

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY  
LIMITED AND ITS SUBSIDIARY**

Financial Statements

For the Year Ended December 31, 2015

and Report of Independent Auditor

***BPR AUDIT AND ADVISORY CO., LTD.***

***Independent Auditors***



**บริษัท บีพีอาร์ ออดิท แอนด์ แอดไวเซอร์ จำกัด**  
**BPR AUDIT AND ADVISORY CO.,LTD.**

152 อาคารชาร์เตอร์ด์ สแควร์ ชั้น 12 เอ ห้อง 08 ถนนสาทรเหนือ แขวงสีลม เขตบางรัก กรุงเทพฯ 10500 ประเทศไทย โทร. 02-6345398 แฟกซ์. 02-6345399  
152 Chartered Square Bldg, 12A Floor, Suite 08, North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand Tel. (+662) 6345398 Fax. (+662) 6345399 www.bpraudit.co.th

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying consolidated financial statements of Masterkool International Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as at December 31, 2015, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements of Masterkool International Public Company Limited, which comprise the statement of financial position as at December 31, 2015, the related statements of the comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as at December 31, 2015, and their consolidated financial performance and their cash flows for the year then ended of Masterkool International Public Company Limited and its subsidiary and the financial position as at December 31, 2015, its financial performance and its cash flows for the year then ended of Masterkool International Public Company Limited in accordance with Thai Financial Reporting Standards.



(Mr. Boonlert Kaewphanpurk)  
Independent Auditor  
Registration No. 4165

BPR AUDIT AND ADVISORY CO., LTD.  
Bangkok  
February 23, 2016



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	Notes	In Baht			
		Consolidated financial Statements		Separate financial statements	
		December	December	December	December
		31, 2015	31, 2014	31, 2015	31, 2014
<b>ASSETS</b>					
Cash and cash equivalents	6	104,127,676	1,164,111	103,959,328	668,048
Trade and other receivables					
- Related parties	5,7	3,972,556	11,926,707	4,186,225	13,147,551
- Other parties	7	80,196,177	42,017,727	79,322,581	41,111,797
Current portion of receivables for finance lease contracts	8	530,110	234,629	530,110	234,629
Short-term loans and interest receivable to related party	5	-	-	9,159,551	4,929,888
Inventories	9	230,920,152	172,007,864	231,753,872	173,383,755
Other current assets		13,308,895	8,463,029	12,451,753	7,933,300
<b>Total Current Assets</b>		<b>433,055,566</b>	<b>235,814,067</b>	<b>441,363,420</b>	<b>241,408,968</b>
<b>NON-CURRENT ASSETS</b>					
Deposits at financial institutions pledged as collateral	10	48,242,992	40,667,305	47,230,121	39,667,305
Receivables for finance lease contracts					
- net of current portion	8	963,156	398,076	963,156	398,076
Investment in subsidiary	11	-	-	1,261,210	1,261,210
Property, plant and equipment	12	54,576,185	34,247,253	48,669,511	28,256,030
Intangible assets	13	3,200,958	3,289,562	3,191,566	3,276,805
Deferred tax assets	23	5,437,202	3,955,671	5,437,202	3,955,671
Other non-current assets		1,556,534	1,556,534	1,556,534	1,556,534
<b>Total Non-Current Assets</b>		<b>113,977,027</b>	<b>84,114,401</b>	<b>108,309,300</b>	<b>78,371,631</b>
<b>TOTAL ASSETS</b>		<b>547,032,593</b>	<b>319,928,468</b>	<b>549,672,720</b>	<b>319,780,599</b>

The accompanying notes are and integral parts of these financial statements.



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

		In Baht			
		Consolidated financial Statements		Separate financial statements	
		December	December	December	December
Notes		31, 2015	31, 2014	31, 2015	31, 2014
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from					
financial institutions	14	84,894,899	134,133,738	84,894,899	133,653,597
Trade and other payables					
- Related party	5,15	-	428	18,320	947,089
- Other parties	15	126,247,018	67,453,411	124,920,177	66,964,437
Current portion of long-term loan from financial institution	16	426,195	312,647	426,195	312,647
Current portion of liabilities under finance lease contracts	17	985,406	224,575	985,406	224,575
Income tax payable		-	2,483,955	-	2,483,954
Other current liabilities		4,501,255	3,533,157	4,442,059	3,307,446
<b>Total Current Liabilities</b>		<b>217,054,773</b>	<b>208,141,911</b>	<b>215,687,056</b>	<b>207,893,745</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loan from financial institutions - net of current portion	16	239,973	444,365	239,973	444,365
Long-term of liabilities under finance lease contracts					
- net of current portion	17	1,898,850	22,080	1,898,850	22,080
Employee benefit obligation	18	1,575,034	2,815,048	1,570,972	2,815,048
<b>Total Non-Current Liabilities</b>		<b>3,713,857</b>	<b>3,281,493</b>	<b>3,709,795</b>	<b>3,281,493</b>
<b>TOTAL LIABILITIES</b>		<b>220,768,630</b>	<b>211,423,404</b>	<b>219,396,851</b>	<b>211,175,238</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common shares, Baht 0.25 par value					
Authorized share capital					
- 480,000,000 shares, Baht 0.25 par value	21	120,000,000	120,000,000	120,000,000	120,000,000
Issued and fully paid-up share capital					
- 480,000,000 shares in 2015 and 360,000,000 shares in 2014	21	120,000,000	90,000,000	120,000,000	90,000,000
Premium on share capital	21	183,030,333	4,900,000	183,030,333	4,900,000
Surplus on share-based payment transactions	21	3,063,937	3,063,937	3,063,937	3,063,937
Retained earnings					
- Appropriated for legal reserve	19, 20	3,743,166	3,146,327	3,743,166	3,146,327
- Unappropriated		16,426,527	7,394,800	20,438,433	7,495,097
Total equity attributable to the equity holders of the parent company		326,263,963	108,505,064	330,275,869	108,605,361
Non-controlling interests		-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>326,263,963</b>	<b>108,505,064</b>	<b>330,275,869</b>	<b>108,605,361</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>547,032,593</b>	<b>319,928,468</b>	<b>549,672,720</b>	<b>319,780,599</b>

The accompanying notes are and integral parts of these financial statements.

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

		in Baht			
		Consolidated financial Statements		Separate financial statements	
		2015	2014	2015	2014
	Notes		"Reclassified"		
<b>REVENUES</b>	5, 25, 26				
Revenues from sales		606,107,625	436,205,404	604,416,906	436,245,921
Revenues from services		30,299,475	22,443,355	29,031,624	20,936,457
Other income		4,368,655	4,842,184	4,747,492	5,177,175
<b>Total Revenues</b>		<b>640,775,755</b>	<b>463,490,943</b>	<b>638,196,022</b>	<b>462,359,553</b>
<b>EXPENSES</b>	5, 22, 26				
Costs of sales		361,893,490	251,622,287	360,793,016	251,721,826
Costs of services		11,115,654	8,736,586	10,014,896	7,502,503
Selling expenses		180,872,270	113,693,994	180,530,951	113,326,762
Administrative expenses		57,388,258	36,760,097	55,538,522	36,876,147
Management benefit expenses		13,419,014	8,256,063	11,323,014	8,256,063
Finance costs		7,669,024	5,973,957	7,665,969	5,887,449
<b>Total Expenses</b>		<b>632,357,710</b>	<b>425,042,984</b>	<b>625,866,368</b>	<b>423,570,750</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>8,418,045</b>	<b>38,447,959</b>	<b>12,329,654</b>	<b>38,788,803</b>
Income tax expense	23	(392,873)	(7,047,356)	(392,873)	(6,926,206)
<b>PROFIT FOR THE YEAR</b>		<b>8,025,172</b>	<b>31,400,603</b>	<b>11,936,781</b>	<b>31,862,597</b>
<b>Other comprehensive loss - net of tax</b>					
<b>Items that will not be reclassified to profit or loss</b>					
- Actuarial gain (loss) on defined employee benefit plan	18	2,004,242	(940,620)	2,004,242	(940,620)
- Income tax relating to components of other comprehensive income	23	(400,848)	188,124	(400,848)	188,124
		1,603,394	(752,496)	1,603,394	(752,496)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>9,628,566</b>	<b>30,648,107</b>	<b>13,540,175</b>	<b>31,110,101</b>
<b>Profit for the year attributable to :</b>					
Equity holders of the parent company		8,025,172	31,400,603	11,936,781	31,862,597
Non-controlling interests		-	-	-	-
		<b>8,025,172</b>	<b>31,400,603</b>	<b>11,936,781</b>	<b>31,862,597</b>
<b>Total comprehensive income for the year attributable to :</b>					
Equity holders of the parent company		9,628,566	30,648,107	13,540,175	31,110,101
Non-controlling interests		-	-	-	-
		<b>9,628,566</b>	<b>30,648,107</b>	<b>13,540,175</b>	<b>31,110,101</b>
<b>Earnings per share for the year</b>					
<b>attributable to the equity holders of the parent company</b>	24	<b>0.02</b>	<b>0.10</b>	<b>0.03</b>	<b>0.11</b>

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



**MASTERKOOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

		in Baht					
		Consolidated financial statements					
		Shareholders' equity of the parent company					
Notes		Issued and fully paid-up share capital	Premium on share capital	Surplus on share-based payment transactions	Retained earnings		Total equity attributable to the equity holders of the parent company
					Appropriated for legal reserve	Unappropriated	
		70,000,000	4,900,000	2,498,975	1,391,868	6,501,152	85,291,995
<b>Balance as at January 1, 2014</b>							
<b>Transaction with owners, recorded directly in shareholders' equity</b>							
21	Increase in share capital	20,000,000	-	-	-	-	20,000,000
21	Surplus on share-based payment transactions	-	-	564,962	-	-	564,962
20	Dividends paid	-	-	-	-	(28,000,000)	(28,000,000)
20	Appropriated for legal reserve	-	-	-	1,754,459	(1,754,459)	-
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		90,000,000	4,900,000	3,063,937	3,146,327	(23,253,307)	77,856,957
<b>Comprehensive income for the year</b>							
Profit for the year		-	-	-	-	31,400,603	31,400,603
Other comprehensive income		-	-	-	-	(752,496)	(752,496)
<b>Total comprehensive income for the year</b>		-	-	-	-	30,648,107	30,648,107
<b>Balance as at December 31, 2014</b>		90,000,000	4,900,000	3,063,937	3,146,327	7,394,800	108,505,064
<b>Transaction with owners, recorded directly in shareholders' equity</b>							
21	Increase in share capital	30,000,000	178,130,333	-	-	-	208,130,333
19	Appropriated for legal reserve	-	-	-	596,839	(596,839)	-
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		120,000,000	183,030,333	3,063,937	3,743,166	6,797,961	316,635,397
<b>Comprehensive income for the year</b>							
Profit for the year		-	-	-	-	8,025,172	8,025,172
Other comprehensive income		-	-	-	-	1,603,394	1,603,394
<b>Total comprehensive income for the year</b>		-	-	-	-	9,628,566	9,628,566
<b>Balance as at December 31, 2015</b>		120,000,000	183,030,333	3,063,937	3,743,166	16,426,527	326,263,963

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

**MASTERKOOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Notes	In Baht				
		Separate financial statements				
		Issued and fully paid-up share capital	Premium on share capital	Surplus on share-based payment transactions	Retained earnings	Total
					Appropriated for legal reserve	Unappropriated
<b>Balance as at January 1, 2014</b>		70,000,000	4,900,000	2,498,975	1,391,868	6,139,455
<b>Transaction with owners, recorded directly in shareholders' equity</b>						
Increase in share capital	21	20,000,000	-	-	-	-
Surplus on share-based payment transactions	21	-	-	564,962	-	-
Dividends paid	20	-	-	-	-	(28,000,000)
Appropriated for legal reserve	20	-	-	-	1,754,459	(1,754,459)
<b>Total transactions with owners, recorded directly in shareholders' equity</b>						
		90,000,000	4,900,000	3,063,937	3,146,327	(23,615,004)
<b>Comprehensive income for the period</b>						
Profit for the year		-	-	-	-	31,862,597
Other comprehensive income		-	-	-	-	(752,496)
Total comprehensive income for the year		-	-	-	-	31,110,101
<b>Balance as at December 31, 2014</b>		90,000,000	4,900,000	3,063,937	3,146,327	108,605,361
<b>Transaction with owners, recorded directly in shareholders' equity</b>						
Increase in share capital	21	30,000,000	178,130,333	-	-	-
Appropriated for legal reserve	19	-	-	-	596,839	(596,839)
<b>Total transactions with owners, recorded directly in shareholders' equity</b>						
		120,000,000	183,030,333	3,063,937	3,743,166	6,898,258
<b>Comprehensive income for the year</b>						
Profit for the year		-	-	-	-	11,936,781
Other comprehensive income		-	-	-	-	1,603,394
Total comprehensive income for the year		-	-	-	-	13,540,175
<b>Balance as at December 31, 2015</b>		120,000,000	183,030,333	3,063,937	3,743,166	330,275,869

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



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	8,418,045	38,447,959	12,329,654	38,788,803
<b>Adjustments for</b>				
Depreciation and amortization	9,099,955	7,863,112	8,942,043	7,588,957
Loss on written-off fixed assets	40,341	341,467	40,341	341,467
Gain on sales of fixed assets	(28,644)	(12,895)	(28,644)	(12,895)
Impairment loss on assets	418,830	-	418,830	-
Unrealized loss on exchange rate	5,481,922	201,883	5,481,922	194,032
Loss on decline in value of inventories	6,006,200	2,700,470	5,970,554	2,700,470
Bad debts and allowance for doubtful accounts (Reversal)	1,536,111	(1,984,117)	1,536,111	(1,984,117)
Finance costs	7,669,024	5,973,957	7,665,969	5,887,449
Interest income	(1,108,459)	(679,438)	(1,473,543)	(1,014,430)
Employee benefit obligation	624,737	200,297	620,676	200,297
Provision expenses after sale	753,671	761,068	753,671	761,068
Expenses for share-based payment transactions	-	564,962	-	564,962
<b>Profit from operating activities before change in operating assets and liabilities</b>	<b>38,911,733</b>	<b>54,378,725</b>	<b>42,257,584</b>	<b>54,016,063</b>
<b>Decrease (Increase) in Operating Assets</b>				
Trade and other receivables	(31,675,983)	(9,966,856)	(30,703,278)	(13,278,653)
Receivables for financial lease contracts	(829,074)	242,910	(829,074)	242,910
Inventories	(68,289,431)	(70,358,216)	(67,711,615)	(71,769,753)
Other current assets	(7,256,071)	(1,464,834)	(6,928,659)	(972,919)
Other non-current assets	-	(972,510)	-	(972,510)
<b>Increase (Decrease) in Operating Liabilities</b>				
Trade and other payables	56,248,223	32,529,456	54,482,015	32,574,171
Other current liabilities	214,426	(154,225)	380,942	(147,444)
<b>Cash generated (paid) from operations</b>	<b>(12,676,177)</b>	<b>4,234,450</b>	<b>(9,052,085)</b>	<b>(308,135)</b>
Interest paid	(7,290,177)	(5,886,798)	(7,287,122)	(5,800,291)
Income tax paid	(4,759,207)	(4,254,009)	(4,759,207)	(4,063,622)
<b>Net Cash Used in Operating Activities</b>	<b>(24,725,561)</b>	<b>(5,906,357)</b>	<b>(21,098,414)</b>	<b>(10,172,048)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in deposits at financial institution pledged as collateral	(7,575,687)	(15,965,938)	(7,562,817)	(14,965,938)
Increase in short-term loans to related party	-	-	(3,850,000)	(1,501,974)
Cash paid for investment in subsidiary	-	-	-	(750,000)
Cash received from sale of fixed assets	287,062	25,069	287,062	25,069
Purchases of fixed assets	(19,297,095)	(11,245,325)	(19,227,097)	(6,248,921)
Deposit for purchases of fixed assets	-	(2,296,221)	-	(2,296,221)
Purchases of intangible assets	(854,523)	(2,865,470)	(854,523)	(2,865,470)
Interest received	1,019,250	659,353	1,006,808	1,231,108
<b>Net Cash Used in Investing Activities</b>	<b>(26,420,993)</b>	<b>(31,688,532)</b>	<b>(30,200,567)</b>	<b>(27,372,347)</b>

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



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (Decrease) in bank overdrafts and short-term loans from financial institution	(52,202,512)	43,989,003	(51,722,370)	43,516,713
Increase in long-term loan from financial institution	298,792	955,600	298,792	955,600
Repayments of long-term loan from financial institution	(389,636)	(198,589)	(389,636)	(198,589)
Repayments of liabilities under finance lease contracts	(1,726,858)	(426,457)	(1,726,858)	(426,457)
Cash receipts from increase share capital	30,000,000	20,000,000	30,000,000	20,000,000
Proceeds from premium on share	186,000,000	-	186,000,000	-
Transaction costs for issue of common shares	(7,869,667)	-	(7,869,667)	-
Dividends paid	-	(28,000,000)	-	(28,000,000)
<b>Net Cash Provided by Financing Activities</b>	<b>154,110,119</b>	<b>36,319,557</b>	<b>154,590,261</b>	<b>35,847,267</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>102,963,565</b>	<b>(1,275,332)</b>	<b>103,291,280</b>	<b>(1,697,128)</b>
Cash and Cash Equivalents at Beginning of Year	1,164,111	2,439,443	668,048	2,365,176
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>104,127,676</b>	<b>1,164,111</b>	<b>103,959,328</b>	<b>668,048</b>
<b>Supplemental Disclosure of Cash Flow Information</b>				
<b>Cash receipts from share subscription</b>				
Purchase of vehicles under finance lease contracts	4,239,087	-	4,239,087	-

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



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements**  
**December 31, 2015**

These notes form an integral part of the financial statements.

The interim financial statements were authorized for issue by the Board of Directors on February 23, 2016.

**1. GENERAL INFORMATION**

Masterkool International Public Company Limited. ("the Company") was registered as a public company on September 19, 2014.

The registered office is at 22, Soi 2, Tessaban Rangsan-Nua Rd, Ladyao, Jatujak, Bangkok, 10900, and the factory of the Company is at 184 Moo 10, Na Wang Hin, Phanat Nikhom, Chonburi 20240, Thailand.

The Company registered in the Stock Exchange of Thailand on September 21, 2015 and its common shares had been approved to be listed in the MAI (MAI : Market of Alternative Investment).

The principal business operation of the Company is to 1) supply and sale of cooling products such as evaporative air cooler, misting fans and industrial fans and 2) provide service of cooling products and it has a subsidiary which operates in sale and service for ozone system.

The Company and its subsidiary operate in Thailand.

**2. BASIS OF FINANCIAL STATEMENT PRESENTATION**

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

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

The financial statements have been prepared on historical cost basic except for as discussed in accounting policy.

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

The consolidated financial statements as at December 31, 2015 and 2014, include the accounts of The Company and its subsidiary which the Company has controlling power or directly and indirectly shareholding on its subsidiary as follows:

The Company's name	Type of business	In Thousand Baht		Percentage of direct and indirect holdings (%)	
		Paid-up share capital			
		2015	2014	2015	2014
Innov Green Solutions Co., Ltd.	sale, and service of ozone systems	1,000	1,000	100	100



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**3. NEW FINANCIAL REPORTING STANDARDS**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company and its subsidiary have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. However, some of these standards involve changes to key principles, which are summarised below:

Accounting Standard:

TAS 19 (revised 2014)	Employee Benefits
-----------------------	-------------------

Financial Reporting Standards:

TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

The above accounting standard and financial reporting standards do not have any significant impact on the financial statements of the Company and its subsidiary.

**(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after January 1 in the year indicated in the following table.

TFRS	Topic	Effective Year
TAS 1 (revised 2015)	Presentation of Financial Statements	2016
TAS 2 (revised 2015)	Inventories	2016
TAS 7 (revised 2015)	Statement of Cash Flows	2016
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors	2016
TAS 10 (revised 2015)	Events After the Reporting Period	2016
TAS 11 (revised 2015)	Construction Contracts	2016
TAS 12 (revised 2015)	Income Taxes	2016
TAS 16 (revised 2015)	Property, Plant and Equipment	2016
TAS 17 (revised 2015)	Leases	2016
TAS 18 (revised 2015)	Revenue	2016
TAS 19 (revised 2015)	Employee Benefits	2016
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance	2016
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates	2016
TAS 23 (revised 2015)	Borrowing Costs	2016
TAS 24 (revised 2015)	Related Party Disclosures	2016
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans	2016



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

<b>TFRS</b>	<b>Topic</b>	<b>Effective Year</b>
TAS 27 (revised 2015)	Separate Financial Statements	2016
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures	2016
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies	2016
TAS 33 (revised 2015)	Earnings Per Share	2016
TAS 34 (revised 2015)	Interim Financial Reporting	2016
TAS 36 (revised 2015)	Impairment of Assets	2016
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets	2016
TAS 38 (revised 2015)	Intangible Assets	2016
TAS 40 (revised 2015)	Investment Property	2016
TAS 41	Agriculture	2016
TFRS 2 (revised 2015)	Share-based Payment	2016
TFRS 3 (revised 2015)	Business Combinations	2016
TFRS 4 (revised 2015)	Insurance Contracts	2016
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations	2016
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Assets	2016
TFRS 8 (revised 2015)	Operating Segments	2016
TFRS 10 (revised 2015)	Consolidated Financial Statements	2016
TFRS 11 (revised 2015)	Joint Arrangements	2016
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities	2016
TFRS 13 (revised 2015)	Fair Value Measurement	2016
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities	2016
TSIC 15 (revised 2015)	Operating Leases - Incentives	2016
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders	2016
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease	2016
TSIC 29 (revised 2015)	Disclosure - Service Concession Arrangements	2016
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services	2016
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs	2016
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2016
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease	2016
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2016
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies	2016
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment	2016
TFRIC 12 (revised 2015)	Service Concession Arrangements	2016
TFRIC 13 (revised 2015)	Customer Loyalty Programmes	2016
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) Employee Benefits - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2016
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate	2016
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners	2016
TFRIC 18 (revised 2015)	Transfers of Assets from Customers	2016
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine	2016
TFRIC 21	Levies	2016

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

The Company and its subsidiary have made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expect that there will be no material impact on the financial statements in the period of initial application.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of consolidation***

The consolidated financial statements relate to the Company and its subsidiary.

***Business combinations***

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

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

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

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

***Subsidiary***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

***Loss of control***

Upon the loss of control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of comprehensive income. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted or as an investment available-for-sale investment depending on the level of influence retained.



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any revenue and expense, are eliminated in full in preparing the consolidated financial statements.

***Foreign Currencies***

Transactions in foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statements of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statements of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies and measured at cost are translated to Thai Baht using the foreign exchange rates ruling at the date of the transactions.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash in hand, cheque in-transit, deposits at financial institutions and fixed deposit and current investment with a maturity period not over 3 months since it is acquired, except for cash at bank held as collateral.

***Trade and Other Receivables***

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts. The allowance for doubtful accounts is an estimate of those amounts which may prove to be uncollectible based on a review of the current status of the existing receivables. Bad debts are written off when incurred.

***Receivables for Financial Lease Contracts***

Receivables for financial lease contracts are stated at net realizable value which resulted from carrying book value less unearned income, deferred service income from financial lease contracts and allowance for doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of whole receivable contracts. The allowance is generally based on collection experiences and analysis of debtor aging. The percentage of allowance for doubtful accounts are summarized as follows:

<u>Period</u>	<u>Percentage of allowance for doubtful accounts</u>
Not yet due	-
Past due:	
Less than 3 months	-
More than 3 - 6 months	-
More than 6 - 12 months	50
Over 12 months	100

***Inventories***

Inventories are stated at cost or net realizable value, whichever is lower.

Cost is calculated using the first-in first-out cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost included an appropriate share of overheads based on normal operating capacity.



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

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

***Investments***

***Investments in subsidiary***

Investments in subsidiary in the separate financial statements of the Company are accounted for using the cost method less impairment loss (if any).

***Property, Plant, Equipment and Depreciation***

***Owned assets***

Land is stated at cost less impairment loss (if any).

Buildings and building improvements are stated at cost net of accumulated depreciation and impairment loss (if any). Construction-in-progress represents buildings and assets under construction and is stated at cost. This includes cost of construction, buildings and equipment and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Depreciation is calculated by the straight-line method based on the estimated useful lives of the assets as follows:

Buildings	20 years and 10 years
Leasehold improvements	Upon the period of lease contracts
Equipments	5 years and Upon the unit of productions
Assets for rent	5 years
Furniture, fixtures and office equipment	3-5 years
Vehicles	5 years
No depreciation is charged for land and construction-in-progress	

***Intangible assets***

Intangible assets that are acquired by the Company, which have definite useful lives, are stated at cost less accumulated amortization and impairment losses (if any).

***Amortization***

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated economic useful lives of the assets. The estimated economic useful lives are as follows:

Computer software	5 years
-------------------	---------

***Impairment of Assets***

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of comprehensive income.





**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

*Calculation of recoverable amount*

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

*Reversals of impairment*

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been recognized.

**Trade and Other Payables**

Trade and other payables are stated at cost.

**Provisions**

A provision is recognized in the statements of financial position when the Company and its subsidiary has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Employee Benefit**

*Short-term employee benefits*

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

*Post - employment benefits*

*Defined contribution plans*

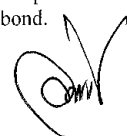
The Company and their employees have jointly established a provident fund. The fund is monthly contributed to by the employees, the Company. The fund's assets are held in a separate trust fund and the Company contributions are recognized as expenses when incurred.

*Defined benefit plans*

The Company has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of defined benefit obligations are recognized when the curtailment or settlement occurs.

Actuarial gains and losses arising from post-employment benefits and other long-term employee benefits arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bond.



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

*Share-based payments*

The Company recognized its grant-date fair value of share-based payment awards granted to employees as an employee expense, with a corresponding increase in equity. The fair value of the share-based payment awards granted vest immediately on the grant date, is calculated based on the adjusted net book value method by the independent financial advisor.

***Long-Term Leases***

*Where the Company and its subsidiary are the lessee*

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

*Where the Company and its subsidiary are the lessor*

Assets leased out under operating leases are included in property and equipment in the statements of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property and equipment owned by the Company and its subsidiary. Rental income is recognised on a straight-line basis over the lease term.

Assets leased out by the Company and its subsidiary under which a significant portion of the risks and rewards of ownership are transferred to the lessee are classified as finance lease. The assets held under finance lease are recorded as accounts receivable under finance lease in the statements of financial position.

The sales revenue recorded at the commencement of a finance lease represents the fair value of the asset, or if lower, the present value of the minimum lease payments accruing to the lessor, computed at a commercial rate of interest. The cost of sale recognized at the commencement of the lease term is the cost or carrying amount of the leased property. The difference between the sales revenue and the cost of sale is recorded as gain which is recognized by the Company and its subsidiary in accordance with its normal accounting policy.

***Fair value measurement***

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

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

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

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

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

***Significant Accounting Judgments and Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

***Allowance for doubtful accounts of trade and other receivables***

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

***Buildings and equipment and depreciation***

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

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

***Deferred tax assets***

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

***Recognition and derecognition of assets and liabilities***

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

***Leases***

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

*Employment benefits*

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.

**Revenues**

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

*Sale of goods*

Revenue from sale of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

*Revenue from service*

Revenue from service recognized as income upon service is rendered.

*Revenue from financial leases*

Revenue from financial leases is recognized in the statement of comprehensive income by effective rate. The Company cases recognition of revenue when the receivables are overdue more than 6 installments.

*Service income from financial lease contracts*

The Company recognises service income in each service period and ceases recognition of income when the receivables are overdue more than 6 months.

*Interest income*

Interest income is recognized in the statement of comprehensive income on an accrual basis.

*Other income*

Other income is recognized in the statement of comprehensive income on an accrual basis.

**Expenses**

*Operating leases*

Payments made under operating leases are recognized in the statements of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognized in the statements of comprehensive income as an integral part of the total lease payments made.

*Finance costs*

Interest expenses and similar costs are charged to the statement of comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest which part of finance lease is recognized in the statement of comprehensive income by the effective interest rate method.

**Income tax**

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



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

***Current tax***

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

***Deferred tax***

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

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

***Earnings per Share***

Earnings per share are calculated by dividing the profit for the year attributable to the equity holders of the parent company by the weighted average number of common shares outstanding during the year.

**5. TRANSACTIONS WITH RELATED PARTIES**

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

The relationship with related parties are as follows:

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

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

Pricing policies for each transaction are described as follows:

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

Significant revenues and expenses derived from transactions with related parties for the years ended December 31, 2015 and 2014 are summarized as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Revenues from sales and services</b>				
Innov Green Solution Co., Ltd.	-	-	103	1,181
Site Preparation Management Co., Ltd.	18	9,808	18	9,808
Actdee Co., Ltd	15,768	13,366	15,768	13,366
<b>Interest income</b>				
Innov Green Solutions Co., Ltd.	-	-	380	336
<b>Other income</b>				
Innov Green Solutions Co., Ltd.	-	-	107	-
<b>Purchases of goods</b>				
Innov Green Solutions Co., Ltd.	-	-	-	5,589
Bangkok Equipments Suppliers Limited Partnership	-	90	-	90
<b>Purchase of fixed assets</b>				
Let Co., Ltd.	978	-	978	-
<b>Rental service cost</b>				
Let Co., Ltd.	264	-	264	-
<b>Management fees</b>				
Innov Green Solutions Co., Ltd.	-	-	25,632	12,808
<b>Advertising and sale promotion expenses</b>				
Actdee Co., Ltd	14	3	14	3
<b>Consumables cost</b>				
Bangkok Equipments Suppliers Limited Partnership	-	124	-	124
<b>Finance costs</b>				
Mr. Noppachai Weeraman	16	24	16	24



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

Key managements personnel compensation and directors remuneration for the years ended December 31, 2015 and 2014, are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Key managements personnel compensation and directors remuneration</b>				
Short-term employment benefits	12,939	7,896	10,843	7,896
Post-employment benefits	480	187	480	187
Share-based payment	-	173	-	173
<b>Total</b>	<b>13,419</b>	<b>8,256</b>	<b>11,323</b>	<b>8,256</b>

The balances of receivables from and payables to related parties as at December 31, 2015 and 2014 are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Trade other receivable</b>				
Innov Green Solutions Co., Ltd.	-	-	213	1,221
Site Preparation Management Co., Ltd.	-	7,685	-	7,685
Actdee Co.,Ltd	3,973	4,242	3,973	4,242
<b>Total</b>	<b>3,973</b>	<b>11,927</b>	<b>4,186</b>	<b>13,148</b>

**Short-term loans and interest receivable**

**Short-term loans to**

Innov Green Solutions Co., Ltd.	-	-	8,780	4,930
---------------------------------	---	---	-------	-------

**Interest receivable**

Innov Green Solutions Co., Ltd.	-	-	380	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,160</b>	<b>4,930</b>

**Trade and other payables**

Innov Green Solutions Co., Ltd.	-	-	18	947
---------------------------------	---	---	----	-----

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

	In Thousand Baht			
	Separate financial statements			
	January 1, 2015	Increase	Decrease	December 31, 2015
<b>Short-term loans to</b>				
Innov Green Solutions Co., Ltd.	4,930	3,850	-	8,780

	In Thousand Baht			
	Separate financial statements			
	January 1, 2014	Increase	Decrease	December 31, 2014
<b>Short-term loans to</b>				
Innov Green Solution Co., Ltd.	3,428	9,421	(7,919)	4,930

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**6. CASH AND CASH EQUIVALENTS**

	In Thousand Baht			
	Consolidated Financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	401	372	384	366
Deposits at financial institutions	103,727	792	103,575	302
Total	104,128	1,164	103,959	668

**7. TRADE AND OTHER RECEIVABLES**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade and other receivables - related parties				
Trade receivables	3,973	11,927	4,165	13,147
Accrued income	-	-	21	-
Total	3,973	11,927	4,186	13,147
Less : Allowance for doubtful accounts	-	-	-	-
Net	3,973	11,927	4,186	13,147
Advance payment	-	-	-	-
Total	3,973	11,927	4,186	13,147
Trade and other receivables - other parties				
Trade receivables	89,168	46,028	88,475	45,655
Accrued income	394	554	318	27
Total	89,562	46,582	88,793	45,682
Less : Allowance for doubtful accounts	(12,368)	(10,974)	(12,368)	(10,974)
Net	77,194	35,608	76,425	34,708
Advance payment	1,779	5,209	1,761	5,204
Prepaid expense	507	88	507	88
Other receivables	716	1,113	630	1,112
Total	80,196	42,018	79,323	41,112





**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

As at December 31, 2015 and 2014, trade account receivables are classified by aging as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade receivables-related parties				
Not yet due	2,739	9,938	2,751	11,046
Overdue :				
Less than 3 months	1,234	1,989	1,390	2,101
Over 3 months to 6 months	-	-	24	-
Over 6 months to 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total	3,973	11,927	4,165	13,147
Less : Allowance for doubtful accounts	-	-	-	-
Net	3,973	11,927	4,165	13,147
Trade receivables-other parties				
Not yet due	39,532	5,963	39,292	5,590
Overdue :				
Less than 3 months	30,804	21,767	30,351	21,767
Over 3 months to 6 months	4,387	6,858	4,387	6,858
Over 6 months to 12 months	4,364	841	4,364	841
Over 12 months	10,081	10,599	10,081	10,599
Total	89,168	46,028	88,475	45,655
Less : Allowance for doubtful accounts	(12,368)	(10,974)	(12,368)	(10,974)
Net	76,800	35,054	76,107	34,681

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Doubtful accounts (Reversal)	1,394	(4,772)	1,394	(4,772)
Bad debt	142	2,788	142	2,788
Total	1,536	(1,984)	1,536	(1,984)

Outstanding balances of accrued income – related parties which are classified by aging as at December 31, 2015 and 2014, are summarized as follows:

	In Thousand Baht			
	Consolidated financial Statements		Separate financial Statements	
	2015	2014	2015	2014
Less than 3 months	-	-	21	-
More than 3 – 6 months	-	-	-	-
More than 6 – 12 months	-	-	-	-
More over 12 months	-	-	-	-
	-	-	21	-
Less allowance for doubtful accounts	-	-	-	-
Net	-	-	21	-



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

Outstanding balances of accrued income – other parties which are classified by aging as at December 31, 2015 and 2014, are summarized as follows:

	In Thousand Baht			
	Consolidated financial Statements		Separate financial Statements	
	2015	2014	2015	2014
Less than 3 months	394	329	318	27
More than 3 – 6 months	-	225	-	-
More than 6 – 12 months	-	-	-	-
More over 12 months	-	-	-	-
	394	554	318	27
Less allowance for doubtful accounts	-	-	-	-
Net	394	554	318	27

**8. RECEIVABLES FOR FINANCE LEASE CONTRACTS**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Receivables for finance lease contracts	1,991	1,069	1,991	1,069
Less : Unearned income	(175)	(37)	(175)	(37)
Deferred service income	(323)	(399)	(323)	(399)
Net	1,493	633	1,493	633
Less : Allowance for doubtful accounts	-	-	-	-
Net	1,493	633	1,493	633
Less : Current portion	(530)	(235)	(530)	(235)
Net	963	398	963	398

As at December 31, 2015 and 2014, the Company has receivables for finance lease contracts with the period of receipt as follows:

	In Thousand Baht							
	Consolidated financial statements and Separate financial statements							
	2015				2014			
	Principal	Unearned income	Deferred service income	Total	Principal	Unearned income	Deferred service income	Total
Due 1 year	530	95	76	701	235	14	76	325
Over 1 year to 5 years	963	80	247	1,290	375	22	304	701
Over 5 years	-	-	-	-	23	1	19	43
Total	1,493	175	323	1,991	633	37	399	1,069

Significant outstanding balances with finance lease receivables which are classified by aging as at December 31, 2015 and 2014 are summarized as follows:

	In Thousand Baht							
	Consolidated financial statements and Separate financial statements							
	Receivables for finance lease contracts		Percentage of allowance for doubtful accounts		Allowance for doubtful accounts		Net	
	2015	2014	2015	2014	2015	2014	2015	2014
Not yet due	1,395	608	-	-	-	-	1,395	608
Past due:								
Less than 3 months	98	25	-	-	-	-	98	25
More than 3-6 months	-	-	50	50	-	-	-	-
Over 6 months	-	-	100	100	-	-	-	-
Total	1,493	633			-	-	1,493	633

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**9. INVENTORIES**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Finished goods	178,023	112,433	178,786	113,773
Raw materials and spare parts	34,499	30,514	34,498	30,514
Goods in transit	26,307	33,785	26,307	33,785
Goods in process	2,821	-	2,821	-
Total	241,650	176,732	242,412	178,072
Less: Allowance for decline in value of inventories	(10,730)	(4,724)	(10,658)	(4,688)
Net	230,920	172,008	231,754	173,384

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
The cost of inventories which is recognised as an expense and included in cost of goods sold for the year ended December 31,				
- Cost of goods sold	340,460	225,314	339,360	225,825
- Loss on decline in value of inventories	6,006	2,701	5,970	2,701
Total	346,466	228,015	345,330	228,526

Movements of the allowance for decline in value of inventories during as at December 31, 2015 and 2014 are summarized below.

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2015	2014	2015	2014
Balance as at January 1,	4,724	2,023	4,688	1,987
Add: Loss on decline in value of inventories	6,006	2,701	5,970	2,701
Balance as at December 31,	10,730	4,724	10,658	4,688

**10. DEPOSITS AT FINANCIAL INSTITUTION PLEDGED AS COLLATERAL**

As at December 31, 2015 and 2014, the Company and its subsidiary have deposits at bank approximately of Baht 48.2 million and Baht 40.7 million, respectively (Separate financial statements : Baht 47.2 million and Baht 39.7 million, respectively) as collateral for credit line from financial institutions described in Note 14 to the financial statements.

**11. INVESTMENT IN SUBSIDIARY**

	Separate financial statements					
	In Thousand Baht					
	Percentage of direct and indirect holdings (%)		Paid-up capital		At cost method	
	2015	2014	2015	2014	2015	2014
Innov Green Solutions Co., Ltd.	100	100	1,000	1,000	1,261	1,261



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**12. PROPERTY, PLANT AND EQUIPMENT**

	In Thousand Baht								
	Consolidated financial statements								
	Land	Buildings	Leasehold improvements	Equipments	Assets for rent	Furniture, fixtures and office equipments	Vehicles	Construction in progress	Total
Cost									
Balance as at January 1, 2014	900	16,337	2,826	14,154	4,272	6,993	4,585	-	50,067
Acquisitions	-	-	911	635	661	1,952	547	6,539	11,245
Disposal/write-off	-	-	-	(600)	(17)	(1,606)	-	-	(2,223)
Transfers in/(out)	-	373	499	9,910	1,410	-	-	(5,842)	6,350
Balance as at December 31, 2014	900	16,710	4,236	24,099	6,326	7,339	5,132	697	65,439
Acquisitions	-	-	33	17,029	1,314	921	4,239	-	23,536
Disposal/write-off	-	-	-	(48)	(95)	(354)	(489)	-	(986)
Transfers in/(out)	-	-	-	2,602	3,371	-	-	(306)	5,667
Balance as at December 31, 2015	900	16,710	4,269	43,682	10,916	7,906	8,882	391	93,656
Accumulated depreciation									
Balance as at January 1, 2014	-	9,754	1,491	6,985	979	4,599	2,238	-	26,046
Depreciation for the year	-	999	1,004	2,151	902	1,110	849	-	7,015
Disposal/write-off	-	-	-	(456)	(6)	(1,407)	-	-	(1,869)
Balance as at December 31, 2014	-	10,753	2,495	8,680	1,875	4,302	3,087	-	31,192
Depreciation for the year	-	1,018	808	2,269	1,788	1,175	1,098	-	8,156
Disposal/write-off	-	-	-	(15)	(63)	(347)	(262)	-	(687)
Balance as at December 31, 2015	-	11,771	3,303	10,934	3,600	5,130	3,923	-	38,661

27

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

	In Thousand Baht								
	Consolidated financial statements								
	Land	Buildings	Leasehold improvements	Equipments	Assets for rent	Furniture, fixtures and office equipments	Vehicles	Construction in progress	Total
Allowance for impairment loss	-	-	-	-	-	-	-	-	-
Balance as at January 1, 2014	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2014	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	419	-	-	-	-	419
Balance as at December 31, 2015	-	-	-	419	-	-	-	-	419
Net book value									
As at December 31, 2014	900	5,957	1,741	15,419	4,451	3,037	2,045	697	34,247
As at December 31, 2015	900	4,939	966	32,329	7,316	2,776	4,959	391	54,576
Depreciations included in the statements of comprehensive income for the years ended December 31,									
2014									7,015
2015									8,156



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

In Thousand Baht									
Separate financial statements									
	Land	Buildings	Leasehold improvements	Equipments	Assets for rent	Furniture, fixtures and office equipments	Vehicles	Construction in progress	Total
<u>Cost</u>									
Balance as at January 1, 2014	900	16,337	2,826	13,795	3,241	6,993	4,585	-	48,677
Acquisitions	-	-	911	610	661	1,952	547	1,568	6,249
Disposal/write-off	-	-	-	(600)	(17)	(1,606)	-	-	(2,223)
Transfers in/(out)	-	373	499	4,939	1,411	-	-	(872)	6,350
Balance as at December 31, 2014	900	16,710	4,236	18,744	5,296	7,339	5,132	696	59,053
Acquisitions	-	-	33	16,991	1,314	889	4,239	-	23,466
Disposal/write-off	-	-	-	(48)	(95)	(354)	(489)	-	(986)
Transfers in/(out)	-	-	-	2,602	3,371	-	-	(306)	5,667
Balance as at December 31, 2015	900	16,710	4,269	38,289	9,886	7,874	8,882	390	87,200
<u>Accumulated depreciation</u>									
Balance as at January 1, 2014	-	9,754	1,491	6,951	889	4,599	2,238	-	25,922
Depreciation for the year	-	999	1,004	1,983	799	1,110	849	-	6,744
Disposal/write-off	-	-	-	(456)	(6)	(1,407)	-	-	(1,869)
Balance as at December 31, 2014	-	10,753	2,495	8,478	1,682	4,302	3,087	-	30,797
Depreciation for the year	-	1,018	808	2,223	1,685	1,170	1,098	-	8,002
Disposal/write-off	-	-	-	(15)	(64)	(347)	(262)	-	(688)
Balance as at December 31, 2015	-	11,771	3,303	10,686	3,303	5,125	3,923	-	38,111

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**Notes to financial statements (Continued)**

**December 31, 2015**

	In Thousand Baht								
	Consolidated financial statements								
	Land	Buildings	Leasehold improvements	Equipments	Assets for rent	Furniture, fixtures and office equipments	Vehicles	Construction in progress	Total
<u>Allowance for impairment loss</u>									
Balance as at January 1, 2014	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2014	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	419	-	-	-	-	419
Balance as at December 31, 2015	-	-	-	419	-	-	-	-	419
<u>Net book value</u>									
As at December 31, 2014	900	5,957	1,741	10,266	3,614	3,037	2,045	696	28,256
As at December 31, 2015	900	4,939	966	27,184	6,583	2,749	4,959	390	48,670
<u>Depreciations included in the statements of comprehensive income for the years ended December 31,</u>									
2014									6,744
2015									8,002



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

As at December 31, 2015 and 2014, the Company's land and buildings are mortgaged with net book value amounting to approximately Baht 5.8 million and Baht 6.9 million, respectively such as collateral for credit line from financial institutions.

As at December 31, 2015 and 2014, certain equipments of the Company fully depreciated but are still in use, their original cost, before deducting accumulated depreciation, of those assets amounted to Baht 8.3 million and Baht 6.5 million, respectively.

As at December 31, 2015 and 2014, net book value of assets under financial lease contracts amounting to approximately Baht 4.4 million and Baht 0.8 million, respectively.

**13. INTANGIBLE ASSETS**

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
<u>Cost</u>		
Balance as at January 1, 2014	6,810	6,794
Increase	2,865	2,865
Balance as at December 31, 2014	9,675	9,659
Increase	855	855
Balance as at December 31, 2015	10,530	10,514
<u>Accumulated amortization</u>		
Balance as at January 1, 2014	5,538	5,538
Amortization for the year	848	845
Balance as at December 31, 2014	6,386	6,383
Amortization for the year	943	939
Balance as at December 31, 2015	7,329	7,322
<u>Net book value</u>		
As at December 31, 2014	3,289	3,276
As at December 31, 2015	3,201	3,192
<u>Amortization included in the statements of comprehensive income for the years ended December 31,</u>		
2014	848	845
2015	943	939

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

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Bank overdrafts	9,308	3,705	9,308	3,705
Short-term loans	-	32,000	-	32,000
Liabilities under trust receipts	75,587	98,429	75,587	97,949
Total	84,895	134,134	84,895	133,654



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

As at December 31, 2015 and 2014, the Company and its subsidiary have bank overdrafts and short-term loans line from financial institutions of Baht 358 million and Baht 245 million, respectively (Separate financial statements : Baht 353 million and Baht 240 million, respectively) with interest at the rate of MLR, MLR-0.25%, MOR, MOR-1.50%, MRR and SIBOR+2.50% p.a.

As at December 31, 2015, the Company entered into buying forward contracts for hedging its liabilities denominated in US Dollar with the outstanding notional amount of USD 1,830,444 and there were the foreign currency-dominated liabilities remaining unhedged in the amount of USD 2,688,855 and amount of EURO 14,173.

Such the line of bank overdrafts and short-term loans from financial institutions are secured by bank deposits described in Note 10 to the financial statements, mortgaged land and buildings described in Note 12 to the financial statements, director's land and buildings and apartment, and directors of the Company guarantees the full amount.

**15. TRADE AND OTHER PAYABLES**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade and other payables - related party				
Trade payables	-	-	-	910
Accrued expenses	-	-	-	37
Advance received income	-	-	18	-
Total	-	-	18	947
Trade and other payables - other parties				
Trade payables	96,394	57,061	95,329	57,060
Accrued expenses	10,929	6,219	10,713	5,731
Advance received income	17,407	3,808	17,385	3,808
Other payables	1,517	365	1,493	365
Total	126,247	67,453	124,920	66,964

**16. LONG - TERM LOAN FROM FINANCIAL INSTITUTION**

	In Thousand Baht	
	Consolidated Financial statements and Separate financial statements	
	2015	2014
Long-term loans	666	757
Less : Current portion	(426)	(313)
Net of current portion	240	444

In April 2014, the Company entered into a loan agreement with a local financial institution amount of Baht 1.0 million. Such loan is repayable in monthly installments commencing from May 2014 and fully repayment will be paid within 36 months from the first drawdown period with interest at the rate MLR-1% (KBANK) p.a., such loan is mortgaged land and buildings described in Note 12 to the financial statements.

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



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**17. LIABILITIES UNDER FINANCE LEASE CONTRACTS**

	In Thousand Baht	
	Consolidated financial statements and Separate financial statements	
	2015	2014
Liabilities under finance lease contracts	3,204	253
Less Deferred interest	(320)	(7)
Net	2,884	246
Less Current portion	(985)	(224)
Net	1,899	22

As at December 31, 2015 and 2014, the Company has liabilities under finance lease contracts with the details of payment as follows:

	In Thousand Baht					
	Consolidated financial statements and Separate financial statements					
	2015			2014		
	Future minimum lease payment	Deferred interest	Present value of minimum lease payment	Future minimum lease payment	Deferred interest	Present value of minimum lease payment
Due within 1 year	1,162	177	985	231	7	224
Due over 1 year not exceed 5 years	2,042	143	1,899	22	-	22
Total	3,204	320	2,884	253	7	246

**18. EMPLOYEE BENEFIT OBLIGATION**

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

Employee benefit obligations in statements of financial position as at December 31, 2015 and 2014 are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Post-employment benefits				
Legal severance payment plan	1,575	2,815	1,571	2,815

Movement in the present value of the defined benefit obligations for the years ended December 31, 2015 and 2014 are as follows:

	In Thousand Baht			
	Consolidated Financial statements		Separate financial statements	
	2015	2014	2015	2014
Defined benefit obligations as at January 1,	2,815	1,592	2,815	1,592
Current service costs and interest	764	282	760	282
Actuarial gains in the statement of comprehensive income	(2,004)	941	(2,004)	941
Defined benefit obligations as at December 31,	1,575	2,815	1,571	2,815



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

Expenses recognized in statement of comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current service costs	625	200	621	200
Interest on obligation	139	82	139	82
Total	764	282	760	282

The above expenses recognised in statement of comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of manufacturing	37	7	37	7
Selling expenses	126	45	126	45
Administrative expenses	462	148	458	148
Total	625	200	621	200

Principal actuarial assumptions at the reporting date as at December 31, 2015 and 2014 are as follows:

	Consolidated financial statement	
	2015	2014
	(Percentage)	(Percentage)
Discount rate	2.92, 3.34	4.06
Salary increase rate	7.54	7.23
Employee turnover rate	0 - 53	0 - 38
Mortality rate	(Depend on age of employees) Thai Mortality Ordinary Table 2008 Divided by gender male and female	(Depend on age of employees) Thai Mortality Ordinary Table 2008 Divided by gender male and female

	Separate financial statements	
	2015	2014
	(Percentage)	(Percentage)
Discount rate	2.92	4.06
Salary increase rate	7.54	7.23
Employee turnover rate	0 - 53	0 - 38
Mortality rate	(Depend on age of employees) Thai Mortality Ordinary Table 2008 Divided by gender male and female	(Depend on age of employees) Thai Mortality Ordinary Table 2008 Divided by gender male and female

**19. PREMIUM ON SHARE CAPITAL AND LEGAL RESERVE**

***Premium on share capital***

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

***Legal reserve***

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

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**20. DIVIDENDS PAID AND APPROPRIATED FOR LEGAL RESERVE**

At the Extraordinary Shareholders' Meeting on September 9, 2014, the shareholders had a resolution to payment of a interim dividend of Baht 4 per share, 7 million shares from net profit for the years 2013 and 2014 a total of Baht 28.0 million. This dividend was paid on September 13, 2014. Such interim dividend is subject to have an approval from the shareholders' meeting and appropriated for legal reserve of Baht 1.8 million.

**21. SHARE CAPITAL**

	In Thousand Baht / In Thousand shares					
	Consolidated Financial Statements and Separate Financial Statements					
	2015			2014		
	Par value (Baht)	Number of Shares	Amount	Par value (Baht)	Number of Shares	Amount
Authorize share capital						
As at January 1,						
- Common shares	0.25	480,000	120,000	10.00	7,000	70,000
Decrease par value	-	-	-	0.25	280,000	70,000
Increase of share capital	-	-	-	0.25	200,000	50,000
As at December 31,						
- Common shares	0.25	480,000	120,000	0.25	480,000	120,000
Issued and fully paid-up share capital						
As at January 1,						
- Common shares	0.25	360,000	90,000	10.00	7,000	70,000
Decrease par value	-	-	-	0.25	280,000	70,000
Increase of share capital	0.25	120,000	30,000	0.25	80,000	20,000
As at December 31,						
- Common shares	0.25	480,000	120,000	0.25	360,000	90,000

At the Extraordinary Shareholders' Meeting No.2/2014 held on September 9, 2014, the shareholders had a resolution to 1) change its authorized share capital from 7,000,000 shares at Baht 10 par value to 280,000,000 shares at Baht 0.25 par value and 2) increase its authorized share capital Baht 70,000,000 to Baht 120,000,000 by issuing new common shares 200,000,000 shares at Baht 0.25 par value for offering to former shareholders base on proportion of share holding and Initial Public Offering, offering to former shareholders amounted to Baht 20,000,000 and Initial Public Offering amounted to Baht 30,000,000. Then, after its increase in authorized share capital, its authorized share capital will be Baht 120,000,000, divided into 480,000,000 common shares at Baht 0.25 par value. The Company registered such changes with the Department of Business Development, Ministry of Commerce on September 19, 2014.

On September 14-22, 2014, the Company obtained cash receipts from offering to former shareholders amounted to Baht 20,000,000 (shares 80,000,000 shares at Baht 0.25 per Value.). The Company registered such changes with the Department of Business Development, Ministry of Commerce on October 6, 2014.

The management informed that certain former shareholders granted their certain right to purchase shares to the group of employees at the price equal to the par value. The grant date and the exercised date is the same date. Such transaction is share based payment then, the Company should value its fair value of the share-based payment awards granted vest immediately on the grant date, based on the fair value of such shares and the return which has to pay and recognized the related expense, with a corresponding increase in equity as described in the Thai Financial Reporting Standards No 2.

The fair value of such share based payment awards granted at the grant date is calculated by the management based on the Adjusted Net Book Value (the management calculated its fair value of share in 2014 by referring the report of the independent financial advisor, which calculated for fair value of such share of the Company in 2013, due to the fair value of land which used to adjust its net book value had not significant change from 2013). Its fair value of such share is Baht 0.3509 per share and the exercise price at the grant date is Baht 0.25 per share, and number of shares is 5,599,999 shares.

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

The Company recognized such expense in the financial statements for the year ended December 31, 2014, amounting to Baht 0.6 million, as "Employee expenses and Director remuneration expense" and the corresponding increase "Surplus from share based payment" in the shareholders' equity at the same amount.

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

**22. EXPENSES BY NATURE**

The significant expenses classified by nature for the years ended December 31, 2015 and 2014 are as follows:

	In Thousand Baht			
	Consolidated Financial statements		Separate financial statements	
	2015	2014	2015	2014
Changes in inventories	(63,063)	(68,949)	(64,341)	(70,360)
Purchases of goods	387,321	284,818	387,525	285,041
Employee expenses	97,237	68,842	95,714	71,358
Transportation expenses	17,186	11,763	17,184	11,763
Management benefit expenses	13,419	8,256	11,323	8,256
Depreciation and amortization	9,100	7,863	8,942	7,589
Loss on decline in value of inventories	6,006	2,701	5,970	2,701
Unrealized loss on exchange rate	5,482	202	5,482	194
Realized loss on exchange rate	5,538	183	5,536	164
Bad debt and doubtful accounts (Reversal)	1,536	(1,984)	1,536	(1,984)
Finance costs	7,669	5,974	7,666	5,887
Other expenses	144,927	105,374	143,329	102,962
Total	<u>632,358</u>	<u>425,043</u>	<u>625,866</u>	<u>423,571</u>

**23. INCOME TAX**

Income tax expenses for the years ended December 31, 2015 and 2014 as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current income tax expenses:				
Income tax expenses for the year	(2,275)	(6,668)	(2,275)	(6,547)
Deferred tax:				
Relating to origination and reversal of temporary differences	1,882	(379)	1,882	(379)
Income tax expenses reported in the statement of comprehensive income	<u>(393)</u>	<u>(7,047)</u>	<u>(393)</u>	<u>(6,926)</u>

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

	In Thousand Baht			
	Consolidated financial statements			
	2015		2014	
	Rate (%)	Amount	Rate (%)	Amount
Accounting profit before income tax		8,418		38,448
Income tax by applicable tax rate	0, 20	(2,228)	0, 20	(6,535)
Effects of deferred tax		1,882		(379)
Effect of income exempt from tax and non-deductible expenses for tax purposes		(47)		(133)
Income tax expenses reported in the statement of comprehensive income	5	(393)	18	(7,047)

	In Thousand Baht			
	Separate financial statements			
	2015		2014	
	Rate (%)	Amount	Rate (%)	Amount
Accounting profit before income tax		12,330		38,789
Income tax by applicable tax rate	0, 20	(2,228)	0, 20	(6,415)
Effects of deferred tax		1,882		(379)
Effect of income exempt from tax and non-deductible expenses for tax purposes		(47)		(132)
Income tax expenses reported in the statement of comprehensive income	3	(393)	18	(6,926)

The amount of income tax relating to each component of other comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

	In Thousand Baht	
	Consolidated financial statements and Separate financial statements	
	2015	2014
Deferred tax relating to		
Actuarial loss from employee benefit plan	(401)	188

The components of deferred tax assets (liabilities) as at December 31, 2015 and 2014 are as follows:

	In Thousand Baht	
	Consolidated financial statements and Separate financial statements	
	2015	2014
<b>Deferred tax assets (liabilities)</b>		
Allowance for doubtful accounts	2,473	2,195
Allowance for decline in value of inventories	2,132	938
Allowance for impairment loss	84	-
Employee benefits obligations	607	563
Provision expenses after sale	314	456
Receivables for finance lease contract	(29)	(2)
Depreciation of equipment	(144)	(194)
Total	5,437	3,956

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**24. EARNINGS PER SHARE**

The calculation of earnings per share for the years ended December 31, 2015 and 2014, were based on the profit for the period attributable to equity holders of the Company and the number of common shares outstanding during the period as follows:

	In Thousand Baht/In Thousand shares			
	Consolidated financial statements		Separate Financial Statements	
	2015	2014	2015	2014
Profit for the period attributable to equity holders of the parent company (In Thousand Baht)	8,025	31,401	11,937	31,863
Weighted average number of common shares outstanding (In Thousand shares)				
Issued common share at January 1	360,000	280,000	360,000	280,000
Effect of common share issued	33,534	23,129	33,534	23,129
Total	393,534	303,129	393,534	303,129
Earnings per share (In Baht)	0.02	0.10	0.03	0.11

**25. PROMOTIONAL PRIVILEGES**

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

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

Revenue from sale of goods for the years ended December 31, 2015 and 2014 classified by promoted and non-promoted business as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Promoted business	53,184	70,579	53,184	70,579
Non-promoted business	552,924	365,626	551,233	365,667
Total	606,108	436,205	604,417	436,246

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**26. SEGMENT FINANCIAL INFORMATION**

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

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

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

***Business segments***

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

Segment 1 : Sale of products  
Segment 2 : Service of products

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

***Major customer***

For the year ended December 31, 2015, revenues from 2 customers of sale of products Baht 238.2 million of total revenues of the Company and its subsidiary. (2014: revenues from 2 customers of sale of products Baht 150.2 million of total revenues of the Company and its subsidiary)

The segment financial information of the Company and its subsidiary for the years ended December 31, 2015 and 2014 are as follow:

	In Thousand Baht						Consolidated financial statements	
	Sale of products		Service of products		Elimination			
	2015	2014	2015	2014	2015	2014	2015	2014
		"Reclassified"						"Reclassified"
Revenues from external customers	606,108	436,205	30,299	22,443	-	-	636,407	458,648
Inter-segment revenues	94	5,629	9	1,141	(103)	(6,770)	-	-
Less: Cost of sales and services	(362,125)	(256,236)	(11,115)	(9,892)	231	5,770	(373,009)	(260,358)
Profit from operation of segment represent	244,077	185,598	19,193	13,692	128	(1,000)	263,398	198,290
Unallocated income and expenses :								
Other income							4,368	4,842
Selling expenses							(180,872)	(113,694)
Administrative expenses							(57,388)	(36,760)
Management benefit expenses							(13,419)	(8,256)
Finance costs							(7,669)	(5,974)
Profit before income tax							8,418	38,448
Income tax expense							(393)	(7,047)
Profit for the year							8,025	31,401
Other comprehensive income (loss) - net of tax							1,603	(753)
Total comprehensive income for the year							9,628	30,648



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

The segment assets and liabilities of the Company and its subsidiary as at December 31, 2015 and 2014 are as follow:

	In Thousand Baht						Consolidated financial statements	
	Sale of Products		Service of products		Eliminated		2015	2014
	2015	2014	2015	2014	2015	2014		
Assets by segment	284,099	213,324	7,369	5,672	(10,370)	(8,509)	281,098	210,487
Unallocated assets							265,935	109,441
Total							547,033	319,928
Liabilities by segment	9,039	6,266	53	1,221	(9,092)	(7,097)	-	390
Unallocated liabilities							220,769	211,033
Total							220,769	211,423

**Geographic segments**

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

**Geographical segment information**

	In Thousand Baht						Consolidated financial statements		Non-current assets	
	Sale of products		Service of products				2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014				
Thai	488,349	365,986	30,309	22,443	518,658	388,429			1,002	999
China	-	-	-	-	-	-			25,113	7,856
Other	117,749	70,219	-	-	117,749	70,219			-	-
Total	606,098	436,205	30,309	22,443	636,407	458,648			26,115	8,855

**27. AGREEMENT**

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



**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

**28. PROVIDENT FUND**

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

The Company contributed net of the refund amount to the fund for the years ended December 31, 2015 and 2014 amounting to Baht 0.8 million and Baht 0.7 million, respectively.

**29. FINANCIAL INSTRUMENTS**

***Risk management policies***

The Company and its subsidiary are exposed to risks from changes in market interest rates and in currency exchange rates and from non-performance of contractual obligations by counterparties. The Company and its subsidiary do not hold or issue derivative instruments for speculative or trading purposes.

***Interest rate risk***

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

As at December 31, 2015 and 2014, financial assets and liabilities are classified by type of interest rates. Financial assets and liabilities with fixed interest rates by the due date or the date on which the new interest rate (If the date of the new interest rate to it) are as follows:

	In Million Baht				
	Consolidated Financial Statements				
	As at December 31, 2015				
	Within 1 year	1-5 years	After 5 years	Total	Effective rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	104.13	-	-	104.13	0.125-0.375
Receivables for finance lease contracts	0.53	0.96	-	1.49	2.7827,9.9411
Deposit at financial institution pledged as collaterals	48.24	-	-	48.24	0.37-2.43
Total	152.90	0.96	-	153.86	
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	84.89	-	-	84.89	MLR,MLR-0.25% MOR,MOR-1.50% MRR,SIBOR+2.50%
Liabilities under finance lease contracts	0.98	1.90	-	2.88	2.70-5.4284
Total	85.87	1.90	-	87.77	

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

	In Million Baht				
	Consolidated Financial Statements				
	As at December 31, 2014				
	Within 1 year	1-5 years	After 5 years	Total	Effective rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	1.16	-	-	1.16	0.40
Receivables for finance lease contracts	0.24	0.37	0.02	0.63	2.7827
Deposit at financial institution pledged as collaterals	40.70	-	-	40.70	0.40 - 2.44
Total	42.10	0.37	0.02	42.49	
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	134.13	-	-	134.13	MLR-0.25%, MOR, MOR-1.50%, MRR, SIBOR+2.50% and 5.50% p.a.
Liabilities under finance lease contracts	0.23	0.02	-	0.25	2.50-5.4284
Total	134.36	0.02	-	134.38	
	In Million Baht				
	Separate Financial Statements				
	As at December 31, 2015				
	Within 1 year	1-5 years	After 5 years	Total	Effective rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	104.13	-	-	104.13	0.125-0.375
Receivables for finance lease contracts	0.53	0.96	-	1.49	2.7827,9.9411
Short-term loans to related party	9.16	-	-	9.16	3.79,8.40
Deposit at financial institution pledged as collaterals	47.23	-	-	47.23	0.37-2.43
Total	161.05	0.96	-	162.01	
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	84.89	-	-	84.89	MLR,MLR-0.25% MOR,MOR-1.50% MRR,SIBOR+2.50%
Liabilities under finance lease contracts	0.98	1.90	-	2.88	2.70-5.4284
Total	85.87	1.90	-	87.77	

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

	In Million Baht				
	Separate Financial Statements				Effective
	As at December 31, 2014				rate
	Within 1 year	1-5 years	After 5 years	Total	(% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	0.67	-	-	0.67	0.40
Receivables for finance lease contracts	0.24	0.37	0.02	0.63	2.7827
Short-term loans to related party	4.93	-	-	4.93	3.69 - 8.43
Deposit at financial institution pledged as collaterals	39.67	-	-	39.67	0.40 - 2.44
Total	45.51	0.37	0.02	45.90	
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	133.65	-	-	133.65	MLR-0.25%, MOR, MOR-1.50%, MRR, SIBOR+2.50% and 5.50% p.a.
Liabilities under finance lease contracts	0.23	0.02	-	0.25	2.50-5.4284
Total	133.88	0.02	-	133.90	

**Foreign currency risk**

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

As at December 31, 2015 and 2014 the balance of trade payables in foreign currencies and most are repayable within one year, which are not hedged against exchange rate risk are as follows

Currency	Unit : Currency				Average of exchange rate (Baht/currency)	
	Consolidated Financial Statements		Separate Financial Statements		2015	2014
	2015	2014	2015	2014		
USD	2,688,855	4,503,142	2,688,855	4,488,642	36.06	32.60
EURO	14,173	7,203	14,173	7,203	41.01	41.19
YUAN	-	15,900	-	15,900	-	4.92

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company and its subsidiary as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. By analyzing the financial position of all customers who request a certain credit limit. The maximum exposure to credit risk presented in the book value of assets less allowance for doubtful accounts.

**Liquidity risk**

The Company and its subsidiary monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequately for its operation and mitigating the effects of fluctuations in cash flow.

**Fair value**

Accounting policies and disclosure of the Company and its subsidiary require that the fair value of financial assets and liabilities and non-financial. Fair value is the amount the buyer and seller agree to exchange an asset or a liability

**MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**Notes to financial statements (Continued)**  
**December 31, 2015**

settled while both sides have a knowledgeable and willing to reciprocate and the market price independently of the characteristics of those who are not related. The purpose of the measurement and / or disclosure of fair value is determined by the following method. More information about the assumptions in determining fair values is disclosed in the notes associated with the assets and liabilities.

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

Long-term portion of receivable for financial lease contracts, long - term portion of liabilities under financial leases contracts and long - term loans not practicable to estimate the proper fair values without incurring excessive costs.

**30. CAPITAL MANAGEMENT**

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

As at December 31, 2015 and 2014, the Company and its subsidiary's debt-to-equity ratio was 0.68:1 and 1.95:1, respectively. (Separate financial statements: debt-to-equity ratio was 0.66:1 and 1.94:1 respectively)

**31. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2015 and 2014, the Company has

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

	In Million Baht	
	Consolidated financial statements and Separate financial statements	
	2015	2014
Less than 1 year	5.8	5.3
1 to 5 years	1.9	0.8
Total	7.7	6.1

- 2) Commitments for letter of guarantee which issued by bank for guarantee to pay electricity expenses, goods and services to customers amounting to Baht 1.5 million and Baht 2.3 million, respectively.
- 3) Contingent liabilities for unused letter of credit amounting to Baht 4.2 million and Baht 5.3 million, respectively.

**32. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in 2014, were reclassified to conform with those in the 2015 financial statements as follows:

	In Thousand Baht		
	Consolidated financial statements		
	As previously reported	Reclassified	As currently reported
<i>Statement of comprehensive income</i>			
Costs of sales	251,211	411	251,622
Selling expenses	102,572	11,122	113,694
Administrative expenses	48,293	(11,533)	36,760

