short-term revolving loans and the various guarantees, etc. In case there is a change in the payment of the customers with the combined sales value is high, it may affect the management on the working capital of the company.

##### **Management of the risk**

The company has a procedure on preparing and inspecting the contracts from the customers by considering the terms of payment in each case precisely, e.g. verification of the financial status of the trade partners to supplement the consideration before taking the job, etc. It has designated the management of the liquidity carefully by using the financial ratios as the as the indicator and there was an increase of more efficiency by setting the cash conversion cycle (CCC) as the joint key performance indicator (KPI) between the project administration and the financial section. On the purchase, it has designated the KPI to procure the suppliers who give the best price and terms of payment, etc. Moreover, it had sought working capital from the various financial institutions in reserve in case of emergency to use additional cash flow.

#### **7. Risk from investment and overseas operations**

The company has expanded its business to overseas in response to the policy on the business growth continuously. Nevertheless, the offshore investments have external risk factors that may affect the operations in each country such as the law, trade measures, political policies, natural disasters, labor practices, language and local cultures, etc. These impacts may result in the operations not to conform to the set goals.

##### **Management of the risk**

The company has a procedure on the study and analysis on the viability of the investment in each country prudently with hiring overseas consultants to give legal and other advice and operations

involved with the respective country. Initially, the company shall appoint a representative office abroad to make a feasibility study first. After considering the result on the potential of the investment and decide if it is worthy of the investment to decide for an establishment of an offshore subsidiary.

Currently we have a sales representative office in Vietnam and subsidiaries in Myanmar, Indonesia (PT. Indonesia Patkol Service), the Philippines (Patkol Philippines Corporation) and Malaysia (Patkol Malaysia SDN.) and Myanmar (Patkol Myanmar Co., Ltd.)

#### **8. Risk from opening free trade and the step into the AEC that may have impact on the turnover and the production cost**

The step into the ASEAN Economic Community (AEC) in the full form to have effect on the free movement of resources, capital, labor and trade among themselves in the ASEAN market, which can have goods/services from the ASEAN to compete more in Thailand. Moreover, our customers may move their production base to other countries in the ASEAN with the raw material or labor cost cheaper; therefore, it may pose a risk from the opening of the free trade in the AEC that may affect our turnover and the production cost.

##### **Management of the risk**

Our company has the technology for producing food processors and machines with high efficiency, when compared with our competitors in the AEC. In addition, the company has improved and developed new innovations all the time, and expanded its business by setting up representative offices and incorporated subsidiaries in the AEC group, including having the policy of expanding business in the AEC countries continuously. It is to support the economic expansion within the ASEAN group.

#### **9. Risk from the economic and political factors**

Global economic uncertainty due to the trade war between the United States and China and economic volatility in leading countries may cause domestic and international economies unable to reach the expected growth targets. Political change within the country should also be monitored closely since it may affect budget efficiency and confidence of the private sector, which have a direct impact on domestic and foreign investors' decision to invest, especially in expanding factories or production capacity. As a result, the Company has expanded its business to other countries to seek more business opportunities.

### **Management of the risk**

Our company has held a meeting inside the organization on an analysis and follow-up on the impact from the economic and political factors in the meeting of the Management Committee monthly. The finding guidelines are to adjust our strategy to be consistent with the occurred situations. It also has held tactical seminars to develop the new investment administration and overseas growth.

# Internal Control and Risk Management

The Audit Committee Meeting No. 1/2020 on 20 February 2020 assessed the sufficiency of the internal audit of the company by summarizing the opinions on sufficiency of the internal audit into five parts as follows:

## Part 1 Organization and the environment

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

## Part 2 Risk Management

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

## Part 3 Control of the Operations of the Management

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

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

## Part 4 Information Technology and Communication Systems

The company shall provide important information sufficiently to supplement the decision-making of the committee. The board of directors shall receive an appointment for the meeting or supplemental document that states necessary and sufficient information before the meeting on the average of 7 days in advance. The documents supplementing the various recordings shall be kept in groups and prepared in

accordance with the accounting policy as refer to the general accepted accounting principles and suitable with the business characteristics.

### **Part 5 Follow-up System**

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



# Related transaction

Related transaction of person will be conflict on last year

Person with possible conflict of interest	Transaction	Transaction value (Million Baht)		Reasonable of the transaction
		2019	2018	
<p><i>Prudent Advisory Co., Ltd. ("Prudent")</i></p> <p><i>The business consultant provider, Mr. Rangsan Thammanee Wong joint as a director of the Company and Prudent.</i></p>	<p><u>Service Fee</u></p> <p>The Company has renewed of service contract for strategic planning and conducted a workshop for executives in solving any corporate issues with Prudent from 1 April 2018 to 31 March 2020 Service fees increased from the original contract 50,000 baht per month</p>	4.8	4.7	<p>The Board of Director Meeting No. 2/2018 held on 11 May 2018 passed a resolution to approve the entering into the transaction between the company a Prudent for the renewed service contract next two years.</p> <p>The service fee is developing the work process and business benefits of the Company operation. The price terms of payment are normal business rates. Such items are needed and reasonable to the maximum benefit of the company.</p> <p>Also, the Audit Committee has no opinion different from the Board of Directors.</p>

Other inter-related transactions, including pricing and interest rate policies, determined by PATKOL and its subsidiaries, joint venture firms, and other related organizations, are shown in the Footnotes to Financial Statement No. 27.

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

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

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



# Corporate Social and Environment Responsibilities

## Policy Overview

PATKOL Public Company Limited is fully committed to operating its business based on the principles of sustainable development, with a clear emphasis on social equality and environmental conservation, paving the way to sustainable growth. Corporate Social Responsibility or CSR has become PATKOL's key strategy in achieving business progress, backed by development guidelines that adhere mainly to responsibilities towards stakeholders aiming for sustainable mutual benefits. The company has therefore fostered sustainable development frameworks in line with globally accepted standards of business implementation covering economic, social, and environmental aspects, as part of the ambitious goal to achieve greater balance and consistency of business operations.

In 2019, the Company has established the Sustainable Development Committee (SD) to be in charge of sustainable development performance, both social and environmental, and develop clear sustainability policies under the principles of corporate governance. It will develop sustainable value throughout the value chain and ensure that stakeholders are able to grow sustainably along with Patkol. The Committee has the duty to supervise social responsibility operations under the following three policies:

1. Operate business not only to make profit but also sustainably build mutual benefit for all stakeholders involved, protect the environment, and efficiently use resources.

2. Develop communities, protect the environment, and use resources efficiently. Participate in helping to drive and improve the quality of life of people in the community in which Patkol operates. The Company is always aware that good industry must be pursued together with social and environmental development for the sustainability of the Company. It has regularly supported social contribution activities and allocated a budget from the company's income to carry out social responsibility activities.

3. Integrate sustainable development into normal business operations of the Company. Develop and drive the country's economy through value from the operating results.

In addition, the Company encourages the Board of Directors, executives, and employees to adhere to the principle of "quality service with earnestness and sincerity," is committed to social and environmental responsibility, and instills social responsibility awareness in every employee to build

good corporate culture.

## Operation

### 1. Operations with integrity

The company has determination on management by adhering to the good corporate governance, which is a good practice for the directors of the registered company and relevant practice of the Stock Exchange of Thailand (SET) to raise the level of supervision to the fair practice with transparency, accountability and has the standard on good corporate governance at the international level. The company has thus prepared a "Corporate Governance Policy Manual and Guidelines" to be complied with by directors, executives, and employees. It covers various practices and in line with the expectations of shareholders and stakeholders.

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

### 2. Anti-Corruption

The company has a policy on the operations according to the good corporate governance by virtue and ethics, integrity and transparency, also has awareness of the problems on dishonesty and corruption. Meanwhile, the corruption still increases in intensity and has caused damage to the economic and social developments very much. As a result, the Thai private sector consists of the Thai Institute of Directors, The Thai Chamber of Commerce and Board of Trade of Thailand, Thai Listed Companies Association, The Federation of Thai Industries, etc. have established a "Project Private Sector Collective Action Coalition against Corruption, "CAC," which is consistent with the business operations policy of the company. Thus, the meeting of the Board of Directors No. 6/2019 on 9 August 2019 resolved for the company to sign up to show the intention for not participation in corruption and bringing the company into the certification by the CAC membership to join the anti-corruption effort.

In order for the business operations that may have a risk on corruption, which shall be treated carefully, the company has appointed "the Anti-Corruption Committee on 2 December 2019 to operate for such the purpose. In addition, the companies in the group have prepared "the manual on policy and guidelines on anti-corruption" with the intention for its directors, the management and all of the employees and the companies in the group to have knowledge and understanding as well as realization of their role, duty and responsibility They can adhere to it as guidelines on corruption in the various forms via the propagation through the communication channel of the company. It includes training to give knowledge and announce this

intention to a third party. It has also provided for a whistleblower and measures to protect the informants. Nevertheless, this is to raise the level of country development by reducing the occurred corruption later.

### **3. Respect for Human Rights**

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

### **4. Fair Treatment of Labor**

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

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

- On development of the employee potential, it has given priority on development of knowledge, ability and managerial skills via training process, seminars, observation and determination for personnel development to increase capability of its employees at all levels with continuity.

- On employment, operations, progress in the occupation, it has designated the clear guidelines for standardization based on the principle of no prejudice and in consistent with the various relevant laws. It gives the opportunity to everyone for equality on the ratio of male and female, race, religion, origin, age, disability, economic and social standing or educational qualification.

- On safety and health at the workplace, it has concerns on life and health of all of its employees. Thus, the management on safety and working environment other than complying with the standards as designated the law, the company still supports and promotes the safety activity with continuity as well.

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

## **5. Responsibilities for the consumers**

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

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

## **6. Conservation of the environment**

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

## **7. Participation in the community or social development**

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

## **8. Having innovation and propagation of innovations derived from working with corporate social responsibility, the environment and the interested person.**

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

## **Activities to benefit the society and the environment**

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

1. The Company is committed to producing skilled labor for the industrial and service sectors of Thailand because insufficient skilled labor to meet the increasing demand may affect national development in the long run. In particular, preparedness before entering professional career is important and in line with the country's economic development that needs vocational graduates to become an important force in driving national economy in the future. Patkol has thus signed a memorandum of agreement with Chaiyaphum Technical College on 27 November 2019 to promote and support academic activities in the refrigeration and air conditioning techniques program (diploma) by allowing students to train in the Company and encouraging students to learn through from integrated learning from real work experience in order to develop skills and knowledge required by the curriculum.

2. Prototype Factory Project on Learning of Freezing Processes for SMEs PATKOL had presented a freezer to King Mongkut's Institute of Technology Ladkrabang (KMITL) to support the technology oriented university's 3 year academic research project to be conducted during 25 April 2017 to 25 April 2020. The project aimed to promote a prototype factory established for the learning of freezing process. Serving as a research center, the prototype factory provided advanced technology and academic information on frozen food products for small and medium-sized enterprises or SMEs, researchers, students, and people interested in this business to be operated in Thailand and foreign markets.

3. The Company has organized the DMC Scholarships for Undergraduate Study in the Major of Dairy and Beverage Engineering Program (International Program) at Mahidol University, Thailand. The program responds directly to the business of the Company. From 2018 to present, the Company has provided scholarships to four students: Mr. Eliya Ekta, Mr. Piyawat Uthitsan, Miss Piyathida Wangboon, and Miss Periya Wiriyanon.

4. Activities for Public Benefits in the previous years, PATKOL had offered its concrete supports to a number of activities for public benefits as follows:

- a) Scholarship Presentation Project for Children of Employees – This project aimed to support children of employees who received monthly salaries not exceeding 20,000 baht, totalling 31 scholarships, in 2019.
- b) Blood Donation Project – The Thai Red Cross Society had collected the donated blood to be presented to Rajavithi Hospital, as part of the goal to assist people in the society and encourage PATKOL's employees to possess volunteer spirits.
- c) Supported Children's Day activities together with the Prawet District Office – on Saturday 11 January 2019 at Phatthana Phirom Park, Prawet. The Company provided food and beverages and encouraged children and youth to have fun while being creative, disciplined, and responsible toward oneself and society.
- d) Lent candle procession at Wat Kaew Phithak Chareontham, Prawet Sub-district, Prawet District, Bangkok, where Patkol operates its business.

- e) Kathin activity of Patakol Public Company Limited and affiliated companies at Wat Kajab, Huai Rong Sub-district, Khao Yoi District, Phetchaburi Province, where Patkol operates its business.
- f) Donation and support for other social activities as deemed appropriated by the Company.

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# Policy Quality, Safety, Occupational Health and Environment

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

The company is also determined to raise awareness of corporate social responsibility in terms of care for corporate personnel and contractors. The company hopes to provide work areas meeting occupational safety and health principles for employees and contractors. At present, the company has certified the OHSAS 18001 occupational health and safety management standards ISO 9001 and ISO 14001 environmental standards by Tuv Nord.

## Policy Quality, Safety, Occupational Health and Environmental are as follows:

"The leader in the business in machinery industry of food and beverage, refrigeration, ice machine with friendly engineering".

1. Friendly, earnestly and sincerely to customers by make quality work with service for highest customer' benefit.
2. Friendly to employees by striving to create a sincere and safe work environment in accordance with the law and related requirements Prevent injuries and occupational diseases And continuous development
3. Be friendly to the world, community, society by striving to protect and protect the environment. Reduce the impact of pollution from work

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

The company provides training for employees at every level. The company also provides education and imparts good attitudes to new employees.

- Safety promotion and support activities.



- Risk assessment and prevention.
- Preparation and analysis of accident statistics and accident investigations to make improvements and corrections.
- Work methods, pre-work prevention, regulations and safety inspection preparations

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

1. Safety plans are composed of educational orientation for new operators, training for safety staff at the supervisor/management level, Safety Committee appointments, equipment/tool inspections, machine testing, hazard indication and risk assessment, safety manual preparations, Toolbox Talks, House Keeping, work area inspections, emergency plan and fire suppression plan preparations and safety promotion activities, etc.

2. In working, the company controls work methods in line with specified procedures such as construction site preparations, warning sign installation, wearing personal protective equipment, working in high places, scaffolding work, machine related work, work in confined spaces, work related to electricity, lifting work and work license request systems, etc.

# Management Discussion and Analysis (MD&A)

The Company's overall performance in 2019 and 2018 can be summarized as Follows:

Consolidated (Million Baht)	2019		2018		Different	
	Amount	%	Amount	%	Amount	%
Revenue from sales and revenues from services	3,637	95.1%	3,824	100.0%	(187)	-4.9%
Cost of sales of goods and costs of rendering of services	(2,941)	-76.9%	(2,903)	-75.9%	(38)	1.3%
Gross profit (loss)	696	18.2%	921	24.1%	(225)	-24.4%
Other income	115	3.0%	78	2.0%	37	47.7%
Distribution costs	(359)	-9.4%	(311)	-8.1%	(48)	15.3%
Administrative expenses	(594)	-15.5%	(650)	-17.0%	57	-8.7%
Net income from operation	(143)	-3.7%	37	1.0%	(179)	-490.5%
Finance cost - Interest expenses	(49)	-1.3%	(41)	-1.1%	(8)	18.7%
Profit (Loss) before Corporate Income Tax	(191)	-5.0%	(4)	-0.1%	(187)	4225.9%
Corporate Income tax	8	0.2%	(10)	-0.3%	18	-182.0%
Profit (Loss) for the years	(183)	-4.8%	(14)	-0.4%	(169)	1173.4%
Other Comprehensive income for the years	93	2.4%	(5)	-0.1%	99	1842.4%
Total Comprehensive income for the years	(90)	-2.3%	(20)	-0.5%	(70)	353.6%
Income (Loss) Attributable to :					-	
Owners of the parent	(186)	-4.9%	(17)	-0.5%	(168)	960.9%
Non-controlling interest	3	0.1%	3	0.1%	(1)	-17.6%
	(183)	-4.8%	(14)	-0.4%	(169)	1173.4%

Referring to the above information of 2019, the company and its subsidiaries had revenue from sales and service of 3,637 million baht while in 2018 it had the same type of revenue at 3,824 million baht, a decrease less than the previous year by 187 million baht or 4.9%. Due to the most customers in industrial group was retard to invest.

Because of retard to invest of all business groups as upper, the company was loss in part of shareholder of head quarter at 186 million baht or - 4.9% of the revenue. Meanwhile, in 2018 we had the profit that was the net worth for the parent company at 17 million baht or -0.5% of the revenue. Performance lessen from the previous year at 169 million baht or 1173.4%, meanwhile the company has capital from sale and cost from management in the year 2019 total 953 million baht or 24.9%

In order that, it can analysis the details of each business group as follow

#### The result of last performance of each product line or business group

Consolidated Amount (Million Baht)	Ice machine and Industrial refrigeration machine	Machineries for Liquid and food processing	Service and Spare part	Total
<b>2019</b>				
Sales and services - domestic	1,984.8	600.3	439.7	3,024.8
Sales and services - overseas	424.7	107.2	80.2	612.2
Total	2,409.6	707.5	519.9	3,637.0
Cost of goods sold	(2,173.5)	(511.0)	(256.8)	(2,941.3)
Gross Profit	236.0	196.5	263.1	695.6
% of profit per total sales	10%	28%	51%	19%
% sales per total Sales	66%	19%	14%	100%
<b>2018</b>				
Sales and services - domestic	1,654.0	840.2	572.4	3,066.6
Sales and services - overseas	580.7	150.3	26.2	757.3
Total	2,234.7	990.5	598.6	3,823.8
Cost of goods sold	(1,802.9)	(674.6)	(425.7)	(2,903.2)
Gross Profit	431.8	315.9	172.9	920.6
% of profit per total sales	19%	32%	29%	24%
% sales per total Sales	58%	26%	16%	100%
% sales and services - domestic	8%	-29%	-13%	5%

## 1. Revenue from sales and services

Other revenues of the company in 2019 came from the business group of ice machines and the industrial refrigeration system with the highest ratio or 63% of the combined revenue. The machine business group and the system for liquid products and food processing could earn the income for the company or 19%, and the service work group was 14% from the total revenue. The analysis of the growth rate of each business group as follows:

The ice machine business group and the industrial refrigeration system had growth rate increased by 8%, it came from the customer postponed the delivery of work in early 2019.

The machine business group and the system for liquid products and food processing had the decreased by 29% due the customers in the industrial group was retard to invest. Workloads of overseas and government project decrease than the year 2018, the part of private work in the country remains the same.

The service and spare part business group had an increased growth rate by 13% due to the company had adjusted business plan by stopping the service business for some business groups. Since it may cause damage in the long term.

## 2. Other revenues

Other incomes of the company came from other operations of the company such as profit from exchange rate, Interest income, bad debt that is refunded later. In 2019, other income increased by 37 million baht or 47.7% as a result of Transfer employees and retirement benefits from a subsidiary company to other subsidiaries. While subsidiary company must bear the expenses of the transferred employees and record expenses in the current period

## 3. Cost of goods sales and gross profits

In 2019 the company had the gross profit rate of about 18.2% on the revenue, while in 2018 it had the gross profit of about 24.1% of the revenue. In the year 2018, the company profit was decrease from last year in amount 225 million baht or 24.4% which follow percent of sale of the company in the year 2018 that was decreased and revenue recognition of some projects with low gross margin. The reason is the project received during the year 2019 must be very competitive. Due to the small workload due to economic conditions

#### 4. Expenditures on selling and administration

In 2019 the expenditures on sales and administration combined were 953 million baht or 25% of the revenue, compared with the expense from sales and administration found in 2018, the company had the expenditures on sales and administration combined were by 961 million baht or 25% of revenue. Comparison from last year, the company has expended increasing 9 million baht. The expenditures are from employees because the company has restructured the organization to increase competitiveness and there is a cost of layoffs in the amount of which are not suitable for the new organizational structure.

#### 5. Net profits

In 2019 we had a net loss of 186 million baht or -4.9% of the revenue, while in 2018 a net loss of 17 million baht or -0.5% of the revenue. In the meantime, the percentage from sale of each business was decrease because retardation to invest in industrial group.

#### 6. Assets and liabilities

##### Assets

At the end of 2019 the company had the assets of 4,053 million baht, and the end of year 2018 the company had the assets of 3,873 million baht. The growth rate of the assets increases 180 million baht or 5%

The part of asset increase, the most is trade accounts receivable and other current receivables and fixed asset. When analyze the company manages to reduce inventories. The year 2019 the company has percentage of period for collect debt amount 128 days, the year 2018 average is 119 days. The period for collect debt in the year 2019, the company has percentage of period for collect debt amount 117 days, has credit term more than the year 2018 in amount 123 days. While the average product selling period has decreased by 2019 for 83 days and 2018 for 96 days. However, the company realizes to control the quality of debtor and inventory thus has policy and measure for control it.

*Policy on setting up reserves for doubtful debts*

- The debtors owed by more than 6-12 months were reserved for the doubtful debts of 20%.
- The debtors owed by more than 12-18 months were reserved for 50%.
- The debtors owed by more than >18 months were reserved for 100%, and considered additionally on the debtors in the ratings of 1 and 2 to be set up the allowance for the doubtful debt by 100% immediately after there is a sale with the principle on ratings as follows:
  - Rating 1 means the debtors that the company used to take a legal action or under business rehabilitation.
  - Rating 2 means the debtors with a history of debt restructuring with us.
  - Rating 3 means the debtors with the history of overdue exceeding 90 days during the past three months.
  - Rating 4 means the debtors with the history of overdue from 31 days, but not exceeding 90 days in the past three months.
  - Rating 5 means the debtors that normally were overdue by no more than 30 days.

*Policy on setting the reserves for deteriorated goods*

- Non-movement goods from 12-18 months were set up a reserve for 10%.
- Non-movement goods from 18-24 months for 30%.
- Non-movement goods from 24-36 months for 60%.
- Non-movement goods from >36 months for 85%.

*Analysis of the debtor quality*

	As December 31, 2019		As December 31, 2018	
Undue :				
- Normal	343	51%	235	38%

	As December 31, 2019		As December 31, 2018	
Overdue :				
- Not over 3 months	166	25%	197	32%
- Over 3 months	107	16%	120	19%
Debt acceptance	1	0%	1	1%
Under legal action	60	9%	63	9%
Total trade accounts receivable	677	100%	616	100%
<u>Less Allowance for doubtful accounts</u>	(89)	-13%	(99)	-16%
<b>Total trade accounts receivable - net</b>	<b>587</b>	<b>87%</b>	<b>517</b>	<b>84%</b>

The company had the rate of doubtful debts at the end of the years 2019 at 13% of the entire debts and the end of the year 2018 had the rate of doubtful debts at 16% of the entire debts, the percentage was decrease from last year. Analyse from quality of debtor, the overdue debtor is decrease because there is a follow-up to receive payments and most customers are in the period that has not yet been due in the part of the debtor. The rate of debtor by law is decrease because the company have a policy to keep track of debt collection more closely including the establishment of a debt collection management team to solve problems promptly.

*Analysis of the inventory quality*

INVENTORIES - NET	As December 31, 2019		As December 31, 2018	
INVENTORIES	589	100%	794	100%
<u>Less Allowance for declining in</u>	(15)	-3%	(18)	-2%
<b>INVENTORIES - NET</b>	<b>574</b>	<b>97%</b>	<b>776</b>	<b>98%</b>

The company had the rate of setting up the cost of allowance for the reduction of the goods value at the end of 2019 and at the end of 2018 at 3% and 2% due to the company has been a revision of the inventory management process to reduce the number of inventories to be more appropriate.

## Debts

At the end of 2019 the company had debts of 2,590 million baht, and by the end of 2018 had 2,326 million baht. It was found that the company had the growth rate of the debts increased by 264 million baht or 11%.

The company has short-term borrowed money from the financial institutions for normal business operation and long-term loans increased for building a factory of subsidiaries.

As such the information shown that in the year 2019, the total growth rate of asset is 5% meanwhile the total loss growth rate is 11%.

## **7. Ratio for the shareholders**

At 31 December 2019 the company had the net worth at the parent company at 1,440 million baht, while on 31 December 2018 the company had the net worth at the parent company at 1,527 million baht.

When considered the ratio of the debt to the net worth of the parent company found on 31 December 2019 and 31 December 2018 at 1.8 and 1.5 times respectively, which did not exceed the policy of the company that established the ratio of debt to net worth by no more than 2 times. It also showed the efficiency on the operations and financial stability.

## **8. Analysis of liquidity**

The company had the liquidity ratio at the end of 2019 and 2018 at 1.15 and 1.51 times respectively. It had the quick ratio at the end of 2019 and 2018 at 0.79 and 0.90 times respectively.

When considered the time of debt collection at the end of 2019 and 2018 was at 128 and 119 days respectively. The period of average goods selling period at the end of 2018 and 2017 was at 83 and 96 days respectively, the debt payment was at the end of 2019 and 2018 at 117 and 123 days respectively. Thus, the cash cycle of the company at the end of 2019 and 2018 at 94 and 92 days respectively. The company had the cash cycle a little longer when considered in detail finding that the time on debt collection increased due to it had the contractual debtors in the long term and the company has a shorter collection period from the purchase of raw materials to support the newly received project. However, the company can manage the sales period faster.

When considered the cash flow found at the end 2019 the company had it decrease by 137 million baht from the year 2018. By cash flow consists used from operating activities 90 million baht. In addition, the company still has cash usage of 77 million baht, most of which are investments in real estate as The subsidiary's machine building. Cash flow from financing activities is 30 million baht.



## 9. Debt burden outside the balance sheet

At the end of 2019 the company had the burden on bank guarantees by 303.48 million baht, 0.8 million Euros and 1.29 million US dollars divided into:

1. Bank guarantees with the Electricity Authority, Customs Department and petrol cards in the amount of 5.26 million baht
2. Bank guarantee for working on the projects in the amount of 282.22 million baht, 0.08 million Euros and 1.29 US dollars, consisted of the various guarantees as follows:
  - Bid bond: It is for bidding, which shall be refunded after announcing the result on the bid.
  - Prepayment bond: It is used as an advance payment guarantee placed by the customers.
  - Performance bond: It is to guarantee working according to contract made with the customers.
  - Maintenance bond: It is used as a guarantee on behalf of the retention money that the customers deducted from the wages and shall be refunded at the end of the warranty period. This guarantee can help the company to receive its cash flow faster.



# Audit Committee Report

The Audit Committee of Patkol Public Company Limited consists of three independent directors with knowledge and experience in reviewing the reliability of financial statements, legal affair, and corporate management. There are a 3 directors as follows; Mr. Pairoj Sanyadechakul to be the Chairman of Audit Committee , Mr. Virachai Srikajorn and Mr. Preecha Chantarangkul as independent directors.

In 2019, the Audit Committee has performed its duties as assigned by the Board of Directors, which was consistent with the requirements of the Stock Exchange of Thailand. Total of 5 meetings of the Audit Committee had been convened and the discussion had been made with the management, internal comptrollers and auditors on related matters in which material context of the operation can be summarized as follows:

## **1. Audit of Financial Report**

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

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

## **2. Review of Internal Control System**

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

### **3. Review of Compliance with applicable Laws and Regulations.**

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

### **4. Monitoring of Internal Audit**

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

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

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

The Audit Committee has considered proposing the appointment of Karin Audit Company Limited as the auditor of Patkol Public Company Limited, and has also considered proposing remuneration for year 2018. Moreover, the Audit Committee has convened meeting with auditor and auditing agency without management participation in order to acknowledge the auditing plan of the

auditor, as well as problems or obstacles for auditing operation so that improvement guidelines can be suggested. In 2018 and 4 meetings had been convened.

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

For the operation being carried out in 2019 as mentioned above, the Audit Committee's opinion can be concluded as follows:

The Company's accounting and financial reporting systems are accurate, credible, and disclose significant information completely, sufficiently and timely.

The Company's internal control system is adequate and suitable; improvement on the internal control system has been carried out regularly to suit the Company's business operation at present and in the future, and is consistent with applicable laws and regulations.

Karin Audit Company Limited which is the Company's auditor, is independent and experienced in the audit of financial reports in which it can be assured that the Company's financial reports will be accurate, credible, and disclose significant information completely, sufficiently and timely.

From reviewing related transactions or transactions with potential conflict of interest, the Audit Committee views that the Company has disclosed accurate and complete information, and those transactions have suitable condition and fair price which have been approved by the management or the Board of Directors in advance.

20 February 2020

On behalf of the Audit Committee



(Mr. Pairoj Sanyadechakul)

Chairman of the Audit Committee

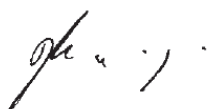
# Report on Board Responsibilities Financial

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

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

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

Financial Statements of the Company and its subsidiaries are audited by Karin Audit Co., Ltd., which is the Company's independent auditor. In auditing, the Company's Board of Directors and the Management provide supports on the aspects of various data and documents in order to enable the auditor to audit and express opinions in accordance with the auditing standard which, in this respect, the auditor's opinions will appear in the Report of Independent Auditor shown in the Annual Report. The internal control system was at the satisfactory level and could reasonably build the confidence that the Financial Statements of the Company and its subsidiaries for the year then ended 31 December 2019 were reliable and adhered to the generally accepted accounting standard and practiced properly in accordance with related law and regulations.



Mr. Pitipong Phungbun na Ayutthaya  
Chairman of the Board



Mr. Sangchai hotchuangchutchaval  
Director and Chief Executive Officer

# Financial Statement for the year 2019

## Independent Auditor's Report

To The Shareholders of Patkol Public Company Limited

### Opinion

I have audited the financial statements of Patkol Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position and as at December 31, 2019, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of Patkol Public Company Limited and its subsidiaries as at December 31, 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

## Revenue recognized under the percentage of completion

### Risk

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

### Risk Responses of Auditor

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

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

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

### Emphasis of matters

Without expressing a qualified conclusion, I draw attention to the note 32.3. On January 14, 2019 and January 11, 2019, the subsidiary was sued in civil and consumer protection case at the civil court by 2 cases, claim the damages from fire at rental warehouse due to the installation of panels and refrigeration units in the amount of Baht 389.54 million, which is under consideration of the court. The executive section and legal advisor of the Company have an opinion that the outcome of the case is still uncertain and cannot be concluded at this time, estimation of the damage has not been recorded.

### Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Kannika Wipanurat

(Ms. Kannika Wipanurat)

Certified Public Accountant

Registration No. 7305

Karin Audit Company Limited

Bangkok, Thailand

February 21, 2020

PATKOL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
AND AUDITOR'S REPORT

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

		(In Baht)			
		Consolidated		Separated	
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
ASSETS	Notes				
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	134,570,259	273,570,725	78,519,399	161,414,347
Trade and other current accounts receivable	6,27.3	1,168,449,217	899,214,416	1,019,160,736	776,550,104
Short - term loans and accrued interest income related parties	27.3	-	-	147,045,984	335,930,371
Inventories	7	574,121,681	775,679,800	264,834,747	468,341,858
Current tax assets		16,845,656	19,312,398	15,725,449	18,819,122
Other current assets		10,850,860	11,042,563	9,843,392	9,253,583
<b>Total current assets</b>		<b>1,904,837,673</b>	<b>1,978,819,902</b>	<b>1,535,129,707</b>	<b>1,770,309,385</b>
<b>NON - CURRENT ASSETS</b>					
Investments in subsidiaries	8	-	-	368,785,648	320,035,873
Investments		-	5,559,850	-	999,850
Trade and other non - current accounts receivable	9	275,754,612	246,471,967	275,754,612	246,471,967
Investment property	10	99,240,683	85,958,121	91,937,327	85,958,121
Property, plant and equipment	11	1,514,563,992	1,350,526,986	959,184,174	850,053,826
Other intangible assets	12	89,390,534	91,763,503	82,359,563	84,736,116
Deferred tax assets	13	105,127,911	84,206,734	82,608,684	68,731,210
Other non - current assets		63,977,040	29,503,990	33,023,792	11,366,550
<b>Total non - current assets</b>		<b>2,148,054,772</b>	<b>1,893,991,151</b>	<b>1,893,653,800</b>	<b>1,668,353,513</b>
<b>TOTAL ASSETS</b>		<b>4,052,892,445</b>	<b>3,872,811,053</b>	<b>3,428,783,507</b>	<b>3,438,662,898</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short - term loans from financial institutions	14	307,896,459	220,115,254	120,824,629	70,266,033
Trade and other current accounts payable	15,27.3	1,016,589,531	899,062,951	804,170,193	828,382,818
Current portion of long - term loans institutions	16	287,950,251	144,405,653	103,667,849	104,306,734
Income tax payable		4,320,663	3,473,461	-	-
Provision for liabilities		17,258,829	26,094,418	15,540,225	24,894,430
Current provision for employee benefit	17	21,715,143	13,168,125	11,678,187	11,276,694
<b>Total current liabilities</b>		<b>1,655,730,876</b>	<b>1,306,319,862</b>	<b>1,055,881,083</b>	<b>1,039,126,709</b>
<b>NON - CURRENT LIABILITIES</b>					
Long - term loans	16	455,827,289	651,618,848	388,161,185	471,044,734
Deferred tax liabilities	13	174,143,128	133,200,988	146,606,917	113,313,628
Non - current provision for employee benefit	17	304,321,804	235,062,040	229,253,124	169,866,226
<b>Total non - current liabilities</b>		<b>934,292,221</b>	<b>1,019,881,876</b>	<b>764,021,226</b>	<b>754,224,588</b>
<b>TOTAL LIABILITIES</b>		<b>2,590,023,097</b>	<b>2,326,201,738</b>	<b>1,819,902,309</b>	<b>1,793,351,297</b>

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

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION (CONT.)**

		(In Baht)			
		Consolidated		Separated	
		December 31,	December 31,	December 31,	December 31,
Notes		2019	2018	2019	2018
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
<b>SHAREHOLDERS' EQUITY</b>					
	19				
Share capital					
Authorised share capital					
		79,487,456	79,487,456	79,487,456	79,487,456
		520,756,281	520,756,281	520,756,281	520,756,281
Issued and paid - up share capital					
		79,487,456	79,487,456	79,487,456	79,487,456
	19	414,607,781	414,607,781	414,607,781	414,607,781
Warrants					
	19	111,455,925	111,455,925	111,455,925	111,455,925
Premium on preferred shares					
	19	4,555,919	4,555,919	4,769,247	4,769,247
Premium on common shares					
	19	8,542,665	8,542,665	8,542,665	8,542,665
Discount on common shares					
	19	(22,088,943)	(22,088,943)	(22,088,943)	(22,088,943)
Company's shares held by a subsidiary					
	20	(3,555,477)	(3,555,477)	-	-
Retained earnings (deficit)					
	22	60,024,374	60,024,374	60,024,374	60,024,374
		164,229,188	390,297,310	376,265,344	529,944,803
Other components of shareholders' equity					
		622,701,971	483,366,421	575,817,349	458,568,293
Total attributable to owners of the parent					
		1,439,960,859	1,526,693,431	1,608,881,198	1,645,311,601
Non - controlling interest					
		22,908,489	19,915,884	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>					
		<b>1,462,869,348</b>	<b>1,546,609,315</b>	<b>1,608,881,198</b>	<b>1,645,311,601</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>4,052,892,445</b>	<b>3,872,811,053</b>	<b>3,428,783,507</b>	<b>3,438,662,898</b>

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

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		(In Baht)			
		Consolidated		Separated	
Notes		2019	2018	2019	2018
	Revenue from sales and revenues from services	3,636,960,174	3,823,817,590	2,851,440,093	3,300,157,659
	Cost of sales of goods and costs of rendering of services	(2,941,337,449)	(2,903,189,964)	(2,313,844,032)	(2,608,538,567)
	Gross profit	695,622,725	920,627,626	537,596,061	691,619,092
	Other income	114,512,219	77,513,481	88,235,201	103,801,215
	Profit before expenses	810,134,944	998,141,107	625,831,262	795,420,307
	Distribution costs	(358,916,710)	(311,205,526)	(276,043,899)	(267,491,218)
	Administrative expenses	(593,804,144)	(650,419,228)	(440,999,985)	(508,689,577)
	Total expenses	(952,720,854)	(961,624,754)	(717,043,884)	(776,180,795)
	Profit (loss) before financial cost and income tax	(142,585,910)	36,516,353	(91,212,622)	19,239,512
	Finance cost	(48,591,995)	(40,935,748)	(33,330,054)	(28,410,121)
	Profit (loss) before income tax	(191,177,905)	(4,419,395)	(124,542,676)	(9,170,609)
	Income (expense) tax	8,160,422	(9,952,962)	9,896,449	(2,358,241)
	<b>Profit (loss) for the years</b>	<b>(183,017,483)</b>	<b>(14,372,357)</b>	<b>(114,646,227)</b>	<b>(11,528,850)</b>
	Other comprehensive income :				
	<b>Items that will not be reclassified subsequently to profit or loss :</b>				
	Exchange differences on translating financial statements	(3,644,210)	(1,976,196)	-	-
	<b>Items that will not be reclassified to profit or loss :</b>				
	Depreciation of revaluation surplus on fixed assets	(3,389,922)	(3,389,374)	(3,389,922)	(3,389,374)
	Revaluation surplus on fixed assets	144,393,486	-	120,638,978	-
	(Loss) on remeasurement of post - employment benefit obligations	(43,867,192)	-	(42,422,470)	-
	<b>Other comprehensive income (expense) for the years</b>	<b>93,492,162</b>	<b>(5,365,570)</b>	<b>74,826,586</b>	<b>(3,389,374)</b>
	<b>Total comprehensive income (expense) for the years</b>	<b>(89,525,321)</b>	<b>(19,737,927)</b>	<b>(39,819,641)</b>	<b>(14,918,224)</b>
	<b>Profit (loss) attributable to</b>				
	Owners of the parent	(185,590,167)	(17,493,894)	(114,646,227)	(11,528,850)
	Non - controlling interest	2,572,684	3,121,537	-	-
		<b>(183,017,483)</b>	<b>(14,372,357)</b>	<b>(114,646,227)</b>	<b>(11,528,850)</b>
	<b>Total comprehensive income (expense) attributable to</b>				
	Owners of the parent	(92,098,005)	(22,859,464)	(39,819,641)	(14,918,224)
	Non - controlling interest	2,572,684	3,121,537	-	-
		<b>(89,525,321)</b>	<b>(19,737,927)</b>	<b>(39,819,641)</b>	<b>(14,918,224)</b>
	<b>Basis earnings (loss) per share of the parent</b>				
	Net profit (loss) (Baht per share)	(0.45)	(0.04)	(0.28)	(0.03)
	Weighted average number of common shares (share)	414,607,781	414,607,781	414,607,781	414,607,781
	<b>Diluted earnings per share of the parent</b>				
	Net profit (loss) (Baht per share)	(0.36)	(0.03)	(0.22)	(0.02)
	Weighted average number of common shares (share)	519,754,880	519,754,880	519,754,880	519,754,880

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

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2019

(In Baht)															
Consolidated															
Attributions to shareholders' equity of the parent															
Notes	Issued and paid - up share capital			Retained earnings (deficit)						Other components of shareholders' equity					
	Preferred shares	Common shares	Warrant	Premium on preferred shares	Premium on common shares	Discount on common shares	Company's shares held by a subsidiary	Appropriated - legal reserve	Unappropriated	Total other comprehensive income (expense) for the year					
										Exchange differences on translation financial statements	Gain (losses) on remeasurement of post - employment benefit obligations	Revaluation surplus on fixed assets	Total other components of shareholders' equity	Non - controlling interest	Total shareholders' equity
Balance as at January 1, 2018	79,487,456	414,607,781	111,455,925	4,555,919	8,542,665	(22,088,943)	(3,555,477)	60,024,374	456,622,553	(1,913,450)	-	488,731,991	486,818,541	16,791,572	1,613,262,366
Cash paid for Dividend	-	-	-	-	-	-	-	-	(52,220,723)	-	-	-	-	-	(52,220,723)
Ca Current tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	2,775	2,775
Comprehensive income (expense) for the year	-	-	-	-	-	-	-	-	(14,104,520)	(62,746)	-	(3,389,374)	(3,452,120)	3,121,537	(14,435,103)
Balance as at December 31, 2018	79,487,456	414,607,781	111,455,925	4,555,919	8,542,665	(22,088,943)	(3,555,477)	60,024,374	390,297,310	(1,976,196)	-	485,342,617	483,366,421	19,915,884	1,546,609,315
Cash paid for Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	226	226
Transferred to retained earning	-	-	-	-	-	-	-	-	(43,867,192)	-	43,867,192	-	43,867,192	-	-
Revaluation surplus assets	-	-	-	-	-	-	-	-	-	-	-	144,393,486	144,393,486	419,695	144,813,181
Comprehensive income (expense) for the year	-	-	-	-	-	-	-	-	(182,200,930)	(1,668,014)	(43,867,192)	(3,389,922)	(48,925,128)	2,572,684	(228,553,374)
Balance as at December 31, 2019	79,487,456	414,607,781	111,455,925	4,555,919	8,542,665	(22,088,943)	(3,555,477)	60,024,374	164,229,188	(3,644,210)	-	626,346,181	622,701,971	22,908,489	1,462,869,348

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



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(In Baht)												
Separated												
Attributions to shareholders' equity of the parent												
Notes	Issued and paid - up share capital			Retained earnings (deficit)					Other components of shareholders' equity			
	Preferred shares	Common shares	Warrant	Premium on preferred shares	Premium on common shares	Discount on common shares	Appropriated - legal reserve	Unappropriated	Total other comprehensive income (expense) for the year			Total shareholders' equity
									(loss) on remeasurement of post - employment benefit obligations	Revaluation surplus on fixed assets	Total other components of shareholders' equity	
Balance as at January 1, 2018	79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	60,024,374	590,420,555	-	461,957,667	461,957,667	1,709,176,727
Cash paid for Dividend	-	-	-	-	-	-	-	(52,336,276)	-	-	-	(52,336,276)
Comprehensive income (expense) for the year	-	-	-	-	-	-	-	(8,139,476)	-	(3,389,374)	(3,389,374)	(11,528,850)
Balance as at December 31, 2018	79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	60,024,374	529,944,803	-	458,568,293	458,568,293	1,645,311,601
Transferred to retained earning	-	-	-	-	-	-	-	(42,422,470)	42,422,470	-	42,422,470	-
Revaluation surplus on assets	-	-	-	-	-	-	-	-	-	120,638,978	120,638,978	120,638,978
Comprehensive income (expense) for the year	-	-	-	-	-	-	-	(111,256,989)	(42,422,470)	(3,389,922)	(45,812,392)	(157,069,381)
Balance as at December 31, 2019	79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	60,024,374	376,265,344	-	575,817,349	575,817,349	1,608,881,198

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

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	(In Baht)				
	Notes	Consolidated		Separated	
		2019	2018	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (loss) before income tax	(191,177,905)	(4,419,395)	(124,542,676)	(9,170,609)	
Adjustments					
Trade and other current accounts receivable (increase) decrease	(293,898,416)	297,021,918	(258,612,349)	468,102,164	
Inventories (increase) decrease	204,469,310	(8,633,312)	206,641,917	(80,325,878)	
Other current assets (increase) decrease	191,703	(5,664,425)	(589,808)	(5,837,018)	
Trade and other non current accounts receivable (increase)	(29,282,644)	(50,256,757)	(29,282,644)	(50,256,757)	
Other non - current assets (increase)	(10,539,807)	(1,473,795)	(3,206,387)	(1,714,777)	
Trade and other current accounts payable increase (decrease)	117,745,873	(189,277,471)	(23,532,611)	(164,094,032)	
Depreciation	80,550,753	65,750,274	45,405,356	46,061,147	
Amortized intangible assets	14,422,070	12,668,414	13,221,067	12,093,078	
Amortized tax	579,383	3,075,045	-	3,075,045	
Bad debt and doubtful accounts	19,639,145	3,558,990	11,545,628	1,968,593	
Loss on declining in value of inventories (reversal)	(2,911,191)	(2,668,339)	(3,134,806)	(1,367,566)	
Loss on impairment of assets (reversal)	(374,536)	-	(1,198,706)	-	
Loss unrealized on exchange rate	40,091	256,922	1,185,988	595,175	
(Gain) on sale of fixed assets	(2,626,249)	(3,000,484)	(4,081,770)	(2,514,724)	
(Gain) loss form lose the control in subsidiaries	-	2,084,824	-	(3,094,049)	
Provision for liabilities (reversal)	(8,835,587)	(3,219,759)	(9,354,205)	(2,698,474)	
Employee benefit expenses	63,054,985	32,790,983	41,894,100	23,508,029	
Interest income	(18,107,184)	(17,686,612)	(27,282,785)	(35,351,029)	
Interest expenses	48,868,053	40,935,748	33,330,054	28,410,121	
Total adjustment of profit (loss)	(8,192,153)	171,842,769	(131,594,637)	227,388,439	
Net cash provided (use in) by operating activities					
Cash received Interest	18,107,184	17,686,612	26,758,486	17,279,218	
Cash paid Interest	(48,251,898)	(38,498,403)	(32,766,830)	(27,582,789)	
Cash paid Income tax	(22,443,805)	(48,517,269)	(15,306,903)	(40,575,900)	
Cash received Income tax	-	21,485,824	-	21,485,824	
Cash paid from employee benefit	(29,115,396)	-	(24,528,179)	-	
Net cash provided (use in) by operating activities	(89,896,068)	123,999,533	(177,438,063)	197,994,792	

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

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2019

		(In Baht)			
		Consolidated		Separated	
Notes		2019	2018	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
	Deposits at bank with commitment (increase)	(5,618,774)	(8,581,889)	(50,278)	(45,920)
	Cash received from short - term loans to related parties	-	-	398,500,000	466,400,000
	Cash paid for short - term loans to related parties	-	-	(209,321,077)	(542,500,000)
	Cash received from disposals of property, plant and equipment	6,427,662	3,890,572	6,068,356	2,576,086
	Cash paid for purchase of property, plant and equipment	(75,588,602)	(264,735,431)	(6,305,207)	(63,462,717)
	Cash paid for purchase of machine	-	(893,681)	-	-
	Cash received from disposals of intangible assets	1,252	-	-	-
	Cash paid for purchase of intangible assets	(12,541,810)	(21,339,781)	(10,844,514)	(15,974,578)
	Cash received from lose the control in subsidiaries	10,232,672	-	4,092,700	-
	Cash paid for investments in subsidiaries	-	-	(48,749,775)	(107,862,460)
	Net cash provided (used in) investing activities	<u>(77,087,600)</u>	<u>(291,660,210)</u>	<u>133,390,205</u>	<u>(260,869,589)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
	Increase in bank overdrafts and short - term loans from financial institutions (decrease)	43,142,504	(29,060,915)	17,344,596	(11,565,095)
	Cash received from shares from non -controlling interest	225	2,775	-	-
	Cash received from short - term loans from financial institutions	785,165,100	790,145,000	356,072,000	213,572,000
	Cash received from long - term loans from financial institutions	68,993,512	327,736,488	25,340,000	171,390,000
	Cash paid for short - term loans from financial institutions	(740,526,400)	(732,877,000)	(322,858,000)	(193,572,000)
	Cash paid for long - term loans from financial institutions	(71,809,229)	(35,924,000)	(50,010,000)	(30,800,000)
	Cash paid for liabilities under debt restructuring plan	(51,068,022)	(45,602,133)	(53,370,056)	(47,301,716)
	Cash paid for liabilities under debt restructuring agreement	(14,012,211)	(15,609,441)	-	-
	Cash paid for liabilities under finance lease agreement	(17,967,545)	(10,677,822)	(11,365,630)	(8,968,951)
	Cash received from finance lease agreement	27,733,282	-	-	-
	Cash paid for dividend	-	(52,220,723)	-	(52,336,276)
	Net cash provided (used in) financing activities	<u>29,651,216</u>	<u>195,912,229</u>	<u>(38,847,090)</u>	<u>40,417,962</u>
	Differences from translation of financial statements in foreign currency	<u>(1,668,014)</u>	<u>(1,976,196)</u>	<u>-</u>	<u>-</u>
	Net increase (decrease) in cash and cash equivalents	(139,000,466)	26,275,356	(82,894,948)	(22,456,835)
	Cash and cash equivalents, beginning of years	5 273,570,725	257,650,261	161,414,347	183,871,182
	Cash (decrease) from lose control in subsidiary	-	(10,354,892)	-	-
	Cash and cash equivalents, ending of years	5 <u>134,570,259</u>	<u>273,570,725</u>	<u>78,519,399</u>	<u>161,414,347</u>

Supplementary cash flows information

In 2019, the Company has entered in ti a finance lease agreement with respect to purchase of vehicle by Baht 5.04 million

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

## **PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

#### **1. GENERAL INFORMATION**

- 1.1 The Company was incorporated as a limited company on November 28, 1965 with registration no. 372/2508 and changed to a public limited company on June 28, 1993 with registration No. 0107536000587.
- 1.2 The Company's office is located at 348 Chalermprakit Rama 9 Road, Nongbon, Pravate, Bangkok 10250, and factory is located at 79/1 Moo 14, Soi King Kaew 33 Rachathewa, Bang Phli, SamutPrakan 10540, Thailand
- 1.3 The Company is engaged in the trading and services of engineering products which include turnkey sales of services in design, manufacturing and installation of various types of industrial refrigeration for the ice making industry and supermarket, dairy and ice-cream processing, as well as food related processing plant and supplies made to order.
- 1.4 The Company has representative offices in 4 countries, namely Philippines, Indonesia, Malaysia, and Vietnam.
- 1.5 The Company has branches in 5 namely Khon Kaen, Surat Thani, King Kaew, Charoen Nakhon and Lumphun.

#### **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPLES OF CONSOLIDATION**

##### **2.1 Basis for preparation of financial statements**

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

An English version of the 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.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of Patkol Public Company Limited and its subsidiary which are under its control with more than 50 percent voting rights as follows :

	Percentage of holding (%)		Nature of business
	As at December 31, 2019	As at December 31, 2018	
Patkol Manufacturing Co., Ltd.	99.99	99.99	Manufacture and sale of food related processing equipment and cooling equipment.
Patkol Trading Co., Ltd.	99.98	99.98	Sale of the electric system equipment, spare part for industrial refrigeration and ice making industry.
S Panel Co., Ltd.	80.00	80.00	Manufacture and import foam plate and equipment for cold room business.
Heataway Co., Ltd.	99.99	99.99	Sale of evaporative condenser, spare parts and equipment for evaporative condenser.
Patkol Philippines Corporation Co., Ltd.	60.00	60.00	Machinery and project sales representative, including providing machinery installation and maintenance services in Philippine.
Indonesia Patkol service Co., Ltd.	99.99	99.99	Machinery installation and maintenance services.
Patkol Malaysia Sendirian Berhad Co., Ltd.	100.00	100.00	Machinery and project sales representative, including maintenance services.
Tygienic Co., Ltd.	99.99	99.99	Design, manufacture, installation, maintenance and sale of pressure/no pressure tank/heat exchanger.
Patkol Myanmar Co., Ltd.	100.00	100.00	Running a business to provide business services for the business group, Refrigeration, Food processing and Liquid food processing.

Significant transactions with subsidiaries have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

**3. NEW FINANCIAL REPORTING STANDARDS AND SIGNIFICANT ACCOUNTING POLICIES**

**3.1. Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

**3.2. Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards :

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

## **PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 26.33 million, and the Group's liabilities by approximately Baht 26.33 million.

### **3.3. Significant accounting policies**

#### **Revenues and expenses recognition**

##### **Revenues recognition**

- Sales of goods are recognised when the company has transferred the control of the goods of ownership have passed to the customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.
- Revenue from installment sales are recognized on effective interest rate method according to the agreement the Company and subsidiaries will stop the recognition when it is defaulted on payment more than three years.
- Revenue from services is recognized by the percentage of completion which is based on the proportion of actual costs to the total estimated costs by considering the effects to the most recent estimates of total costs, coupled with the consideration of the physical completion estimated by the engineer.
- The recognized revenue which is not yet due per the contracts has been presented under the caption of "Unbilled trade accounts receivable" in the statement of financial position. The amounts recognized as contract assets are reclassified to other receivables when the Company's right to consideration is unconditional. The obligation to provide to a customer for which the Company has received from the customer is presented under the caption of "Unearned Income" in the statement of financial position. Contract liabilities are recognized as revenue when the Company perform under the contract.
- Revenue from service is recognised as revenue when the service is rendered based on the stage of completion which requires additional judgement in determining the timing of the transfer of control - at a point in time or over time.
- Rental income is recognised on an accrual basis by the straight - line method over the term of the lease.
- Interest income is recognised on an accrual basis based on the effective interest rate.
- Other income is recognised on an accrual basis



## **PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

#### **Expenses recognition**

- Costs of rendering of services are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on costs of rendering of services is made in the accounts in full when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognised as current assets or current liabilities in the statement of financial position.
- Expense is recognised on an accrual basis

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

Cash and cash equivalents are cash on hand and deposits at financial institutions which held to maturity not over three months and without restriction.

#### **Trade and other account receivable**

The Company and subsidiaries recorded trade and other account receivable are carried at anticipated realizable value provided allowance for doubtful accounts equal to the estimated uncollectible receivable. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

#### **Hire - purchase contract receivables**

Hire - purchase contract receivables are stated initial value noted in the financed lease agreement less received from installment unearned interest, and allowance for doubtful account.

#### **Inventories**

The Company and subsidiaries inventories are valued at the lower of cost or net realizable value. The cost calculation are detailed as follows :

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

#### **Investment**

Investments in subsidiaries and associated companies under the Company only financial statements are stated in Balance sheet at cost less allowance for impairment in value. The devaluation of investment is presented as impairment loss of investment, which reflected in the statement of comprehensive income.

Other investments are stated in Statement of financial position at cost less allowance for impairment in value. The devaluation of investment is presented as impairment loss of investment, which reflected in the statement of comprehensive income.

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2019

Cost of short - term and long - term investments sold during the period were computed by the weighted average method. Gain or loss of those investment sales are stated in the Statement of comprehensive income.

#### **Investment properties**

Investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment.

The Company and subsidiaries has selected the cost model for accounting for its investment properties (if any).

#### **Property, plant and equipment**

The Company initially recorded property, plant and equipment at cost. In 2004, the Company hired an independent appraiser to revalue land by market approach and plant by cost approach and revised the asset value. The Company recorded increased amount occurred from the revaluation as "increment of assets" together with "revaluation surplus on fixed assets" under the shareholders' equity in balance sheets. The depreciation on assets which were stated at cost method is recorded in the statements of comprehensive income and depreciation on increment of fixed assets will be recorded in revaluation surplus on fixed assets account. Therefore, revaluation surplus on fixed assets will be decreased by depreciation on increment of fixed assets and has no effect to retained earnings. The Company has complied with the Federation of Accounting Professions' notification No. 25/2549 dated October 11, 2006 and the Government Gazette's announcement dated October 30, 2006 regarding "Accounting for Revaluation" by applying cost basis.

After the revaluation, the Company stated land at the new value less provision for impairment of assets (if any). Buildings are stated at the new value less accumulated depreciation and provision for impairment of assets (if any). Equipment is stated at cost less relevant accumulated depreciation and provision for impairment of assets (if any).

Building and equipment are depreciated by the straight - line method over the estimated useful lives of the assets as follows:

Building and improvement	30 years and 50 years
Machinery and equipment	5 years
Machinery for lease	8 years
Office equipment	3 years and 5 years
Vehicles	5 years

Land and Construction in progress are not depreciated.

The Company and subsidiaries present interest from long - term borrowings for acquisition of fixed assets is capitalized as part of fixed assets and stopped to recognize as cost of fixed assets when the assets are ready for use.

## **PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

#### **Intangible assets**

The Company and subsidiaries present intangible assets are stated at cost less accumulated amortization. Such amortization are calculated at cost of assets on a straight - line basis over the estimated useful lives of the assets for 5 - 10 years. Intangible assets consist of computer software and intellectual property.

#### **Impairment of assets**

The Company and subsidiaries have considered the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company and subsidiaries will consider the impairment for each asset item or each asset unit generating cash flows, whichever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the company and subsidiaries will recognize an impairment in the statements of income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

#### **Transaction in foreign currencies**

The Company and subsidiaries records its transactions in foreign currencies converted into Thai Baht by using the exchange rates ruling on the transaction dates. The balance of assets and liabilities in foreign currencies as at the financial statements date are converted into Thai Baht by using the exchange rates ruling on the reporting date.

Gain or loss on exchange rate is included in the results of its operation.

#### **Long - term lease agreement**

The Company and subsidiaries recorded vehicles and office equipments under financial lease agreement / hire purchase agreement as assets and liabilities in an amount equal to the fair value at the leased assets or the present value of minimum payments under agreement. Interest expenses are recorded on over the term of agreement.

#### **Operating lease - where the Company and subsidiaries are the lessee**

The Company and subsidiaries records leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as an expense on straight-line basis, over the lease term.

#### **Operating lease - where the Company and subsidiaries are the lessor**

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

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

**Employee's benefit**

- Provident fund

The Company and some subsidiaries have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the external fund manager. The fund is contributed to both by the employees and the Company at the same rate of 3% of employees' salaries. The fund contribution payments to the provident fund were recorded as expenses in the statements of income in the incurred period.

- Employee benefit

*Short - term employee benefits*

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

*Post - employment benefits*

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from other long-term benefits are recognised immediately in comprehensive income (expense).

**Income tax**

The Company and subsidiaries recorded corporate income tax by calculating from taxable net profit based on the condition described in the revenue code.

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

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

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

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

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

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

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

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

**Provision for liabilities**

The Company and subsidiaries recognize a provision for liabilities when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company and subsidiaries settles the obligation. The amount recognized should not exceed the amount of the provision.

## **PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

#### **Earnings (loss) per share**

Basic earnings (loss) per share are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares issued and paid up.

#### **Dilution earning (loss) per share**

Profit (loss) per share is adjusted by calculating by dividing the net profit (loss) that belongs to the shareholder Average common share which is sold and requested to pay during improving year by the affect from the right to buy share.

#### **Financial instruments**

Financial instruments are presented in statement of financial position, consist of cash and cash equivalents, trade accounts receivable, other current accounts receivable, short-term loans, deposit at bank with commitment, bank overdrafts and short - term loans from financial institutions, trade accounts payable, other current accounts payable, long-term loans and long - term liabilities under financial lease agreement an accounting policy. The basis of recognition and measurement of each item are separately disclosed in the related transactions.

#### **Segment information**

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by business segments and geography segments of the Group's operations.

#### **Troubled debt restructuring**

The Group records troubled debt restructuring transactions in accordance with Thai Accounting Standard No. 104 "Accounting for Troubled Debt Restructuring" (Revise 2002).

#### **Related parties**

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

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

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2019

#### **Fair value measurement**

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

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

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

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

#### **4. USE OF ACCOUNTING ESTIMATES**

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption which affect the reported amounts in the financial statements and notes related thereto. Consequent actual results may differ from these estimates.

##### Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of specific reviews, collection experience, and analysis of debtor aging, taking into account changes in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2019

#### Impairment of Inventory

In order that financial statements report present value of inventory and performance. The Company has reviewed and revised policy for impairment of inventory to cover all inventories, which include finished goods, raw material, spare part and supply. The impairment is considered when book value of inventory is higher than its net realizable value and when the inventory has no movement for a certain period, whichever is practical.

#### Impairment of investments

The Company treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

#### Depreciation

In calculating depreciation of plant and equipment, the management estimates useful lives and salvage values of the plant and equipment and reviews estimated useful lives and salvage values if there are any changes.

#### Intangible assets

Intangible assets are systematically amortized over their estimated useful lives, and are subject to impairment if there is an indication they may be impaired.

#### Impairment of assets

The Company has considered the impairment of asset when the carrying amount of an asset decrease significantly. The company will estimate its recoverable value the determination requires judgment.

#### Deferred tax assets

The Company recognise deferred tax assets which is calculate on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts that it is probable that future taxable profit will be available. the management needs to make judgment and estimates, based on consideration of the taxable profits that are expected to occur in the future in each period.

#### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality rates in Thailand. However, the actual post-employment benefits may differ from the estimates.

#### Estimated of revenues from project and project cost



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

In estimation of revenues from projection, management are required to make judgement based on their best knowledge of the current events and arrangements and their experience of the business in order to estimate the percentage of completion, based on information from the engineers/project managers.

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

Provision for losses on projects

Management applied judgment in estimating the loss they expect to be realised on each construction projects, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of construction materials, labour and the current situation.

**5. CASH AND CASH EQUIVALENTS**

Consist of:

(In Thousand Baht)

	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Cash	424	645	374	575
Cash at bank - current accounts	16,561	52,961	6,279	27,419
Cash at bank - saving accounts	117,585	219,965	71,866	133,420
Total cash and cash equivalents	134,570	273,571	78,519	161,414

Cash and cash equivalents are denominated entirely in Thai Baht and without obligation.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

**6. TRADE AND OTHER CURRENT ACCOUNTS RECEIVABLE**

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Trade and other current accounts receivable	681,056	608,953	498,447	492,892
Trade and other current accounts receivable related parties (Note 27.3)	-	-	91,002	15,255
Unbilled trade accounts receivable	395,532	218,556	341,903	198,415
Retentions receivable	38,144	30,311	34,092	28,594
Hire - purchase contract receivables				
current portion of long - term assets	53,717	41,394	53,717	41,394
<b>Total trade and other current accounts receivable</b>	<b>1,168,449</b>	<b>899,214</b>	<b>1,019,161</b>	<b>776,550</b>

**6.1 Trade and other current accounts receivable**

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Trade accounts receivable	676,556	615,921	519,764	523,278
<u>Less</u> Allowance for doubtful accounts	(89,358)	(99,141)	(72,392)	(89,623)
Trade accounts receivable	587,198	516,780	447,372	433,655
Other current accounts receivable				
Prepaid expenses	65,390	67,571	47,554	50,405
Advance	2,961	3,171	863	1,213
Other	29,585	24,996	3,217	8,161
<u>Less</u> Allowance for doubtful accounts	(4,078)	(3,565)	(559)	(542)
Total other current accounts receivable	93,858	92,173	51,075	59,237
<b>Total trade and other current accounts receivable</b>	<b>681,056</b>	<b>608,953</b>	<b>498,447</b>	<b>492,892</b>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

Trade accounts receivable are classified by aging as follows:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Undue :				
- Normal	343,261	234,591	237,373	185,970
Overdue :				
- Not over 3 months	165,529	196,965	143,345	175,478
- Over 3 months to 6 months	48,553	38,793	41,133	30,431
- Over 6 months to 12 months	31,177	41,872	26,259	38,081
- Over 12 months	27,222	40,182	21,618	35,244
Debt acceptance	558	598	558	598
Under legal action	60,256	62,920	49,478	57,476
Total trade accounts receivable	676,556	615,921	519,764	523,278
<u>Less</u> Allowance for doubtful accounts	(89,358)	(99,141)	(72,392)	(89,623)
Total trade accounts receivable	587,198	516,780	447,372	433,655

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

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Beginning balance	99,141	90,366	89,623	81,025
Written - off bad debt	(6,160)	(1,588)	(5,700)	(4)
Increase (decrease)	(3,623)	10,363	(11,531)	8,602
Ending balance	89,358	99,141	72,392	89,623

As at December 31, 2019 and 2018 allowance for doubtful accounts in the consolidated increase (decrease) amount of Baht (3.62) million and Baht 10.36 million, respectively and the separated increase (decrease) amount of Baht (11.53) million and Baht 8.60 million, respectively.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

During the year 2019, the Company and subsidiaries write off trade accounts receivable in the consolidated financial statements of Baht 6.16 million , the separate financial statements of Baht 5.70 million because the debtor is bankrupt and does not have enough assets to pay the debt.

**7. INVENTORIES**

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Finished goods	28,641	51,423	-	-
Raw materials, spare parts and supplies	434,314	626,555	233,309	410,911
Work in process	117,712	106,533	36,281	62,484
Goods intransit	8,939	9,194	4,361	7,198
<b>Total</b>	<b>589,606</b>	<b>793,705</b>	<b>273,951</b>	<b>480,593</b>
<u>Less</u> Allowance for declining in value of inventories	(15,484)	(18,025)	(9,116)	(12,251)
<b>Total inventories</b>	<b>574,122</b>	<b>775,680</b>	<b>264,835</b>	<b>468,342</b>

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

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Beginning balance	18,025	22,542	12,251	13,618
Increase (decrease)	(2,541)	(4,517)	(3,135)	(1,367)
<b>Ending balance</b>	<b>15,484</b>	<b>18,025</b>	<b>9,116</b>	<b>12,251</b>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

**8. INVESTMENTS IN SUBSIDIARIES**

Consist of :

Company	Paid - up capital		Proportion of investment		Cost method (Thousand Baht)		Dividend income	
	(Million Baht)		(%)				(In Thousand Baht)	
	As at	As at	As at	As at	As at	As at	For the year ended	
	December	December	December	December	December	December	As at	As at
	31, 2019	31, 2018	31, 2019	31, 2018	31, 2019	31, 2018	31, 2019	31, 2018
Subsidiaries :-								
- Patkol Manufacturing Co., Ltd.	100.00	100.00	99.99	99.99	99,999	99,999	-	-
- Patkol Trading Co., Ltd.	30.00	30.00	99.98	99.98	29,999	29,999	-	-
- S Panel Co., Ltd.	40.00	40.00	80.00	80.00	32,000	32,000	-	-
- Heataway Co., Ltd.	100.00	100.00	99.99	99.99	99,997	99,997	-	-
- Patkol Philippines Corporation Co., Ltd.	5.36	5.36	60.00	60.00	5,362	5,362	-	-
- Indonesia Patkol service Co., Ltd.	26.85	26.85	99.00	99.00	26,854	26,854	-	-
- Patkol Malaysia Sendirian Berhad Co., Ltd.	7.96	7.96	100.00	100.00	7,960	7,960	-	-
- Tygienic Co.,Ltd.	65.00	16.25	99.99	99.99	65,000	16,250	-	-
- Patkol Myanmar Co.,Ltd.	1.61	1.61	100.00	100.00	1,615	1,615	-	-
Total investments in subsidiaries					<u>368,786</u>	<u>320,036</u>	<u>-</u>	<u>-</u>

The aforementioned subsidiaries in Thailand financial statements as at December 31, 2019 and 2018, brought into the preparation of consolidated financial statements were audited by the auditor already, except The foreign subsidiaries' financial were audited by the auditor.

As the extraordinary general meeting of Shareholders of Siam Patkol Co.,Ltd. No. 1/2018 held on November 26, 2018, approves the implementation of the company dissolution and liquidation, effective on December 4, 2018. And dissolution of the company on December 4, 2018.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

The Board of Directors' Meeting No. 4/2017 on November 10, 2017. The resolution were as follows.

1. Resolved to approve in the establishment of new subsidiary company Myanmar, authorized share capital USD 50,000 or approximately Baht 1.65 million. On May 23, 2018, the company and call up share capital fully.
2. Resolved to approve in the establishment of new subsidiary company (Tygienic Co.,Ltd.), authorized share capital Baht 65 million. The registered with the Ministry of commerce on January 8, 2018. And call up the share capital (Rate 25 %). The remaining share capital (Rate 75%) were paid on April 14, 2019.
3. Resolved to approve the capital increase in the subsidiary company, Heataway Co.,Ltd, from Baht 10 Million to Baht 100 Million by issuing 900,000 ordinary shares of Baht 100 each. The company registered the increase of share capital on January 8, 2018. And call up the increased share capital fully.

**Non - controlling interests**

Details of non - wholly owned subsidiaries which have material non - controlling interests as at December 31, 2019 and 2018, are as follows;

(In Thousand Baht)

Company's name	Proportion of equity interest held by non - controlling interests		Accumulated balance of non - controlling interests		Profit/loss allocated to non - controlling interests during the years		Dividend paid to non - controlling interests during the years	
	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)						
S Panel Co., Ltd.	20.00	20.00	14,854	12,692	2,250	2,184	-	-
Patkol Philippines Corporation Co., Ltd.	40.00	40.00	4,095	3,930	499	1,061	-	-

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

The summarized financial information before intragroup eliminations of each non - wholly owned subsidiary which has material non - controlling interests for the years ended December 31, 2019 and 2018, are as follows;

	( In Thousand Baht)			
	S Panel Co., Ltd.		Patkol Philippines Corporation Co., Ltd.	
	2019	2018	2019	2018
<b>Condensed statement of financial position</b>				
<b>As at December 31,</b>				
Current assets	191,262	159,372	24,225	19,805
Non-current assets	113,673	112,512	1,908	2,768
Current liabilities	196,809	162,445	15,894	12,749
Non - current liabilities	33,801	45,979	-	-
Equity attributable to owners of the Company	80%	80%	60%	60%
Non - controlling interests	20%	20%	40%	40%
<b>Condensed statement of profit or loss and other comprehensive income</b>				
<b>For the years ended December 31,</b>				
Revenues	501,931	382,558	53,038	37,228
Expenses	(55,832)	(39,591)	(19,032)	(18,706)
Profit (loss) for the year	11,308	10,922	1,2478	2,653
Profit attributable to:				
Owner of the parent	9,046	8,738	748	1,592
Non - controlling interests	2,262	2,184	499	1,061
Total comprehensive income for the year				
Owner of the parent	-	-	-	-
Non - controlling interests	-	-	-	-
Total comprehensive income attributable to:				
Owner of the parent	9,046	8,738	755	1,592
Non - controlling interests	2,262	2,184	503	1,061

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

	( In Thousand Baht)			
	S Panel Co., Ltd.		Patkol Philippines Corporation Co., Ltd.	
	2019	2018	2019	2018
<b>Condensed statement of cash flows</b>				
Net cash provided (use in) from operating activities	22,862	(46,425)	1,961	8,723
Net cash provided (use in) from investing activities	(10,455)	(7,018)	(31)	(4,263)
Net cash provided (use in) from financing activities	(6,684)	51,094	-	-
Net cash flow increase (decrease)	5,723	(2,349)	1,930	4,460



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

**9. TRADE AND OTHER NON - CURRENT ACCOUNT RECEIVABLES**

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Trade receivables Installment	-	-	-	-
Hire - purchase contract receivables	275,755	246,472	275,755	246,472
Total trade and other non - current account receivables	275,755	246,472	275,755	246,472

9.1 Trade receivables installment

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Trade receivables Installment	16,573	28,543	16,573	28,543
<u>Less</u> Allowance for doubtful accounts	(16,573)	(28,543)	(16,573)	(28,543)
Total trade receivables Installment	-	-	-	-

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

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Beginning balance	28,543	29,033	28,543	29,033
Written - off bad debt	(11,970)	-	(11,970)	-
Increase (decrease)	-	(490)	-	(490)
Ending balance	16,573	28,543	16,573	28,543

During the year 2019, The Company write-off trade receivables installment in the amount of Baht 11.97 million because the debtor is bankrupt and does not have enough assets to pay the debt.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

9.2 Hire - purchase contract receivables

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Hire - purchase contract receivables	365,449	323,547	365,449	323,547
<u>Less</u> Unearned interest income	(35,977)	(35,681)	(35,977)	(35,681)
Net	329,472	287,866	329,472	287,866
<u>Less</u> Current portion of hire - purchase contract receivables (Note 6)	(53,717)	(41,394)	(53,717)	(41,394)
Total hire - purchase contract receivables	<u>275,755</u>	<u>246,472</u>	<u>275,755</u>	<u>246,472</u>

**10. INVESTMENT PROPERTY**

Consist of :

	(In Thousand Baht)	
	Consolidated	Separated
For the years ended December 31, 2019		
Net book value	85,958	85,958
<b>Purchase</b> the year / Transfer in	14,097	6,794
<b>Disposal</b> the year	-	-
<u>Less</u> Depreciation / Transfer out	(628)	(628)
<u>Less</u> Allowance for impairment	(187)	(187)
Net book value	<u>99,240</u>	<u>91,937</u>

As at December 31, 2019 investment property consist of non - performed land and land with its construction of the Company and subsidiaries at (Suanluang, Rayong, Tark, Kalasin provinces, Khon Kaen Center and Charoen Nakorn Land and Building) present by cost in the consolidated and separated amount of Baht 99.24 million and 91.94 million respectively, (appraised value based on reports of the independent appraise in the year 2019, appraised value Market method in the consolidated and separated amount of Baht 165.81 million and 157.31 million respectively), and used for guarantee of overdraft and short - term loans from financial institutions (Note 14) liabilities under rehabilitation plan (Note 16.3) and contingent liabilities (Note 32.2).

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

**11. PROPERTY, PLANT AND EQUIPMENT**

Consist of

	Consolidated ( In Thousand Baht)									
	Land		Building and improvement		Machinery and equipment	Machinery for lease	Office equipment	Vehicles	Assets in progress	Total
	Cost	Revaluation	Cost	Revaluation						
<b>Assets - cost</b>										
As at December 31, 2018	164,221	473,928	620,764	118,572	387,566	270	150,426	113,830	100,409	2,129,986
Purchase	-	133,055	140	49,171	12,487	-	5,222	5,044	78,845	283,964
Disposal	-	-	-	-	(9,100)	-	(6,388)	(18,139)	(13,693)	(47,320)
Transfer in (Transfer out)	(11,635)	(1,199)	81,267	-	(20,333)	-	5,437	-	(150,056)	(96,519)
As at December 31, 2019	152,586	605,784	702,171	167,743	370,620	270	154,697	100,735	15,505	2,270,111
<b>Accumulated depreciation</b>										
As at December 31, 2018	-	-	(233,302)	(24,534)	(270,844)	-	(104,989)	(89,935)	-	(723,604)
Depreciation for the year	-	-	(15,813)	(8,672)	(27,591)	-	(21,828)	(9,086)	-	(82,990)
Depreciation for disposal	-	-	-	-	8,137	-	5,667	16,314	-	30,118
Depreciation for transfer out	-	-	217	-	69,369	-	4,396	874	-	74,856
As at December 31, 2019	-	-	(248,898)	(33,206)	(220,929)	-	(116,754)	(81,833)	-	(701,620)
<b>Allowance for impairment of assets</b>										
As at December 31, 2018	-	(2,365)	(15,949)	(36,956)	(585)	-	-	-	-	(55,855)
Increase	-	-	(533)	-	-	-	-	-	-	(533)
Decrease	-	1,288	-	1,173	-	-	-	-	-	2,461
As at December 31, 2019	-	(1,077)	(16,482)	(35,783)	(585)	-	-	-	-	(53,927)
<b>Net book value of assets</b>										
As at December 31, 2019	152,586	604,707	436,791	98,754	149,106	270	37,943	18,902	15,505	1,514,564

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

As at December 31, 2018	164,221	471,563	371,513	57,082	116,137	270	45,437	23,895	100,409	1,350,527
Separated ( In Thousand Baht)										
	Land		Building and improvement		Machinery and equipment	Machinery for lease	Office equipment	Vehicles	Assets in progress	Total
	Cost	Revaluation	Cost	Revaluation						
<b>Assets - cost</b>										
As at December 31, 2018	70,085	437,614	320,098	118,572	85,024	14,180	119,260	107,492	11,708	1,284,033
Purchase	-	102,837	-	49,171	1,225	-	4,533	5,044	12,921	175,731
Disposal	-	-	-	-	(9,100)	-	(5,738)	(17,265)	(12,374)	(44,477)
Transfer in (Transfer out)	(5,594)	(1,199)	39	-	97	-	754	-	(890)	(6,793)
As at December 31, 2019	64,491	539,252	320,137	167,743	77,246	14,180	118,809	95,271	11,365	1,408,494
<b>Accumulated depreciation</b>										
As at December 31, 2018	-	-	(159,207)	(27,963)	(59,354)	(14,180)	(83,742)	(85,410)	-	(429,856)
Depreciation for the year	-	-	(6,610)	(8,672)	(7,372)	-	(16,626)	(8,630)	-	(47,910)
Depreciation for disposal	-	-	-	-	8,137	-	5,667	16,314	-	30,118
Depreciation for transfer out	-	-	-	-	-	-	-	-	-	-
As at December 31, 2019	-	-	(165,817)	(36,635)	(58,589)	(14,180)	(94,701)	(77,726)	-	(447,648)
<b>Allowance for impairment of assets</b>										
As at December 31, 2018	-	(2,365)	-	(1,173)	(585)	-	-	-	-	(4,123)
Increase	-	-	-	-	-	-	-	-	-	-
Decrease	-	1,288	-	1,173	-	-	-	-	-	2,461
As at December 31, 2019	-	(1,077)	-	-	(585)	-	-	-	-	(1,662)
<b>Net book value of assets</b>										
As at December 31, 2019	64,491	538,175	154,320	131,108	18,072	-	24,108	17,545	11,365	959,184
As at December 31, 2018	70,085	435,249	160,891	89,436	25,085	-	35,518	22,082	11,708	850,054

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

Depreciation for the years ended December 31, 2019 and 2018 were Baht 83.11 million and Baht 66.65 million in the consolidated financial statements amount of Baht 47.91 million and Baht 46.91 million in the separate financial statements, respectively.

As at December 31, 2019 and 2018, building and equipment at cost of Baht 476.31 million and Baht 522.87 million in the consolidated financial statements, respectively. Baht 337.36 million and Baht 325.20 million in the separate financial statements, respectively. The Company and its subsidiaries have been fully depreciated but are still in use.

As at December 31, 2019 and 2018, land with its construction and machinery at cost of Baht 1,138.28 million and Baht 1,102.51 million in the consolidated financial statements, respectively. Baht 682.28 million and Baht 563.85 million in the separate financial statements, respectively are used as guarantees for bank overdrafts and short - term loans from financial institutions (Note 14) liabilities under restructuring plan (Note 16.3) liabilities under restructuring agreements (Note 16.4) and contingent liabilities (Note 32).

As at December 31, 2019 and 2018, lands and buildings of the Company and subsidiaries are stated at appraised value based on reports of the independent appraiser in the year 2019 and 2015. The appraised value of lands were based on market price method, while the appraised value of buildings were based on replacement cost method. Revaluation surplus of fixed assets are shown under “Shareholders’ Equity” in the statement of financial position. The revaluation surplus of fixed assets is not available for dividend distribution.

Subsidiaries recorded land with appraised value and recorded revaluation surplus of fixed assets amounting to Baht 30.23 million, as the independent appraiser report dated on December 30, 2019.

As at December 31, 2019 and 2018, the fair value of the land and building were assessed in the year 2019 and 2015 by the report of the appraisal assessed using the market approach by selling price of comparable land nearby to improve by using the replacement cost approach. The fair value is in the second level of the hierarchy of fair value.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

**12. OTHER INTANGIBLE ASSETS**

Consist of :

(In Thousand Baht)					
Consolidated					
	Balance December 31, 2018	Increases	Transfer in (Transfer out)	(Decrease)	Balance December 31, 2019
<u>Cost</u>					
Computer software	150,034	3,217	19,083	-	172,334
Intellectual property	25,041	361	135	-	25,537
Intangible asset in process	15,269	1,275	(12,022)	-	4,522
Total	190,344	4,853	7,196	-	202,393
<u>Less</u> Accumulated amortization	(95,254)	(14,422)	-	-	(109,676)
Net	95,090	(9,569)	7,196	-	92,717
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	-	(3,326)
Net	91,764	(9,569)	7,196	-	89,391

(In Thousand Baht)					
Separated					
	Balance December 31, 2018	Increases	Transfer in (Transfer out)	(Decrease)	Balance December 31, 2019
<u>Cost</u>					
Computer software	144,907	3,155	15,361	-	163,423
Intellectual property	22,061	-	135	-	22,196
Intangible asset in process	11,054	-	(7,806)	-	3,248
Total	178,022	3,155	7,690	-	188,867
<u>Less</u> Accumulated amortization	(89,960)	(13,221)	-	-	(103,181)
Net	88,062	(10,066)	7,690	-	85,686
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	-	(3,326)
Net	84,736	(10,066)	7,690	-	82,360

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**AT DECEMBER 31, 2019**

	(In Thousand Baht)			
	Consolidated		Separated	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Amortization for the years	14,418	12,668	13,211	12,093

**13. DEFERRED TAX ASSETS AND LIABILITIES**

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Deferred tax assets - net	105,128	84,207	82,608	68,731
Deferred tax liabilities - net	(174,143)	(133,201)	(146,607)	(113,314)

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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Movements in total deferred tax assets and liabilities during the year were as follows:

	(In Thousand Baht)				As at December 31, 2019
	Consolidated				
	As at January 1, 2019	(Charged) / credited to:			
		Profit (loss)	Other comprehensive income	Shareholders equity	
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	29,437	(4,130)	-	-	25,307
Allowance for diminution in value of inventories	2,723	(593)	-	-	2,130
Allowance for impairment asset	2,642	(348)	-	-	2,294
Provision of project cost	2,673	628	-	-	3,301
Employee benefit obligations	38,732	13,594	-	-	52,326
Tax losses that have not been used	8,000	11,770	-	-	19,770
<b>Total deferred tax assets</b>	<b>84,207</b>	<b>20,921</b>	<b>-</b>	<b>-</b>	<b>105,128</b>
<b>Deferred tax liabilities</b>					
Accumulated depreciation - Building extension	(11,296)	(5,586)	-	-	(16,882)
Revaluation surplus on fixed assets	(121,905)	-	(35,356)	-	(157,261)
<b>Total deferred tax liabilities</b>	<b>(133,201)</b>	<b>(5,586)</b>	<b>(35,356)</b>	<b>-</b>	<b>(174,143)</b>
<b>Total income (expense)</b>		<b>15,335</b>			



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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	(In Thousand Baht)				
	Separated				
	(Charged) / credited to:				
	As at January 1, 2019	Profit (loss)	Other comprehensive income	Shareholders equity	As at December 31, 2019
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	26,227	(5,839)	-	-	20,388
Allowance for diminution in value of inventories	2,450	(627)	-	-	1,823
Allowance for impairment asset	1,392	(455)	-	-	937
Provision of project cost	2,433	675	-	-	3,108
Employee benefit obligations	36,229	11,957	-	-	48,186
Tax losses that have not been used	-	8,166	-	-	8,166
<b>Total deferred tax assets</b>	<b>68,731</b>	<b>13,877</b>	<b>-</b>	<b>-</b>	<b>82,608</b>
<b>Deferred tax liabilities</b>					
Accumulated depreciation - Building extension	1,328	(3,981)	-	-	(2,653)
Revaluation surplus on fixed assets	(114,642)	-	(29,312)	-	(143,954)
<b>Total deferred tax liabilities</b>	<b>(113,314)</b>	<b>(3,981)</b>	<b>(29,312)</b>	<b>-</b>	<b>(146,607)</b>
<b>Total income (expense)</b>		<b>9,896</b>			

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

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

	(In Thousand Baht )			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Allowance for diminution in value				
of inventories	967	883	-	-
Allowance for impairment asset	9,096	9,096	-	-
Employee benefit obligations	11,866	10,913	-	-
Loss carry forward less than 5 years	22,155	24,973	-	-
<b>Net deferred tax assets</b>	<b>44,084</b>	<b>45,865</b>	<b>-</b>	<b>-</b>

As at December 31, 2019 and 2018, The consolidated financial statement have deductible temporary differences totaling Baht 44.08 million and 45.87 million respectively. On which deferred tax assets have not been recognized as the Company's management considers that there is uncertainty whether the Company will have sufficient future taxable income to utilize such items and or they might not be used to offset taxable income in the future.

**14. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS**

Consist of :

	(In Thousand Baht )			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Bank overdrafts	39,426	3,990	12,960	3,480
Short - term loans	258,693	214,054	100,000	66,786
Loan - trust receipt	9,778	2,071	7,865	-
Total bank overdrafts and short - term loans from financial institutions	<b>307,897</b>	<b>220,115</b>	<b>120,825</b>	<b>70,266</b>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

Movement of short - term loans from financial institutions for the year ended December 31, 2019.

	(In Thousand Baht)	
	Consolidated	Separated
Beginning balance at January 1, 2019	214,054	66,786
<b>Add</b> Additional loans	873,373	356,072
<b>Less</b> Payment of loans	(828,734)	(322,858)
Ending balance at December 31, 2019	258,693	100,000

Consolidated financial statements

As at December 31, 2019 the Company and subsidiaries have credit facilities from several banks totaling Baht 2,182 million. Most credit facilities of Baht 1,567 million are belong to the Company and subsidiaries and are guaranteed by deposits at banks, investment property (Note 10), land with its construction and machinery (Note 11).

	Million Baht		Guarantee
	As at December 31, 2019		
	Credit line	Balance	
<b>Bank overdraft</b>			
The Company	30.00	17.04	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the mortgage of investment properties (Note 10).</li> </ul>
The Subsidiaries	64.00	37.53	<ul style="list-style-type: none"> <li>- By the mortgage of investment properties (Note 10).</li> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the Parent Company.</li> </ul>
<b>Short-term loans</b>			
The Company	100.00	-	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the mortgage of investment properties (Note 10).</li> <li>- By the mortgage of Subsidiary.</li> <li>- By the Fixed Account.</li> </ul>
The Subsidiaries	200.00	41.31	<ul style="list-style-type: none"> <li>- By the mortgage of investment properties (Note 10).</li> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the Parent Company.</li> </ul>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

	Million Baht		Guarantee
	As at December 31, 2019		
	Credit line	Balance	
<b><u>Long-term loans</u></b>			
The Company	537.00	421.08	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the mortgage of investment properties (Note 10).</li> <li>- By the Parent Company.</li> </ul>
The Subsidiaries	221.00	29.44	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction (Note 11).</li> <li>- By the mortgage of machinery (Note 11).</li> </ul>
<b><u>Trust receipts / Letter of credit / Packing</u></b>			
The Company	100.00	92.14	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the mortgage of investment properties (Note 10).</li> <li>- By the mortgage of Subsidiary.</li> <li>- By the Fixed Account.</li> </ul>
The Subsidiaries	42.54	40.63	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> </ul>
<b><u>Guarantee</u></b>			
The Company	400.00	116.53	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the mortgage of investment properties (Note 10).</li> <li>- By the Fixed Account.</li> </ul>
The Subsidiaries	32.89	9.20	<ul style="list-style-type: none"> <li>- By the mortgage of investment properties (Note 10).</li> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the Parent Company.</li> <li>- By the Fixed Account.</li> </ul>
<b><u>Forward Contract</u></b>			
The Company	400.00	400.00	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (Note 11).</li> <li>- By the mortgage of investment properties (Note 10).</li> <li>- By the mortgage of Subsidiary.</li> </ul>
The Subsidiaries	55.00	55.00	<ul style="list-style-type: none"> <li>- By the Fixed Account.</li> </ul>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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As at December 31, 2019 the balance of foreign currency letter of credit amounted USD 316,561 in the consolidated financial statements, USD 85,486 in the separate financial statements.

**15. TRADE AND OTHER CURRENT ACCOUNTS PAYABLE**

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Trade and other current accounts payable	501,987	457,397	268,426	291,905
Advanced receivable	284,176	275,189	252,998	259,287
Unearned Income	213,373	144,606	167,035	138,240
Retention payable	17,053	21,871	13,003	17,885
Trade accounts payable related parties (Note 27.3)	-	-	102,708	121,066
<b>Total trade and other current accounts payable</b>	<b>1,016,589</b>	<b>899,063</b>	<b>804,170</b>	<b>828,383</b>

**16. LONG - TERM LOANS**

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Long - term loans	81,110	242,532	54,360	98,830
Liabilities under debt restructuring plan	325,022	355,725	325,022	356,413
Liabilities under debt restructuring agreements	23,712	36,911	-	-
Liabilities under finance				

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

lease agreement	25,983	16,451	8,779	15,802
Total long - term loans	<u>455,827</u>	<u>651,619</u>	<u>388,161</u>	<u>471,045</u>

**CURRENT PORTION OF LONG - TERM LOANS**

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Long - term loans	226,365	67,760	61,560	41,760
Liabilities under debt				
restructuring plan	31,619	51,145	32,307	53,448
Liabilities under debt				
restructuring agreements	14,656	15,470	-	-
Liabilities under finance				
lease agreement	<u>15,310</u>	<u>10,031</u>	<u>9,801</u>	<u>9,099</u>
Total current portion of				
liabilities	<u>287,950</u>	<u>144,406</u>	<u>103,668</u>	<u>104,307</u>

16.1 As at December 31, 2019, two subsidiaries have long-term credit facilities with financial institutions totaling to Baht 537 million, with bank customer's interest rate, and guaranteed by the mortgage of land and building and machinery of the subsidiaries.

16.2 As at December 31, 2019, the Company has entered into loan agreement with the financial institution amount of Baht 115.92 million, bank customer's interest rate, and guaranteed by agreement security which consists of; the right to claims the Company's machinery rental collection, and machinery own by the Company.

16.3 Debt under restructuring plan of the Company are secured by the assets of the Company which are indicated in the original loan agreement before the restructuring ie. The mortgage of land and buildings, the pledge of the Company's machinery.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

Debt allocation

<b>CREDITOR</b>	<b>PRINCIPLE</b>	<b>NEW INTEREST</b>
Creditor Group 1 Financial institution creditors - secured	Amount of Baht 417,922,322.28 to be repaid on an installment within 8 years by monthly.	Interest rate at MLR per annum with monthly repayment.
Creditor Group 2 Financial institution creditors - non secured	Amount of Baht 92,353,650.01 to be repaid on an installment within 10 years by quarterly.	Interest rate at 0.01% per annum with quarterly repayment.
Creditor Group 3 Financial institution creditors - transferred the right	Amount of Baht 209,628,804.52 to be repaid on an installment within 10 years by quarterly.	Interest rate at 0.01% per annum with quarterly repayment.
Creditor Group 4 Accounts Payable	Amount of Baht 227,520,954.88 to be repaid on an installment within 10 years by quarterly.	-
Creditor Group 5 Payable - taxation	Amount of Baht 22,433,940.58 to be repaid on an installment within 10 years by quarterly. Creditor will be paid for if the Appeal Committee has the final judgmental /command that.	Interest rate at 0.01% per annum with quarterly repayment.
Creditor Group 10 Creditor - guarantee to other company	Debt as request for payment amount of Baht 303,242,835.38 which creditor will be paid by the following; 1. Because of PKM and SPN which are the receivable of 10 <sup>th</sup> group creditor still operate and able to pay to creditor by themselves. At the present, PKM and SPN still pay to creditor under the contact negotiate between the creditor and PKM and SPN. 2. Later, if PKM and SPN default, and PKM and SPN unable to pay to 10 <sup>th</sup> group creditor within 120 days. Creditor has to inform by written to the Company and will has right to receive the payment from the Company follow the remaining debt, And will be paid after 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> , and 12 <sup>th</sup> creditors finishing the payment follow the rehabilitation plan within 30 days.	

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16.4 On March 30, 2011, the subsidiaries have entered into debt restructuring agreements with financial institutions. Under the conditions of such agreements, creditors have extended the repayment schedule for the subsidiaries.

Liabilities under debt restructuring are secured by mortgage a part of land and machinery of subsidiaries, and land and construction of the Company, and guaranteed by the Company (Note 11).

Liabilities under debt restructuring including accrued interest are as follow;

	<b>PRINCIPLE</b>	<b>NEW INTEREST</b>	<b>ACCRUED INTEREST</b>
Loan agreement (1)	Amount of Baht 62,625,877.40 to be repaid on an installment, finishing within February 2021, by quarterly and not less than Baht of 1,568,000 each quarter.	MLR per annum, payment by monthly.	Accrued interest amount of Baht 3,087,541.54 , to be paid at the signing agreement date by Baht of 1,077,079.30 , and the remaining by Baht 2,010,462.24 will be forgiven when follow the restructuring agreement.
Loan agreement (2)	Amount of Baht 41,566,225.07 to be repaid on an installment, finishing within February 2021, by quarterly and not less than Baht of 1,024,000 each quarter.	MLR per annum, payment by monthly.	Accrued interest amount of Baht 2,142,084.08 , to be paid at the signing agreement date by Baht of 705,202.32, and the remaining by Baht 1,436,881.76 will be forgiven when follow the restructuring agreement.
Loan - Promissory note	Amount of Baht 100,000,000 to be repaid on an installment, finishing within February 2012. If subsidiaries able follow the debt restructuring agreement, there will be “Gain from debt restructuring” amount of Baht 13.13 million.	MLR per annum.	Accrued interest amount of Baht 28,150,684.93, to be paid at the signing agreement date by Baht of 243,000, and the remaining by Baht of 16,966,438.35 will be forgiven when follow the restructuring agreement.



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	<b>PRINCIPLE</b>	<b>NEW INTEREST</b>	<b>ACCRUED INTEREST</b>
Loan - Trust Receipt	Amount of Baht 23,940,354.50 to be repaid on an installment, finishing within February 2021, by quarterly and not less than Baht of 608,000 each quarter.	MLR per annum.	Accrued interest amount of Baht 6,519,437.61, to be paid on an installment by Baht of 57,000 per quarterly, total 2,589,843.47 and the remaining by Baht of 3,929,594.14 will be forgiven when follow the restructuring agreement.
Loan - bank overdraft	Amount of Baht 11,404,901.99 to be paid at the signing agreement date 1,404,901.99 , and the remaining to be repaid on an installment, finishing within March 2015, by monthly and not less than Baht of 250,000 each month.	MLR per annum, payment by monthly.	Accrued interest amount of Baht 63,274.01, to be paid at the signing agreement date by Baht of 36,777.33, and the remaining by Baht of 26,496.68 will be forgiven when follow the restructuring agreement.

16.5 Under the above loan agreement , Have specified certain terms and conditions such as :

- Maintaining of debt to equity ratio not over than 2:1 times

As at December 31, 2019 the subsidiary company is unable to comply with certain conditions as stipulated in the loan agreements. Causing the loan institutions to become a debt that must be repaid on demand.

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**17. PROVISION FOR EMPLOYEE BENEFIT**

An independent actuary carried out an evaluation of the Company's obligations for employees' long - term benefits using the projected unit credit method. The Company has provided the estimated for employees' long - term benefits as follows:

(In Thousand Baht)

	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Estimated current liabilities				
for employee benefits	21,715	13,168	11,678	11,277
Estimated non current liabilities				
for employee benefits	304,322	235,062	229,253	169,866
<b>Total provision for employee benefit</b>	<b>326,037</b>	<b>248,230</b>	<b>240,931</b>	<b>181,143</b>

(In Thousand Baht)

	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Provision for employee benefits				
beginning	248,230	215,439	181,143	157,635
<u>Add</u> recognized amount	35,117	32,791	22,156	23,508
<u>Add</u> past service cost	57,892	-	42,422	-
<u>Add (Less)</u> estimate	(33,050)	-	(25,780)	-
<u>Less</u> paid	(29,115)	-	(24,528)	-
<u>Add (Profit) Loss</u> actuary assumption	46,963	-	45,518	-
<b>Provision for employee benefits ending</b>	<b>326,037</b>	<b>248,230</b>	<b>240,931</b>	<b>181,143</b>
<b>Present value of unfunded obligation</b>	<b>326,037</b>	<b>248,230</b>	<b>240,931</b>	<b>181,143</b>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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	(In Thousand Baht)	
	For the year ended December 31, 2019	
	Consolidated	Separated
<b>Total amount recognized in the statement of</b>		
<b>Comprehensive income for the year:</b>		
Provision for employee benefits beginning	248,230	181,143
Profit (loss) for the years		
<u>Add</u> recognized amount		
Current service cost	28,829	17,386
Interest cost	6,288	4,770
<u>Add (Less)</u> estimate	(33,050)	(25,780)
<u>Less</u> paid	(29,115)	(24,528)
Provision for employee benefits ending	<u>279,074</u>	<u>195,413</u>
<b>Other comprehensive income</b>		
<b>Gain (losses) on remeasurement of defined benefit plans</b>	<u><b>(46,963)</b></u>	<u><b>(45,518)</b></u>

**Principal actuarial assumptions (Actuarial basis)**

	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Discount rate (% Per annum)	1.61 - 1.77	2.84 - 3.44	1.61	3.13
Future salary increase (% Per annum)	3 - 7	8	3 - 7	8
Retirement age (year old)	60	60	60	60
Turn over rate	Age band	Age band	Age band	Age band
Mortality rate	TMO 2017	TMO 2008	TMO 2017	TMO 2008

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The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 and 2018 are summarized below:

( In Thousand Baht)

	Change of the present value of the employee benefit obligations increase (decrease)							
	Consolidated				Separate			
	Increase		Decrease		Increase		Decrease	
	2019	2018	2019	2018	2019	2018	2019	2018
Discount rate (1 %)	(29,070)	(20,617)	34,601	23,962	(24,034)	(14,922)	28,628	17,390
Salary increase rate ( 1 %)	33,450	20,363	(28,506)	(17,531)	24,939	14,676	(21,256)	(12,677)
Turnover rate (10 %)	(13,534)	(11,170)	14,761	12,348	(10,065)	(8,425)	10,984	9,351

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

On April 5, 2019, The Labor Protection Act (No.7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from May 5, 2019 that the change is considered a project amendment for the post-employment benefits plan. The Company will record the effect of change by recognizing the past service cost immediately in the income statement in the year amount of Baht 57.89 million in the consolidated financial statement, and amount of Baht 42.42 million in the separate financial statement.

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As at December 31, 2019 the maturity analyses of undiscounted cash flows of benefit payments are as follows :

	( In Thousand Baht)	
	Consolidated	Separated
	As at December 31, 2019	As at December 31, 2019
Within 1 year	21,715	11,678
With in 2 - 5 years	76,805	64,476
Within 6 - 10 years	105,411	81,450
Within 10 - 15 years	644,396	478,985

**18. COMPENSATION LIABILITIES - CONVERTIBLE PREFERRED SHARES**

The Company recorded liabilities for obligations to pay the unpaid dividend in the amount of Baht 17,101,510 and the difference amount between the market price of the Company's shares and the offering price as at the exercise date of Baht 3.1647 per share (33,744,100 shares) amounting to Baht 106,833,875 as "compensation liabilities - convertible preferred shares" in current liabilities.

On March 30, 2011, the Company reclassified compensation liabilities - convertible preferred shares to present in liabilities under rehabilitation plan (Note 16.3).

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**19. SHARE CAPITAL AND PREMIUM (DISCOUNT) ON COMMON**

	Amount of share	As at December 31, 2019		As at December 31, 2018	
		Shares	Amount	Shares	Amount
<i>Authorized share capital consist of</i>					
Ordinary shares	1	414,607,781	414,607,781	414,607,781	414,607,781
Preferred shares	1	79,487,456	79,487,456	79,487,456	79,487,456
Warrant	1	106,148,500	111,455,925	106,148,500	111,455,925
		<u>600,243,737</u>	<u>605,551,162</u>	<u>600,243,737</u>	<u>605,551,162</u>
<i>Issued and paid-up share capital</i>					
Ordinary shares	1	414,607,781	414,607,781	414,607,781	414,607,781
Preferred shares	1	79,487,456	79,487,456	79,487,456	79,487,456
Issue of new shares					
Ordinary shares	1	-	-	-	-
Preferred shares	1	-	-	-	-
		<u>494,095,237</u>	<u>494,095,237</u>	<u>494,095,237</u>	<u>494,095,237</u>
<i>Issued and paid-up share capital</i>					
<i>Consist of</i>					
Ordinary shares	1	414,607,781	414,607,781	414,607,781	414,607,781
Preferred shares	1	79,487,456	79,487,456	79,487,456	79,487,456
		<u>494,095,237</u>	<u>494,095,237</u>	<u>494,095,237</u>	<u>494,095,237</u>
<i>Premium on shares</i>					
Ordinary shares	0.06	414,607,781	8,542,665	414,607,781	8,542,665
Preferred shares	0.06	79,487,456	4,769,247	79,487,456	4,769,247
<i>Discount on common shares</i>					
As at December 31					
Ordinary shares	1	414,607,781	(22,088,943)	414,607,781	(22,088,943)

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Fair value of shares and preferred share at date of issue which pay off creditor under rehabilitation plan have its value of 1.06 Baht share as the independent appraiser financial report at August 5, 2011.

On September 21, 2011 increase shares capital are becoming registration securities (Preferred shares are not registration securities).

**Under rehabilitation plan**

1. The Company approve deduction share capital amount of baht 52.99 million (52,999,999 shares of Baht 1 each) to Baht 272.23 million (272,230,101 shares of Baht 1 each) by cancel non paid-up share capital 52,999,999 shares of Baht 1 each. And approve increase authorized share capital from amount of Baht 272.23 million (272,230,101 shares of Baht 1 each) to Baht 600.24 million (600,243,737 shares of Baht 1 each). The Company has registered deduction and increase share capital with ministry of Commerce on August 10, 2011 and September 9, 2011 respectively.
2. The Company has the resolution to approve the operation by debt to equity conversion under rehabilitation plan splitting common share Baht 142.38 million (142,377,680 shares with the share of 1 Baht) and the preferential right of Baht 79.49 million (79,487,456 shares which is worth 1 Baht per share) in order to pay the debt in the total amount of Baht 221.87 million.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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**Warrants**

Under rehabilitation plan passed the resolution on determining the conditions and details of the warrants issued to a financial institution (convert liabilities to be capital) who propose the new credit facility to the Company, under the rehabilitation plan processing. On March 30, 2011, the Central Bankruptcy Court ordered the Company to rehabilitate its business as described in.

In August, 2011 the Company has issued 106,148,500 units of warrants to purchase ordinary shares, allocated to a financial institution who proposes the new credit facility to the Company. Each unit of warrant has a right to purchase 1 ordinary share of Baht 0.01 each. The warrants will be with 10 years term, the first exercise month on March, June, September and the last exercise month on December.

	Consolidated/ Separated	
	As at December 31, 2019	
	(Unit)	(Baht)
Number of warrants	106,148,500	111,455,925
<u>Less</u> : The number of exercised warrants - cumulative	-	-
<u>Less</u> : The number of expired warrants - cumulative	-	-
Balance number of warrants	106,148,500	111,455,925

***Premium on share***

According to the provision of the Limited Public Company Act, B.E. 2535 (1992) section 51 in the case that the company has proposed to sell share higher than the value of the share that has been registered, the Company must set this excessive share amount as backup capital ("share value excessive part"). This share value excessive part cannot be paid as dividend.

**20. COMPANY'S SHARES HELD BY SUBSIDIARIES**

As at December 31, 2019 and 2018, The share of the Company that is held by subsidiary includes preferential right in the amount of 3,555,477 shares with the value of 1 Baht per share which the subsidiary has been received from transforming the debt into capital under the operation according to the reorganizational plan of the Company. The said share has been shown as they deduct in the part of shareholders under the topic "share of the Company held by subsidiary" in the consolidated.



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**21. REVALUATION SURPLUS ON FIXED ASSETS**

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Revaluation surplus on land				
Beginning balance	510,512	510,512	477,043	477,043
Increase	132,530	-	102,837	-
Decrease	-	-	-	-
Ending balance	643,042	510,512	579,880	477,043
Revaluation surplus on building				
Beginning balance	96,167	100,403	96,167	100,403
Increase	49,171	-	49,171	-
Decrease	-	-	-	-
Decrease - Sale	-	-	-	-
Decrease - Depreciation	(5,447)	(4,236)	(5,447)	(4,236)
Ending balance	139,891	96,167	139,891	96,167
Revaluation surplus on fixed assets	782,933	606,679	719,771	573,210
Deferred tax liabilities	(156,587)	(121,336)	(143,954)	(114,642)
Revaluation surplus on fixed assets - net	626,346	485,343	575,817	458,568

As at December 31, 2019 the Company and a subsidiary's land and plant are stated at appraised value, reports of the independent appraiser Agency for T.A. Management Corporation (1999) Co., LTD at date of December 30, 2019 respectively. The excess of appraised value of land and plant, which based on Market Approach and Cost Approach, are shown as "Revaluation surplus of fixed assets" under "Shareholders' Equity" in the statement of financial position. The revaluation surplus of fixed assets is not available for dividend distribution.

**22. LEGAL RESERVE**

According to the Public Companies Act, the Company has appropriated its reserve as a legal reserve not less than 5% of the annual net profit deducted by the total accumulated deficit brought forward (if any) until the reserve reaches an amount not less than 10% of the issued and paid-up share capital. The legal reserve may not be distributed as dividends.

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**23. DIRECTOR AND MANAGEMENT REMUNERATION**

**Director's remuneration**

Directors' remuneration is contributed to directors of the Company and subsidiaries under Section 90 of the Public Companies Act excluding salaries and related fringe benefit paid to executive directors.

**Management's remuneration**

Management's remuneration is salaries, remunerations and other benefits to the executive directors, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels.

**24. EARNING(LOSS) PER SHARE**

**Basic earnings (loss) per share :**

Basic earnings (loss) per share for the years ended December 31, 2019 and 2018 are calculated by net profit (loss) of ordinary shareholder and preferred shareholder of ordinary shares and preferred shares issued and paid up during in the year by calculated follow as;

	For the years ended December 31,			
	Consolidated		Separated	
	2019	2018	2019	2018
(Loss) owner of the parent				
(Loss) for the years				
(Thousand Baht)	(185,590)	(17,494)	(114,646)	(11,529)
Weighted average number of share				
(Thousand Share)	414,608	414,608	414,608	414,608
Basic earnings(Loss) per share				
(Baht/share)	(0.45)	(0.04)	(0.28)	(0.03)

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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**Earnings (loss) per diluted share :**

The reduced profit (loss) per share for the years ended December 31, 2019 and 2018 which is calculated from the profit (loss) of the last year as the part for shareholders of the Company and the amount of common share that has been sold between the year in each period by averaging after the adjustment of the effect of the reduced share as follows :

	For the years ended December 31,			
	Consolidated		Separated	
	2019	2018	2019	2018
(Loss) owner of the parent				
(Loss) for the years				
(Thousand Baht)	(185,590)	(17,494)	(114,646)	(11,529)
Number of ordinary share as at January 1,	414,608	414,608	414,608	414,608
Warrant	105,147	105,147	105,147	105,147
Weighted average number of share				
(Thousand Share)	519,755	519,755	519,755	519,755
Diluted earnings(Loss) per share				
(Baht/share)	(0.36)	(0.03)	(0.22)	(0.02)

**25. CORPORATE INCOME TAX**

Income tax expense for the years ended December 31, 2019 and 2018 Consist of :

	(In Thousand Baht)			
	Consolidated		Separate	
	2019	2018	2019	2018
<b>Current income tax :</b>				
Income tax for the years	7,175	9,166	-	3,345
<b>Deferred income tax :</b>				
Deferred income tax effect of				
temporary difference and the				
reversal of temporary differences	(15,335)	787	(9,896)	(987)
<b>Operating expense (income) tax</b>				
<b>present in the statement of</b>				

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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	(In Thousand Baht)			
	Consolidated		Separate	
	2019	2018	2019	2018
<b>comprehensive income</b>	(8,160)	9,953	(9,896)	2,358

**Reconciliation for Effectiven Tax Rate**

	(In Thousand Baht)			
	Separated			
	Rate %	2019	Rate %	2018
Profit (loss) before income tax		(124,543)		(9,171)
Income tax using the Thai corporation				
tax rate	20	(24,909)	20	(1,834)
Income not subject to tax		(20)		(2,548)
Expenses not deductible for tax		2,596		7,769
Difference and the reversal of				
temporary differences		22,333		(42)
<b>Total</b>		<b>-</b>		<b>3,345</b>

**26. EXPENSES ANALYZED BY NATURE**

The key is as follows.

	(In Thousand Baht)			
	Consolidated		Separated	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Changes in inventories and work in				
process	145,238	5,112	26,203	(24,102)
Raw materials and supplies used	3,278,440	3,370,917	1,830,538	1,901,157
Staff expense	692,394	790,922	447,622	599,961
Depreciation and amortization	87,824	71,166	52,983	51,670
Bad debt (reversal)	(22,964)	(204)	(29,216)	2,525

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Loss (reversal) decrease of inventory	(3,834)	(1,379)	(3,135)	(1,368)
(Reversal) on impairment of investment	-	(4,162)	-	-

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

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#### 27. TRANSACTIONS WITH RELATED PARTIES

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

##### 27.1 Relationship

<u>Name of relate of parties</u>	<u>Inter - transaction</u>	<u>Relationship</u>
Patkol Manufacturing Co., Ltd.	Sale of goods and services	Subsidiary
Patkol Trading Co., Ltd.	Sale of goods and services	Subsidiary
S Panel Co., Ltd.	Sale of goods and services	Subsidiary
Siam Patkol Co., Ltd.	Services	Subsidiary of Patkol Trading Co., Ltd. and Common director
Heataway Co., Ltd.	Sale of goods and services	Subsidiary
Patkol Philippines Corporation Co., Ltd.	Sale of goods and services	Subsidiary
Indonesia Patkol Service Corporation Co.,Ltd.	Sale of goods and services	Subsidiary
Patkol Malaysia Sendirian Berhad Co.,Ltd.	Sale of goods and services	Subsidiary
Tygienic Co.,Ltd.	Sale of goods and services	Subsidiary
Patkol Myanmar Co.,Ltd.	Sale of goods and services	Subsidiary
Prepack (Thailand) Co., Ltd.	Services	Common director
Prudent Advisory Corporate Finance & Strategy Co., Ltd.	Services	Common director

##### 27.2 Pricing policy

	<u>Pricing policy</u>
Sale of goods and services	Cost plus profit 1% for raw materials Cost plus profit 7% to 10% for finished goods
Purchase of goods and services	Cost plus profit 1% for raw materials Cost plus profit 7% to 10% for finished goods
Interest income	At the interest rate MOR per annum
Rental income and services	At Baht 1,000 - 360,800 per month
Management fee income	Price as agreed
Management fee system income	Price as agreed

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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Rental and Services

Price as agreed

27.3 Assets and liabilities with related parties are as follows:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Trade and others current accounts receivable</b>				
<b>related parties</b>				
<u>Trade accounts receivable</u>				
Patkol Trading Co., Ltd.	-	-	721	1,176
S Panel Co., Ltd.	-	-	383	1,179
Patkol Manufacturing Co., Ltd.	-	-	1,493	1,952
Heataway Co., Ltd.	-	-	1,035	851
Tygienic Co.,Ltd.	-	-	1,269	-
Patkol Philippines Corporation Co., Ltd.	-	-	7,529	4,858
Indonesia Patkol service Co., Ltd.	-	-	4,718	2,879
Patkol Myanmar Co.,Ltd.	-	-	2,570	-
Patkol Malaysia Sendirian Berhad Co.,Ltd.	-	-	3,285	1,687
Total	-	-	23,003	14,582
<u>Others current account receivable - advanced payment</u>				
S Panel Co., Ltd.	-	-	490	673
Heataway Co., Ltd.	-	-	6,525	-
Tygienic Co.,Ltd.	-	-	52,066	-
Patkol Philippines Corporation Co., Ltd.	-	-	3,740	-
Indonesia Patkol service Co., Ltd.	-	-	3,423	-
Patkol Myanmar Co.,Ltd.	-	-	358	-
Patkol Malaysia Sendirian Berhad Co.,Ltd.	-	-	538	-
Total	-	-	67,140	673
<u>Unbilled trade accounts receivable</u>				
Patkol Philippines Corporation Co., Ltd.	-	-	859	-

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Total trade and other current accounts receivable	<u>-</u>	<u>-</u>	<u>91,002</u>	<u>15,255</u>
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Trade accounts receivable are classified by aging as follows:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Undue :				
- Normal	-	-	8,507	4,866
Overdue :				
- Not over 3 months	-	-	2,004	4,022
- Over 3 months to 6 months	-	-	3,268	1,172
- Over 6 months to 12 months	-	-	4,574	1,704
- Over 12 months	-	-	4,650	2,818
Total trade accounts receivable related parties	-	-	23,003	14,582

Separated financial statements

As at December 31, 2019 trade accounts receivable with overdue period more than 6 months consist of many subsidiaries which have outstanding balances totaling Baht 9.22 million. The Company's management has considered that these trade accounts receivable are able pay their debts in full amount.

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	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Short - term loans and accrued interest income</b>				
<b>to related parties</b>				
<u>Short - term loans</u>				
S Panel Co., Ltd.	-	-	36,400	48,900
Patkol Trading Co., Ltd.	-	-	-	15,000
Patkol Manufacturing Co., Ltd.	-	-	26,000	196,000
Tygienic Co.,Ltd.	-	-	-	-
Patkol Indonesia Service Co., Ltd.	-	-	8,094	-
Total	-	-	70,494	259,900
<u>Accrued interest income</u>				
S Panel Co., Ltd.	-	-	16,742	15,422
Patkol Trading Co., Ltd.	-	-	-	7,438
Patkol Manufacturing Co., Ltd.	-	-	59,070	53,170
Tygienic Co.,Ltd.	-	-	464	-
Patkol Indonesia Service Co., Ltd.	-	-	276	-
Total	-	-	76,552	76,030
Total short - term loans and accrued interest				
income	-	-	147,046	335,930

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

	(In Thousand Baht)			
	Balance	Movement		Balance
	As at			As at
	January 1, 2019	Addition	(Deduction)	December 31, 2019
S Panel Co., Ltd.	48,900	87,500	(100,000)	36,400
Patkol Trading Co., Ltd.	15,000	-	(15,000)	-
Tygienic Co.,Ltd.	-	49,000	(49,000)	-
Patkol Manufacturing Co., Ltd.	196,000	58,500	(228,500)	26,000
Heat away Co., Ltd.	-	6,000	(6,000)	-
Patkol Indonesia Service Co., Ltd.	-	8,094	-	8,094
Total	259,900	209,094	(398,500)	70,494

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

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018

**Trade and other current accounts payable**

**related parties**

Trade accounts payable

Patkol Manufacturing Co., Ltd.	-	-	75,516	78,877
S Panel Co., Ltd.	-	-	1,961	1,520
Patkol Trading Co., Ltd.	-	-	4,521	1,891
Heat away Co., Ltd.	-	-	9,352	33,964
Tygienic Co., Ltd.	-	-	4,056	-
Patkol Philippines Corp. Co., Ltd.	-	-	3,316	2,921
Indonesia Patkol service Co., Ltd.	-	-	59	410
Patkol Malaysia Sendirian Berhad Co., Ltd.	-	-	-	1,483

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	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Total trade accounts payable related parties	-	-	98,781	121,066
<b>Other current account payable - advanced receivable</b>				
Patkol Philippines Corp. Co., Ltd.	-	-	3,813	-
<b>Other current account payable - unearned Income</b>				
Patkol Philippines Corp. Co., Ltd.	-	-	114	-
Total trade and other current accounts payable related parties	-	-	102,708	121,066
<b>Provision employee benefit obligation - for management</b>	<b>68,827</b>	<b>77,267</b>	<b>68,827</b>	<b>68,037</b>

27.4 Revenues and expenses transactions with related parties

Revenues and expenses transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:

	(In Thousand Baht)			
	Consolidated		Separated	
	2019	2018	2019	2018
<b>Revenues from sales and rendering services</b>				
<b>Subsidiaries</b>				
Patkol Manufacturing Co., Ltd.	-	-	6,637	5,849
S Panel Co., Ltd.	-	-	67	134
Patkol Trading Co., Ltd.	-	-	6,006	9,090
Heat away Co., Ltd.	-	-	1,661	181
Tygienic Co., Ltd.	-	-	1,459	-
Patkol Philippines Corp. Co., Ltd.	-	-	1,725	99
Patkol Malaysia Sendirian Berhad Co.,Ltd.	-	-	15	828

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(In Thousand Baht)

	Consolidated		Separated	
	2019	2018	2019	2018
Patkol Myanmar Co.,Ltd.	-	-	314	-
Total	-	-	17,884	16,181

**Cost purchase products and rendering services**

**Subsidiaries**

Patkol Manufacturing Co., Ltd.	-	-	599,370	792,382
S Panel Co., Ltd.	-	-	24,707	33,048
Patkol Trading Co., Ltd.	-	-	37,317	21,860
Heat away Co., Ltd.	-	-	107,731	153,559
Tygienic Co., Ltd.	-	-	121,721	-
Patkol Philippines Corp. Co., Ltd.	-	-	8,248	19,189
Patkol Malaysia Sendirian Berhad Co., Ltd.	-	-	5,583	8,438
Indonesia Patkol service Co., Ltd.	-	-	10,531	779
Total	-	-	915,208	1,029,255

**Administrative expenses and rent**

**Subsidiaries**

Patkol Manufacturing Co., Ltd.	-	-	-	4,906
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**Related company**

Prudent Advisory Corporate Finance & Strategy

Co., Ltd.	4,800	4,700	4,800	4,700
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**Revenue from rent and services**

**Subsidiaries**

Patkol Manufacturing Co., Ltd.	-	-	12,946	13,869
Patkol Trading Co., Ltd.	-	-	4,147	5,340
S Panel Co., Ltd.	-	-	4,159	6,303
Siam Patkol Co., Ltd.	-	-	-	12
Heat away Co., Ltd.	-	-	3,579	4,216

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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	(In Thousand Baht)			
	Consolidated		Separated	
	2019	2018	2019	2018
Tygienic Co.,Ltd.	-	-	9,889	-
Patkol myanmar Co., Ltd.	-	-	66	-
Patkol Philippines Corp. Co., Ltd.	-	-	2,066	1,807
Indonesia Patkol service Co., Ltd.	-	-	107	1,807
Patkol Malaysia Sendirian Berhad Co., Ltd.	-	-	89	1,807
Total	-	-	37,048	35,161
<b>Interest income</b>				
<b>Subsidiaries</b>				
Patkol Trading Co., Ltd.	-	-	147	1,060
S Panel Co., Ltd.	-	-	2,738	3,130
Patkol Manufacturing Co., Ltd.	-	-	5,900	13,882
Tygienic Co.,Ltd.	-	-	464	-
Heat away Co., Ltd.	-	-	32	-
Indonesia Patkol service Co., Ltd.	-	-	278	-
Total	-	-	9,559	18,072
<b>Managements' remuneration</b>				
Short - term benefits	76,702	67,920	72,414	63,794
Post - employment benefits	9,530	8,209	9,530	7,037
Total	86,232	76,129	81,944	70,831

27.5 Inter transactions with subsidiaries and related parties

	(In Thousand Baht )	
	Consolidated	
	For the years ended December 31,	
	2019	2018
<b>Patkol Manufacturing Co., Ltd.</b>		
Patkol Trading Co., Ltd.		
Trade accounts payable related parties	11	557

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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	(In Thousand Baht )	
	Consolidated	
	For the years ended December 31,	
	2019	2018
Short - term loans related parties	3,004	-
Revenues from sales and rendering services	18	94
Cost of sales and rendering services	921	4,005
<b>S Panel Co., Ltd.</b>		
Trade accounts payable related parties	14	61
Revenues from sales and rendering services	2	12
Cost of sales and rendering services	286	250
<b>Heat Away Co., Ltd.</b>		
Trade accounts receivable related parties	569	38,248
Trade accounts payable related parties	-	115
Revenues from sales and rendering services	62,177	195,026
Cost of sales and rendering services	1,175	-
Other revenues	35	66
Other expense	-	180
<b>Tygienic Co., Ltd.</b>		
Trade accounts receivable related parties	1,840	-
Short - term loans related parties	5,007	-
Trade accounts payable related parties	2,095	-
Revenues from sales and rendering services	29,373	-
Cost of sales and rendering services	13,106	-
Other revenues	16,791	-

**S Panel Co., Ltd.**

Patkol Manufacturing Co., Ltd.

Trade accounts receivable related parties	14	61
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**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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	(In Thousand Baht )	
	Consolidated	
	For the years ended December 31,	
	2019	2018
Revenue from sale and rendering service	286	250
Cost of sales and rendering services	2	12
<b>Patkol Trading Co., Ltd.</b>		
Trade accounts payable related parties	-	83
Cost of sales and rendering services	541	569
<b>Heat Away Co., Ltd.</b>		
<b>Patkol Manufacturing Co., Ltd.</b>		
Trade accounts receivable related parties	-	115
Trade accounts payable related parties	569	38,248
Revenue from sale and rendering service	1,175	-
Cost of sales and rendering services	62,177	195,026
Other revenues	-	180
Other expense	35	66
<b>Patkol Trading Co., Ltd.</b>		
Trade accounts receivable related parties	-	39
Revenue from sale and rendering service	45	90
Cost of sales and rendering services	1,094	-
<b>Patkol Philippines Corp. Co., Ltd.</b>		
Revenue from sale and rendering service	4,108	-
<b>Tygienic Co., Ltd.</b>		
Trade accounts payable related parties	1,002	-
Cost of sales and rendering services	1,490	-
<b>Patkol Philippines Corp. Co., Ltd.</b>		
<b>Heat Away Co., Ltd.</b>		
Trade accounts payable related parties	-	535
Cost of sales and rendering services	4,108	-
<b>Patkol Trading Co., Ltd.</b>		
<b>Patkol Manufacturing Co., Ltd.</b>		



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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	(In Thousand Baht )	
	Consolidated	
	For the years ended December 31,	
	2019	2018
Trade accounts receivable related parties	11	557
Short - term loans related parties	3,004	-
Revenues from sales and rendering services	921	4,005
Cost of sales and rendering services	18	94
<b>S Panel Co., Ltd.</b>		
Trade accounts receivable - related parties	-	83
Revenues from sales and rendering services	541	569
<b>Heat Away Co., Ltd</b>		
Trade accounts payable related parties	-	39
Revenues from sales and rendering services	1,094	-
Cost of sales and rendering services	45	90
<b>Tygienic Co., Ltd</b>		
Trade accounts receivable related parties	21	-
Revenues from sales and rendering services	806	-
Cost of sales and rendering services	48	-
<b>Tygienic Co., Ltd.</b>		
<b>Patkol Manufacturing Co., Ltd.</b>		
Trade accounts receivable related parties	2,095	-
Short - term loans related parties	5,007	-
Trade accounts payable related parties	1,840	-
Revenues from sales and rendering services	13,106	-
Cost of sales and rendering services	29,373	-
Other expense	16,791	-
<b>Heat Away Co., Ltd</b>		
Trade accounts receivable related parties	1,002	-
Revenues from sales and rendering services	1,490	-
<b>Patkol Trading Co., Ltd</b>		

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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	(In Thousand Baht )	
	Consolidated	
	For the years ended December 31,	
	2019	2018
Trade accounts payable related parties	21	-
Revenues from sales and rendering services	48	-
Cost of sales and rendering services	806	-

**28. DIVIDEND**

The Annual General Meeting of Shareholders on April 26, 2018, to consider and approve the allocation of a part of annual net profit and dividends for operations 2017 as follows;

28.1 Allocation of a part of annual net profit amount of Baht 1,757,163.22 as legal reserves ( as a result, the Company has legal reserves, amounting Baht 60,024,373.70 not less than 10% of authorized capital)

28.2 Dividend payment to shareholders as follows;

- Preferred share at the rate of Baht 0.0325 per share.
- Common share at the rate of Baht 0.12 per share.

Total the dividend payment to Baht 52,336,276.04.

**29. FINANCIAL INFORMATION BY SEGMENT**

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

The Company and the subsidiaries' operations involved in the trading and services of engineering products which include turnkey sales of services in design, manufacturing and installation of various types of industrial refrigeration for the ice making industry and supermarket, dairy and ice - cream processing, as well as food related processing plant and applies made to order and operated the business in geographical segment both in domestic and overseas.

Business unit and geographical segment information of the Company and subsidiaries for the years ended December 31, 2019 and 2018, are as follows :

(In Million Baht)				
Consolidated				
For the year				
Ice machine and industrial Refrigeration	Machinery for liquid and food	Service and spare	Central management and others	Total

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

	System	processing system	parts		
<b>Decemver 31, 2019</b>					
<b>Statement of comprehensive income</b>					
Revenue from sales and rendering					
services - domestic	1,984.84	600.28	439.68	-	3,024.80
Revenue from sales and rendering					
services - overseas	424.74	107.23	80.19	-	612.16
Cost of sales rendering services	(2,173.54)	(511.04)	(256.76)	-	(2,941.34)
Gross profit	236.04	196.47	263.11	-	695.62
Other income	90.62	16.61	7.28	-	114.51
Distribution cost	(248.89)	(80.67)	(29.34)	-	(358.90)
Administrative expenses	-	-	-	(593.80)	(593.80)
Profit (loss) before financial cost	77.77	132.41	241.05	(593.80)	(142.57)
Financial cost - interest expense	-	-	-	(48.59)	(48.59)
Profit (loss) before income tax	77.77	132.41	241.05	(642.39)	(191.16)
Income tax	-	-	-	8.16	8.16
Net profit (loss)	77.77	132.41	241.05	(634.23)	(183.00)
<b>Statement of financial position</b>					
Property, plant and equipment - net	-	-	-	1,514.56	1,514.56

(In Million Baht)

Consolidated

For the year

	Ice machine and industrial Refrigeration System	Machinery for liquid and food processing system	Service and spare parts	Central management and others	Total
<b>December 31, 2018</b>					
<b>Statement of comprehensive income</b>					
Revenue from sales and rendering					
services - domestic	1,654.00	840.17	572.39	-	3,066.56
Revenue from sales and rendering					
services - overseas	580.74	150.29	26.23	-	757.26
Cost of sales rendering services	(1,802.93)	(674.57)	(425.69)	-	(2,903.19)
Gross profit	431.81	315.89	172.93	-	920.63
Other income	17.78	19.23	4.74	35.76	77.51
Distribution cost	(136.87)	(83.11)	(76.44)	(14.79)	(311.21)

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

Administrative expenses	-	-	-	(650.41)	(650.41)
Profit (loss) before financial cost	312.72	252.01	101.23	(629.44)	36.52
Financial cost - interest expense	-	-	-	(40.94)	(40.94)
Profit (loss) before income tax	312.72	252.01	101.23	(670.38)	(4.42)
Income tax	-	-	-	(9.95)	(9.95)
Net profit (loss)	312.72	252.01	101.23	(680.33)	(14.37)
<b>Statement of financial position</b>					
Property, plant and equipment - net	-	-	-	1,350.53	1,350.53

(In Million Baht)

Separated

For the year

	Ice machine and Industrial refrigeration system	Machinery for liquid and food processing system	Service and spare parts	Central management and others	Total
<b>December 31, 2019</b>					
<b>Statement of comprehensive income</b>					
Revenue from sales and rendering services - domestic	1,490.57	518.95	352.65	-	2,362.17
Revenue from sales and rendering services - overseas	385.50	99.80	3.97	-	489.27
Cost of sales rendering services	(1,562.61)	(498.66)	(252.57)	-	(2,313.84)
Gross profit	313.46	120.09	104.05	-	537.60
Other income	56.62	27.61	4.00	-	88.23
Distribution cost	(221.90)	(40.72)	(13.42)	-	(276.04)
Administrative expenses	-	-	-	(441.00)	(441.00)
Profit (loss) before financial cost	148.18	106.98	94.63	(441.00)	(91.21)
Financial cost - interest expense	-	-	-	(33.33)	(33.33)
Profit (loss) before income tax	148.18	106.98	94.63	(474.33)	(124.54)
Income tax	-	-	-	9.90	9.90
Net profit (loss)	148.18	106.98	94.63	(464.43)	(114.64)
<b>Statement of financial position</b>					
Property, plant and equipment - net	-	-	-	959.18	959.18

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2019**

	(In Million Baht)				
	Separated				
	For the year				
	Ice machine and Industrial refrigeration system	Machinery for liquid and food processing system	Service and spare parts	Central management and others	Total
<b>December 31, 2018</b>					
<b>Statement of comprehensive income</b>					
Revenue from sales and rendering services - domestic	1,276.52	840.18	476.26	-	2,592.96
Revenue from sales and rendering services - overseas	548.47	150.29	8.43	-	707.19
Cost of sales rendering services	(1,557.88)	(709.21)	(341.44)	-	(2,608.53)
Gross profit	267.11	281.26	143.25	-	691.62
Other income	17.78	19.21	0.65	66.17	103.81
Distribution cost	(105.92)	(83.11)	(63.68)	(14.78)	(267.49)
Administrative expenses	-	-	-	(508.70)	(508.70)
Profit (loss) before financial cost	178.97	217.36	80.22	(457.31)	19.24
Financial cost - interest expense	-	-	-	(28.41)	(28.41)
Profit (loss) before income tax	178.97	217.36	80.22	(485.72)	(9.17)
Income tax	-	-	-	(2.36)	(2.36)
Net profit (loss)	178.97	217.36	80.22	(488.08)	(11.53)
<b>Statement of financial position</b>					
Property, plant and equipment - net	-	-	-	850.05	850.05

### 30. DISCLOSURE OF FINANCIAL INSTRUMENTS

#### 30.1 Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in note 3.3

#### 30.2 Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. Financial assets shown in balance sheets at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

30.3 Exchange rate risk

The Company and subsidiaries have the exchange rate risk for deposit at banks trade accounts receivable and other receivable payable and other payable denominated to foreign currency. The Company has reduced the uncertainty of future cash flow by using natural hedge. Besides, the Company has managed the risk by entering into forward contract.

As at December 31, 2019 and 2018, the Company and subsidiaries have assets and liabilities denominated as follows :

Transaction	Currency	Consolidated		Separated	
		As at	As at	As at	As at
		December	December	December	December
		31, 2019	31, 2018	31, 2019	31, 2018
Deposit at banks	Thousand USD	542	2,099	542	2,099
	Thousand IDR	208,883	207,285	208,883	207,285
	Thousand PHP	65	6	65	6
	Thousand VND	236,930	385,721	236,930	385,721
Trade accounts	Thousand USD	2,549	2,360	2,038	2,200
Receivable	Thousand EUR	192	454	176	444
/ Deposit	Thousand MYR	370	479	370	479
	Thousand AUD	3	19	3	3
	Thousand JPY	-	23,692	-	23,692
	Thousand PHP	533	-	533	-
Trade accounts payable	Thousand USD	301	622	99	531
	Thousand EUR	573	1,021	321	450
	Thousand AUD	-	46	-	-
	Thousand NOK	-	2	-	2
	Thousand MYR	-	5	-	5
	Thousand VND	8,208	22,049	8,208	22,049
	Thousand IDR	256,644	-	256,644	-
	Thousand PHP	138	-	138	-
	Thousand GBP	7	-	7	-
	Thousand MMK	1,600	-	1,600	-
	Thousand JPY	240	-	240	-
Loan-trust receipt	Thousand USD	294	63	231	-

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

30.4 Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiaries' operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its deposits at financial institutions, deposits at bank with commitment, bank overdraft and short - term loans from financial institutions, long - term loans and long - term liabilities under financial lease agreement. The Company and subsidiaries do not use derivative financial instruments to hedge such risk.

As at December 31, 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date :

	Thousand Baht						
	Consolidated financial statements						
	2019						
	Fixed interest rates			Floating	Non	Total	Effective interest rate (% per annum.)
Within 1 year	1 - 5 years	Over 5 years	Interest rate	interest bearing			
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	117,585	16,985	134,570	0.25 - 0.625
Trade and other current account receivables	-	-	-	-	1,168,449	1,168,449	-
Deposits at bank with restrictions	27,195	-	-	6,341	-	33,536	0.25 - 1.00
Trade and other non - current account receivables	-	-	275,754	-	-	275,754	6.00
	<u>27,195</u>	<u>-</u>	<u>275,754</u>	<u>123,926</u>	<u>1,185,434</u>	<u>1,612,309</u>	
<b>Financial liabilities</b>							
Bank overdraft	-	-	-	39,426	-	39,426	6.875
Short - term loans	-	-	-	258,693	-	258,693	4.00 - 6.25
Trade and other current account payables	-	-	-	-	1,016,589	1,016,589	-
Loan-trust receipt	1,914	-	-	7,865	-	9,779	4.402
Long-term loans	-	-	-	743,778	-	743,778	4.00 - 5.50
	<u>1,914</u>	<u>-</u>	<u>-</u>	<u>1,049,762</u>	<u>1,016,589</u>	<u>2,068,265</u>	

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

Thousand Baht							
Consolidated financial statements							
2018							
Fixed interest rates							
	Within 1 year	1 - 5 years	Over 5 years	Floating Interest rate	Non interest bearing	Total	Effective interest rate (% per annum.)
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	219,965	53,606	273,571	0.25 - 0.625
Trade and other current account receivables	-	-	-	-	899,214	899,214	-
Deposits at bank with restrictions	19,237	-	-	2,019	-	21,256	0.25 - 1.00
Trade and other non - current account receivables	-	-	246,472	-	-	246,472	5.85
	<u>19,237</u>	<u>-</u>	<u>246,472</u>	<u>221,984</u>	<u>952,820</u>	<u>1,440,513</u>	
<b>Financial liabilities</b>							
Bank overdraft	-	-	-	3,990	-	3,990	7.125
Short - term loans	-	-	-	214,054	-	214,054	5.25 - 6.25
Trade and other current account payables	-	-	-	-	894,863	894,863	-
Loan - trust receipt	2,071	-	-	-	-	2,071	4.68
Long - term loans	-	-	-	796,025	-	796,025	5.25 - 6.25
	<u>2,071</u>	<u>-</u>	<u>-</u>	<u>1,014,069</u>	<u>894,863</u>	<u>1,911,003</u>	

Thousand Baht							
Separated financial statements							
2019							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	71,866	6,653	78,519	0.25 - 0.625
Trade and other current accounts							



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

	Thousand Baht						
	Separated financial statements						
	2019						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
receivables	-	-	-	-	1,019,161	1,019,161	-
Short - term loans and accrued interest income	-	-	-	147,046	-	147,046	6.875
Deposits at bank with restrictions	-	-	-	6,341	-	6,341	0.250 - 1.00
Trade and other non current accounts receivable	-	-	275,754	-	-	275,754	6.00
	-	-	275,754	225,253	1,025,814	1,526,821	
<b>Financial liabilities</b>							
Bank overdrafts	-	-	-	12,960	-	12,960	6.875
Short - term loans	-	-	-	100,000	-	100,000	5.250 - 6.250
Trade and other payables	-	-	-	-	804,170	804,170	-
Long - term loans	-	-	-	491,829	-	491,829	5.250 - 5.500
Trust receipts	-	-	-	7,865	-	7,865	4.402
	-	-	-	612,654	804,170	1,416,824	

	Thousand Baht						
	Separated financial statements						
	2018						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	133,420	27,994	161,414	0.25 - 0.625
Trade and other current accounts receivables	-	-	-	-	776,550	776,550	-
Short - term loans	-	-	-	335,930	-	335,930	7.125

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

	Thousand Baht						Effective interest rate (% per annum.)
	Separated financial statements						
	2018						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	
Deposits at bank with restrictions	4,272	-	-	2,019	-	6,291	0.25 - 1.00
Trade and other non current accounts receivable	-	-	246,472	-	-	246,472	5.85
	4,272	-	246,472	471,369	804,544	1,526,657	
<b>Financial liabilities</b>							
Bank overdrafts	-	-	-	3,480	-	3,480	7.125
Short - term loans	-	-	-	66,786	-	66,786	6.25
Trade and other payables	-	-	-	-	824,183	824,183	-
Long - term loans	-	-	-	575,352	-	575,352	5.25
	-	-	-	645,618	824,183	1,469,801	

**30.5 Fair values of financial instruments**

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

During the current year, there were no transfers within the fair value hierarchy.

**31. DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AT DECEMBER 31, 2019**

The fair value of cash and cash equivalents, trade and other current accounts receivable, short-term loans, deposit at bank with commitment bank overdrafts, short - term borrowings, trade and other current accounts payable and long - term loans is taken to approximate the carrying value.

The fair value of investments in equity securities - available - for - sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long - term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

	(In Thousand Baht)							
	Consolidate							
	Level 1		Level 2		Level 3		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Financial assets measured at fair value</b>								
Property, plant and equipment	-	-	1,514,564	1,350,527	-	-	1,514,564	1,350,527

\* Level 2 - Use of other assets observable inputs for such assets or liabilities, whether directly or indirectly.

	(In Thousand Baht)							
	Separate							
	Level 1		Level 2		Level 3		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Financial assets measured at fair value</b>								
Property, plant and equipment	-	-	959,184	850,054	-	-	959,184	850,054

\* Level 2 - Use of other assets observable inputs for such assets or liabilities, whether directly or indirectly.

**32. COMMITMENTS AND CONTINGENT LIABILITIES**

**32.1 Commitments**

	(In Million Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
<b>Capital commitments</b>				
- Purchase of goods agreement	199.14	296.17	64.70	80.31
- Contractor agreement	98.43	51.93	80.33	49.55

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- Construction agreement	-	22.83	-	-
Total	297.57	370.93	145.03	129.86
<b>Operating lease commitments</b>				
Within 1 year	10.97	12.82	10.97	12.82
More than 1 to 5 years	13.82	17.30	13.82	17.30
Total	24.79	30.12	24.79	30.12

As at December 31, 2019, the Company and subsidiaries has commitments of lease office buildings den foreign currencies as follows :

Buildings and offices in domestic and foreign countries	Currency	As at December 31, 2019	
		Within 1 year	More than 1 to 2 years
- Vietnam	VND	300,300,000	-

### 32.2 Contingent liabilities

As at December 31, 2019, the Company and subsidiaries has contingent liabilities with commercial banks as follows.

	Consolidated	Separated
	As at December 31, 2019	As at December 31, 2019
Letters of guarantee		
- Domestic currency (Million Baht)	303.48	240.03
- Foreign currency		
(Thousand EUR)	81.10	81.10
(Thousand USD)	1,291.00	1,291.00

### 32.3 Litigation

#### Subsidiary

On January 14, 2019 and January 11, 2019, the subsidiary was sued in civil and consumer protection case at the civil court by 2 cases, claim the damages from fire at rental warehouse due to the installation of panels and refrigeration units in the amount of Baht 389.54 million, which is under consideration of the court. The executive section and legal

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advisor of the company have an opinion that the outcome of the case is still uncertain and cannot be concluded at this time, estimation of the damage has not been recorded.

**33. RECLASSIFICATIONS**

The company certain amounts in the financial statements for the year ended December 31, 2018 have been reclassified to conform to the current period's classification.

**34. CAPITAL MANAGEMENT**

The objective of financial management of the Company and subsidiaries is to maintain the continuity of operation capability and appropriate capital structure.

As at December 31, 2019 and 2018, debt to equity ratio in the consolidated financial statements is 1.77 : 1 and 1.50 : 1, respectively (the separate financial statements: debt to equity ratio is 1.13 : 1 and 1.09 : 1, respectively).

**35. FINANCIAL INFORMATION APPROVAL**

These financial statement have been approved for issue by the Company's board of directors on February 21, 2020.

## Profile of the Board of Director

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
1. Mr. Pitipong Phungbun na Ayutthaya • Chairman of the Board (Independent Director)	73	Master of Public Administration (MPA) California State University (East Bay)  <u>IOD Training</u> -Director Accreditation Program (DAP 149/2018) - Risk Management Program for Corporate Leaders (RCL 7/2017)	-	-	Present	<u>Other business</u> <ul style="list-style-type: none"> <li>• President of the Agricultural Economics Society of Thailand Under Royal Patronage</li> <li>• Chairman of the National Social Reform Committee</li> <li>• Director of the Council of State</li> </ul>
2. Ms. Naitya Chongvatana • Director	51	M.A. Business Administration, Johnson and Wales University  <u>IOD Training</u> - Director Certification Program (DCP 259/2018)	-	Cousin of Mr. Panet Chongvatana (Director)	Present	<u>Other business</u> <ul style="list-style-type: none"> <li>• Sale Manager of Prepack Thailand Co., Ltd.</li> <li>• Sale Manager of Sarakorn Co., Ltd.</li> </ul>
3. Mr. Sangchai Chotchuangchutchaval • Director • Vice Chairman of the Board • Chief Executive Committee • Executive Committee Member • Chief Executive Officer	64	Doctor of Philosophy (Industrial Engineering), King Mongkut's institute of Technology North Bangkok  <u>IOD Training</u> - Director Accreditation Program (DAP ๕/๒๐๐๓) - Director Certification Program (DCP ๕/๒๐๑๗)	9.27%	-	Present	<u>Subsidiaries</u> Director <ul style="list-style-type: none"> <li>• Patkol Manufacturing Co.,Ltd.</li> <li>• Patkol Trading Co., Ltd.</li> <li>• Siam Patkol Co., Ltd.</li> <li>• Spanel Co., Ltd.</li> <li>• Heataway Co., Ltd.</li> <li>• Patkol Philippines Corporation Co., Ltd.</li> </ul>

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
						<ul style="list-style-type: none"> <li>PT Indonesia Patkol Service Co., Ltd.</li> <li>Tygenic Co., Ltd.</li> <li>Patkol Malaasia Co., Ltd.</li> <li>Patkol Myanmar Co., Ltd.</li> </ul> <p><u>Other business</u></p> <ul style="list-style-type: none"> <li>Director, Dr. Piya Chongvatana Foundation</li> <li>Executive Board of King Mongkut's institute of Technology North Bangkok</li> </ul>
<p>4. Mr. Pairoj Sanyadechakul</p> <ul style="list-style-type: none"> <li>Chairman of the Audit Committee (Independent Director)</li> </ul>	71	<ul style="list-style-type: none"> <li>Bachelor's Degree in Engineering, Chulalongkorn University</li> </ul> <p><u>IOD Training</u></p> <ul style="list-style-type: none"> <li>Director Certification Program (DCP 258/2018)</li> <li>Advanced Audit Committee Program (AACP 30/2018)</li> </ul>	-	-	Present	<p><u>Other business</u></p> <p><u>Director</u></p> <ul style="list-style-type: none"> <li>FOUNDATION FOR INDUSTRIAL DEVELOPMENT (FID)</li> <li>Thailand Productivity Foundation</li> <li>Chairman of the Board of Electrical and Electronics Institute</li> </ul>
<p>5. Mr. Virachai Srikajorn</p> <ul style="list-style-type: none"> <li>Audit Committee Member</li> <li>Chairman of the Risk Management Committee</li> <li>Independent Director</li> </ul>	65	<ul style="list-style-type: none"> <li>Master's Degree in Business Administration, South Eastern University, Washington DC, USA</li> </ul> <p><u>IOD Training</u></p> <ul style="list-style-type: none"> <li>Directors Accreditation Programm (DAP 9/2004)</li> <li>Directors Certification Programm (DCP 102/2008)</li> <li>Advanced Audit Committee Program (AACP 30/2018)</li> </ul>	-	-	Present  1996-2019	<p><u>Other business</u></p> <p>Director</p> <ul style="list-style-type: none"> <li>Thonburi Healthcare group Co., Ltd.</li> <li>Director, TKS Technologies Public Co., Ltd.</li> </ul>

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
		<ul style="list-style-type: none"> <li>- Risk Management Program for Corporate Leaders (RCL 14/2018)</li> <li>- Board Nomination and Compensation Program (BNCP4/2018)</li> </ul>				
<b>6. Mr. Preecha Chantarangkul</b> <ul style="list-style-type: none"> <li>• Audit Committee Member</li> <li>• Chairman of Remuneration Committee</li> <li>• Independent Director</li> </ul>	77	Bachelor's Degree in Business Administration, Faculty of Management, Thammasart University  <u>IOD Training</u> -Directors Accreditation Program (DAP 2/2003) - Finance for Non-Finance Director (FND 11/2004)	-	-	Present	<u>Other business</u> -
<b>7. Mr. Paradom Chulajata</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• Audit Committee Consultant</li> <li>• Risk Management Committee Member</li> <li>• Nomination and Remuneration Committee Member</li> </ul>	54	Master's Degree in Business Administration, Faculty of Finance, Eastern Michigan University, USA.  <u>IOD Training</u> -Directors Accreditation Programm (DAP 2/2003) - Directors Certification Program (DCP 38/2003) - Refresher Course DCP (DCP Re 4/2007) - Advanced Audit Committee Program (AACP 21/2015)	2.24%	-	Present	<u>Other business</u> <ul style="list-style-type: none"> <li>● Director, Prepack Thailand Co.,Ltd.</li> <li>● Chairman of Plastic Industry Club, The Federation of Thai Industries</li> <li>● Director Subcommittee for subcommittee Management garbage plastic, National Environment Board</li> <li>● Excusive Committee and Professional of Center of Excellence on Petrochemical and Material, Chulalongkorn University</li> <li>● Chairman of the Working Group Government cooperation project Business sector Civil society for sustainable waste and plastic disposal</li> </ul>



Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
<p>8. Ms. Nongluck Sakdakrai</p> <ul style="list-style-type: none"> <li>• Director</li> <li>• Nomination and Remuneratioin Committee Member</li> </ul>	46	<p>Master's Degree in Perfect Management, George Washington University</p> <p><u>IOD Training</u></p> <ul style="list-style-type: none"> <li>- Directors Certification Programm (DCP 19/2002)</li> <li>- Refresher Course (DCP Re 3/2006)</li> <li>- Board Nomination and Compensation Program Class (BNCP Re 3/2018)</li> </ul>	6.06%	-	<p>Present</p> <p>2000-2019</p> <p>2000-2019</p>	<p><u>Other business</u></p> <ul style="list-style-type: none"> <li>• Director of Thai Ice tube Co., Ltd.</li> <li>• Director, of Watcharaphol tube ice Co., Ltd.</li> <li>• Deputy Managing Director, Thai Ice Tube Co., Ltd.</li> <li>• Deputy Managing Director, Watcharaphol tube ice Co., Ltd.</li> </ul>
<p>9. Ms. Anongsiri Chaiyakul</p> <ul style="list-style-type: none"> <li>• Director</li> </ul>	76	<p>Bachelor's Degree in Accounting, Thammasart University</p> <p><u>IOD Training</u></p> <ul style="list-style-type: none"> <li>- Directors Accreditation Programm (DAP 50/2006)</li> </ul>	-	-	<p>Present</p>	<p><u>Subsidiaries</u></p> <p>Director</p> <ul style="list-style-type: none"> <li>• Patkol Manufacturing Co., Ltd.</li> <li>• Patkol Trading Co., Ltd.</li> <li>• Siam Patkol Co., Ltd.</li> </ul>
<p>10. Mr. Sumet Jiambutr</p> <ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Committee Member</li> <li>• Chief Manufacturing Officer</li> </ul>	65	<p>Bachelor's Degree in Engineering in Mechanical Engineer of King Mongkut's Institute of Technology North Bangkok</p>	0.20%	-	<p>Present</p>	<p><u>Subsidiaries</u></p> <p>Director</p> <ul style="list-style-type: none"> <li>• Patkol Manufacturing Co., Ltd.</li> <li>• Patkol Trading Co., Ltd.</li> <li>• Siam Patkol Co., Ltd.</li> <li>• Spanel Co., Ltd</li> <li>• Heataway Co., Ltd.</li> <li>• Tygienic Co., Ltd.</li> </ul>

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
<b>11. Mr. Rangsan Thammanee Wong</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Committee Member</li> <li>• Risk Management Committee Member</li> </ul>	59	Master's Degree in College of Business Administration, Joesph M.Katz, Graduate School University of Pittsburgh, Pittsburgh, Pennsylvania, USA.  <u>IOD Training</u> -Directors Accreditation Program (DAP 133/2017)	-	-	Present	<u>Other business</u> <ul style="list-style-type: none"> <li>• Chairman, Prudent Advisor Co., Ltd.</li> <li>• Director, SS National Logistics Co., Ltd.</li> <li>• Director, Sermasuk Public Co.,Ltd.</li> <li>• Member of Chartered, Society of Advancement for Consulting, USA</li> </ul>
<b>12. Mr. Panet Chongvatana</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Committee Member</li> <li>• Risk Management Committee Member</li> <li>• Chief Strategy Officer</li> </ul>	44	Master's Degree of Science in Engineering Management Majoring in Project Management has Jersey Institute of Technology, USA.  <u>IOD Training</u> -Directors Certification Program (DCP 228/2016) -Financial Statement For Director (FSD 2/2008) - Company Secretary Program (CSP 67/2015)	6.39%	Cousin of Ms. Naitya Chongvatana	Present	<u>Subsidiaries</u> Director <ul style="list-style-type: none"> <li>• Patkol Manufacturing Co.,Ltd.</li> <li>• Patkol Trading Co., Ltd.</li> <li>• Siam Patkol Co., Ltd.</li> <li>• Spanel Co., Ltd.</li> <li>• Heataway Co., Ltd.</li> <li>• Tygienic Co., Ltd.</li> <li>• Patkol Philippines Corperation Co., Ltd.</li> <li>• PT Indonesia Patkol Service Co., Ltd.</li> <li>• Patkol Malaasia Co., Ltd.</li> <li>• Patkol Myanmar Co., Ltd.</li> </ul>

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
<b>13. Mr. Mongkol Maduethong</b> • Managing Director Business Ice Machine	61	Bachelor's Degree in Engineering Program in Mechanical Engineering of King Mongkut's Institute of Technology North Bangkok	-	-	Present	<u>Subsidiaries</u> Director <ul style="list-style-type: none"> <li>• Patkol Manufacturing Co.,Ltd.</li> <li>• Heataway Co., Ltd</li> <li>• Spanel Co., Ltd.</li> </ul>
<b>14. Mrs. Siwaporn Dumronglaohapun</b> • Managing Director of FOOD & DAIRY GROUP	54	Master's Degree in Chemical Engineering, King Mongkut's University of Technology Thouburi	-	-	Present	<u>Subsidiaries</u> Director <ul style="list-style-type: none"> <li>• Patkol Trading Co., Ltd</li> <li>• Tygienic Co., Ltd</li> </ul>

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
<p>15. Ms. Wannaporn Trinvisutthikul</p> <ul style="list-style-type: none"> <li>• CHIEF ADMINISTRATIVE OFFICER</li> <li>• The person taking the highest responsibility in finance and accounting</li> <li>• Company Secretary (November 2018 – Present)</li> </ul>	48	<p>Master's Degree in Business Administration, Ramkhamhaeng University</p> <p><u>IOD Training</u></p> <ul style="list-style-type: none"> <li>- Directors Certification Program (DCP 225/2016)</li> <li>- How to Develop a Risk Management Plan (HRP 17/2018)</li> <li>- Company Secretary Program (CSP 95/2019)</li> </ul> <p><u>Training for The person taking the highest responsibility in finance and accounting</u></p> <ul style="list-style-type: none"> <li>- CFO Focus Financial reporting 5 by SEC and Federation of Accounting Professions 16 hr.</li> </ul> <p><u>Training for Management</u></p> <ul style="list-style-type: none"> <li>- Company Secretary Program (CSP) 16 hr.</li> <li>- OSH&amp;E Committee Program 12 hr.</li> </ul>	-	-	Present	<p><u>Subsidiaries</u></p> <p>Director</p> <ul style="list-style-type: none"> <li>• Patkol Trading Co., Ltd</li> <li>• Patkol Manufacturing Co.,Ltd</li> <li>• Tygienic Co., Ltd</li> </ul>

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
16. Mr. Chakkrachong Chaosuan • CHIEF INTERNATIONAL BUSINESS OFFICER (Acting)	47	Bachelor's Degree in Electronic engineering, King Mongkut's Institute of Technology Ladkrabong	-	-	Present	<u>Subsidiaries</u> Director • Heataway Co., Ltd • Patkol Philippines Corporation Co., Ltd. • PT Indonesia Patkol Service Co., Ltd.
17. Ms. Napaporn Pornanuwong	37	Master's Degree in Business Administration, Chulalongkorn University	-	-	Present  2012-2019	- Accounting Department Manager, Patkol Public Company Limited - Accounting Department Manager, Pacific Pipe Public Company Limited

## Detail off Directors in Subsidiaries As of 31 December 2019

Name	PK	Subsidiaries										Related Company (by definition of SEC)	
		PKT	SPK	SPN	PKM	HA	PK-PH	PK-ID	PK-MY	PK-MM	TG	Prudent	
1.Mr. Pitipong Phungbun na Ayutthaya	X, //												
2. Ms. Naitya Chongvatana	/												
3. Mr. Sangchai Chotchuangchutchaval	I,V,IV	VI	/	/	/	/	X	X	X	/	/		
4. Mr. Pairoj Sanyadechakul	///												
5. Mr. Veerachai Srikajorn	///												
6. Mr. Preecha Chantarangkul	///												
7. Mr. Paradorn Chulajata	/												
8. Ms. Nongluck Sakdakrai	/												
9. Ms. Anongsiri Chaiyakul	/	/	/		/								
10. Mr. Sumet Jiambutr	/	/	/	/	VI	/					/		
11. Mr. Rangsan Thammanee Wong	/												X
12. Mr. Panet Chongvatana	/	/	/	VI	/	VI	/	/	/	/	/	/	
13. Mr. Adisak Poolsri		/			/								
14. Ms. Noppawan Chongvatana			/										
15. Ms. Wannaporn Trinvisuthikul		/			/						/		
14. Mr. Suvachai Jaiwat				/		/							
15. Mr. Mongkol Maduethong				/		/							
16. Mr. Chakkrachong Chaosuan						/	/	/					
17. Mrs. Siwaporn Dumronglaohapun		/									/		
18. Mr. Boonyong Kulkanjanachin				/									
19. Mr. Pitak Chomcheun		/											
20. Mr. Metha Chairoon					/								
21. Mr. Narong Chaivisate											/		

Noted:

The symbol of the position of directors and executive

X Chairman of the Board

/ Director

V Vice Chairman of the Board

// Independent Director

IV Chief Executive Officer

/// Independent Director and Audit Committee Member

VI Managing Director

The symbol of the Company, subsidiaries and related company (by definition of SEC)

PK	Patkol Public Company Limited	HA	Heat Away Company Limited
PKT	Patkol Trading Company Limited	PK-PH	Patkol Philippines Corporation
SPK	Siam Patkol Company Limited	PK-ID	PT. Indonesia Patkol Service
SPN	Spanel Company Limited	PK-MM	Patkol Myanmar Company Limited (PK-MM)
TG	Tygienic Company Limited	PKM	Patkol Manufacturing Company Limited
PK-MY	Patkol Malaasia Company Limited		
Prudent	Prudent Advisor Company Limited		

## Subsidiaries & Sales offices

### *Thailand (Head office)*

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

### *Malaysia*

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

### *Indonesia*

Rukan Bisnis Blok KJA 12 A - 14  
Perum, Daan Mogot Baru,  
Daan Mogot km 16 - Kalideres,  
Jakarta 11840  
Tel : +62-212-230-2397  
E-mail : indonesia@patkol.com

### *Vietnam*

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Thu Duc District, Ho Chi Minh City,  
Vietnam  
E-mail : vietnam@patkol.com

### *Philippines*

Unit 12G, 12th Flr., IBM Plaza Bldg. 8,  
Eastwood City, Bagumbayan, Quezon City,  
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Tel : +63-2-709-6519  
E-mail : philippines@patkol.com

### *Myanmar*

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E-mail : myanmar@patkol.com

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