

**S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**AUDITOR'S REPORT AND FINANCIAL STATEMENT**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**INDEPENDENT AUDITOR'S REPORT**

TO THE SHAREHOLDERS OF  
S. PACK & PRINT PUBLIC COMPANY LIMITED

**Opinion**

I have audited the accompanying consolidated financial statements of S. PACK & PRINT PUBLIC COMPANY LIMITED and its subsidiary and the separate financial statements of S. PACK & PRINT PUBLIC COMPANY LIMITED, which comprise the consolidated and separate statements of financial position as at December 31, 2017, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of S. PACK & PRINT PUBLIC COMPANY LIMITED and its subsidiary and of S. PACK & PRINT PUBLIC COMPANY LIMITED as at December 31, 2016, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

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

**Key Audit Matter**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements. My opinion on the consolidated and separate financial statements is not modified with respect to any of the key audit matters described below and I do not express an opinion on these individual matters.

**INDEPENDENT AUDITOR'S REPORT** (Con't) -2-

**Key Audit Matter** (Con't)

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying consolidated and separate financial statements as a whole.

Key audit matter and how audit procedures respond for matter is described below.

**Impairment of investment in subsidiary**

As described in Note 10 to the separate financial statements. The Company has investment in subsidiary amounting to Baht 500.10 million accounting for 58% of total assets in the separate financial statements. The subsidiary has continued to incur losses. As such, the management has considered that was indication of impairment in its investment in the subsidiary.

As at December 31, 2017, the management assessed the impairment of investment in the subsidiary, taking into consideration of its ongoing performance and its future business plan. The Company calculated the value in use by using the discounted cash flow model from the future cash flows forecasts. The Company applied many of key assumptions for the future cash flows forecasts, such as income growth rates, estimated income and expense and capability to make the cash payment return to its shareholders. The forecasted result was sensitive and may cause significant change in net present value of future cash flows based on assumption used by the management's judgement in calculating the estimates.

Because the abovementioned matter is judgmental in nature and the balance amount of Impairment of the subsidiary in the consolidated financial statements is material, I, therefore, considered this to be significant for my audit.

My significant audit procedures, among others, includes:

- Evaluated, interviewed the management and understand the processes related to the identification of Impairment of investment in the subsidiary, the preparation of discounted future cash flow and the management's approval.
- Evaluated the reasonableness of indicators for Impairment of investment the subsidiary based on the current market situation, business environment and other information received during the audit.
- In performing impairment assessment, I obtained information about the estimate of discounted future cash flows from the subsidiary's management, interviewed the management and determined the appropriateness of the assumption used in order to evaluate the reliability of the management. and I have assessed the assumption and method used by the appraiser in calculating the assets' fair value.

**INDEPENDENT AUDITOR'S REPORT** (Con't) -3-

**Key Audit Matter** (Con't)

- I challenged management on the reasonability, reliability and appropriateness of the key assumptions used in the impairment test in respect to current conditions.
- Reviewed the presentation and related disclosures.

Through this work, I concluded that the recognition of Impairment of the subsidiary was reasonable based on available evidence and the current conditions.

**Impairment of related assets in the consolidated financial statements**

As described in Note 13 to the consolidated financial statements. The Company has property, plant and equipment carrying amount of Baht 838.97 million accounting for 65% of total assets in the consolidated financial statements. The management has performed an impairment assessment on its property, plant and equipment which took into consideration of its ongoing performance and projection. The recoverable amount was determined by the higher of "the fair value less to cost to sell" and "the value in use" to be compared with the carrying amount. In determining "the value in use", net present value of future cash flows was calculated from assumptions, for example, sales income, cost of sales and discounted rate. The forecasted result was sensitive and may cause significant change in net present value of future cash flows based on assumption used by the management's judgement in calculating the estimates. "Fair value" was calculated by the subsidiary using independent appraiser.

Because the abovementioned matter is judgmental in nature and the balance amount of property, plant and equipment in the consolidated financial statements is material, I, therefore, considered this to be significant for my audit.

My significant audit procedures, among others, includes:

- Evaluated, interviewed the management and understand the processes related to the identification of impairment of property, plant and equipment, the preparation of discounted future cash flow and the management's approval.
- Evaluated the reasonableness of indicators for impairment of the subsidiary's property, plant and equipment based on the current market situation, business environment and other information received during the audit.
- In performing impairment assessment, I obtained information about the estimate of discounted future cash flows from the subsidiary's management, interviewed the management and determined the appropriateness of the assumption used in order to evaluate the reliability of the management. For fair value, I obtained the information from the appraisal report prepared by the subsidiary's independent appraiser and I have assessed the assumption and method used by the appraiser in calculating the assets' fair value.

**INDEPENDENT AUDITOR'S REPORT** (Con't) -4-

**Key Audit Matter** (Con't)

- Reviewed the presentation and related disclosures.

Through this work, I concluded that the test of Impairment of related assets in the consolidated financial statements was reasonable based on available evidence and the current conditions.

**Other Information**

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

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

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

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

**Responsibilities of Management and Those Charged with Governance for the consolidated and separate financial statements**

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

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

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

**INDEPENDENT AUDITOR'S REPORT** (Con't) -5-

**Auditor's Responsibilities for the Audit of the consolidated and separate financial statements**

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

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

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



**S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

		Unit : Baht				
		Consolidated		Separate		
Note		2017	2016	2017	2016	
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
	Cash and cash equivalents	7	45,283,701.95	17,689,718.26	26,099,313.96	13,181,850.83
	Trade accounts and other current receivable - net	6, 8	160,560,549.92	158,208,356.61	84,406,186.77	89,313,450.30
	Inventories - net	9	196,676,296.64	136,897,763.02	105,845,206.95	80,601,022.00
	Long - term loans to employees - current portion	11	2,528,688.12	3,705,597.04	1,295,302.01	1,958,493.94
	Other current assets		443,197.29	329,601.10	73,170.19	20,583.99
	<b>Total current assets</b>		<b>405,492,433.92</b>	<b>316,831,036.03</b>	<b>217,719,179.88</b>	<b>185,075,401.06</b>
<b>NON - CURRENT ASSETS</b>						
	Investment in subsidiary	10	-	-	500,100,399.40	500,100,399.40
	Long - term loans to employees - net	11	1,336,273.48	2,358,496.80	564,318.26	1,653,246.49
	Investment property - net	12	14,298,750.00	14,298,750.00	-	-
	Property, plant and equipment - net	13	838,969,705.29	876,590,708.82	130,994,905.99	139,999,943.58
	Intangible assets - net	14	10,489,486.61	13,034,930.93	3,765,238.37	4,715,933.32
	Deferred tax assets	15	5,702,222.59	6,596,562.65	2,346,845.53	1,450,227.25
	Other non - current assets		576,366.65	867,803.07	304,681.27	862,803.07
	<b>Total non - current assets</b>		<b>871,372,804.62</b>	<b>913,747,252.27</b>	<b>638,076,388.82</b>	<b>648,782,553.11</b>
	<b>TOTAL ASSETS</b>		<b>1,276,865,238.54</b>	<b>1,230,578,288.30</b>	<b>855,795,568.70</b>	<b>833,857,954.17</b>

**S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF FINANCIAL POSITION (Con't)**

**AS AT DECEMBER 31, 2017**

		Unit : Baht			
		Consolidated		Separate	
Note		2017	2016	2017	2016
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
	Bank overdraft and loans from financial institutions	266,140,702.53	196,374,101.43	95,531,905.99	106,401,546.40
	Trade accounts and other current payable	123,439,090.19	81,013,952.40	65,272,627.70	44,511,629.40
	Current portion of				
	Long - term loan from financial institution	61,466,800.00	46,100,100.00	-	-
	Provisions for employee benefits	501,464.00	910,475.00	501,464.00	910,475.00
	Accrued income tax	1,396,677.83	1,503,352.21	1,396,677.83	1,503,352.21
	Accrued dividend	20,534,224.40	20,533,357.43	20,534,224.40	20,533,357.43
	Other current liabilities	1,777,855.26	849,662.79	496,133.09	418,973.69
	<b>Total current liabilities</b>	<b>475,256,814.21</b>	<b>347,285,001.26</b>	<b>183,733,033.01</b>	<b>174,279,334.13</b>
<b>NON - CURRENT LIABILITIES</b>					
	Long - term loan from financial institutions - net	322,433,100.00	383,899,900.00	-	-
	Provision for employee benefit obligations - net	32,665,914.00	28,834,973.00	17,023,695.00	14,776,319.00
	<b>Total non - current liabilities</b>	<b>355,099,014.00</b>	<b>412,734,873.00</b>	<b>17,023,695.00</b>	<b>14,776,319.00</b>
	<b>TOTAL LIABILITIES</b>	<b>830,355,828.21</b>	<b>760,019,874.26</b>	<b>200,756,728.01</b>	<b>189,055,653.13</b>

**S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF FINANCIAL POSITION (Con't)**

**AS AT DECEMBER 31, 2017**

Unit : Baht					
		Consolidated		Separate	
Note	2017	2016	2017	2016	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (Con't)</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Authorized share capital					
	300,000,000 Common Shares of Baht 1 each	300,000,000.00	300,000,000.00	300,000,000.00	300,000,000.00
Issued and paid - up share capital					
	300,000,000 Common Shares of Baht 1 each	300,000,000.00	300,000,000.00	300,000,000.00	300,000,000.00
Share premium					
	Share premium	278,374,901.60	278,374,901.60	278,374,901.60	278,374,901.60
Retained earnings (deficit)					
	Appropriated - Legal reserve	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
	Unappropriated	(161,865,491.27)	(137,816,487.56)	46,663,939.09	36,427,399.44
	<b>Total shareholders' equity</b>	446,509,410.33	470,558,414.04	655,038,840.69	644,802,301.04
	Non - controlling interests	-	-	-	-
	<b>Total shareholders' equity</b>	446,509,410.33	470,558,414.04	655,038,840.69	644,802,301.04
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	1,276,865,238.54	1,230,578,288.30	855,795,568.70	833,857,954.17

**S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

		Unit : Baht				
		Consolidated		Separate		
Note		2017	2016	2017	2016	
<b>REVENUES</b>						
	Sales income and proceeds from services	6	1,015,769,043.60	893,732,082.19	511,143,264.13	467,503,585.55
	Other incomes	6	5,094,032.68	3,536,460.21	3,140,418.00	1,311,441.47
	<b>Total revenues</b>		<b>1,020,863,076.28</b>	<b>897,268,542.40</b>	<b>514,283,682.13</b>	<b>468,815,027.02</b>
<b>EXPENSES</b>						
	Cost of the sales and services	6	912,460,299.95	811,447,031.82	450,960,253.97	410,822,782.81
	Distribution costs		36,337,504.76	34,339,203.25	12,344,608.05	13,287,369.49
	Administrative expenses	6	58,894,763.30	60,270,138.23	29,285,246.55	29,742,894.30
	Finance cost		26,449,935.39	24,686,682.06	2,427,405.66	2,381,956.75
	<b>Total expenses</b>		<b>1,034,142,503.40</b>	<b>930,743,055.36</b>	<b>495,017,514.23</b>	<b>456,235,003.35</b>
	<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>		<b>(13,279,427.12)</b>	<b>(33,474,512.96)</b>	<b>19,266,167.90</b>	<b>12,580,023.67</b>
	Income tax (expenses) income	15.2	(4,259,398.44)	(1,646,021.10)	(2,468,440.10)	(1,571,419.01)
	<b>Net profit (loss) for the year</b>		<b>(17,538,825.56)</b>	<b>(35,120,534.06)</b>	<b>16,797,727.80</b>	<b>11,008,604.66</b>
<b>Other comprehensive income (loss)</b>						
Components of other comprehensive income that will not be reclassified to profit or loss :						
	(Gains (losses) on remeasurements of defined benefit plans	15.2	(810,178.00)	2,627,675.52	(861,188.00)	(239,330.40)
	<b>Comprehensive income (loss) for the year</b>		<b>(18,349,003.56)</b>	<b>(32,492,858.54)</b>	<b>15,936,539.80</b>	<b>10,769,274.26</b>
<b>Net profit (loss) attributable to:</b>						
	Owners of the Company		(17,538,825.56)	(35,120,534.06)		
	Non - controlling interersts		-	-		
	<b>Net profit (loss) for the year</b>		<b>(17,538,825.56)</b>	<b>(35,120,534.06)</b>		
<b>Comprehensive income (loss) attributable to :</b>						
	Owners of the Company		(18,349,003.56)	(32,492,858.54)		
	Non - controlling interersts		-	-		
	<b>Comprehensive income (loss) for the year</b>		<b>(18,349,003.56)</b>	<b>(32,492,858.54)</b>		
<b>Earnings (loss) per share (Bath : Shares)</b>						
	Net profit (loss) attributable to parent company	23	(0.06)	(0.12)	0.06	0.04

**S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

Unit : Baht						
Consolidated financial statement						
	Note	Issued and paid - up share capital	Retained earnings (deficit)			Total
			Share premium	Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2016		300,000,000.00	278,374,901.60	30,000,000.00	(101,723,629.22)	506,651,272.38
Divident paid	20.2	-	-	-	(3,599,999.80)	(3,599,999.80)
Comprehensive income(loss) for the year						
Net profit (loss) for the year		-	-	-	(35,120,534.06)	(35,120,534.06)
Other comprehensive income (loss)	15.2	-	-	-	2,627,675.52	2,627,675.52
Balance as at December 31, 2016		300,000,000.00	278,374,901.60	30,000,000.00	(137,816,487.56)	470,558,414.04
Divident paid	20.1	-	-	-	(5,700,000.15)	(5,700,000.15)
Comprehensive income(loss) for the year						
Net profit (loss) for the year	15.2	-	-	-	(17,538,825.56)	(17,538,825.56)
Other comprehensive income (loss)		-	-	-	(810,178.00)	(810,178.00)
Balance as at December 31, 2017		300,000,000.00	278,374,901.60	30,000,000.00	(161,865,491.27)	446,509,410.33

**S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Con't)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

Unit : Baht						
Separate financial statement						
	Note	Issued and paid - up share capital	Retained earnings			Total
			Share premium	Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2016		300,000,000.00	278,374,901.60	30,000,000.00	29,258,124.98	637,633,026.58
Divident paid	20.2	-	-	-	(3,599,999.80)	(3,599,999.80)
Comprehensive income(loss) for the year						
Net profit (loss) for the year		-	-	-	11,008,604.66	11,008,604.66
Other comprehensive income (loss)	15.2	-	-	-	(239,330.40)	(239,330.40)
Balance as at December 31, 2016		300,000,000.00	278,374,901.60	30,000,000.00	36,427,399.44	644,802,301.04
Divident paid	20.1	-	-	-	(5,700,000.15)	(5,700,000.15)
Comprehensive income(loss) for the year						
Net profit (loss) for the year		-	-	-	16,797,727.80	16,797,727.80
Other comprehensive income (loss)	15.2	-	-	-	(861,188.00)	(861,188.00)
Balance as at December 31, 2017		300,000,000.00	278,374,901.60	30,000,000.00	46,663,939.09	655,038,840.69

**S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

Unit : Baht					
Note	Consolidated		Separate		
	2017	2016	2017	2016	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (loss) before tax	(13,279,427.12)	(33,474,512.96)	19,266,167.90	12,580,023.67	
Reconciliations of net profit (loss) to net cash provided by (used in) operating activities					
Depreciation expenses	13	57,444,347.82	64,368,959.84	15,294,219.42	15,687,805.13
Amortization of intangible assets	14	3,093,444.32	2,987,576.07	1,190,694.95	1,084,826.68
Bad debt	8	93,259.00	(32,451.60)	93,259.00	(32,451.60)
Doubtful accounts	8	67,549.73	-	-	-
Allowance for doubtful accounts (reversal)	8	-	(20,000.00)	-	(20,000.00)
Allowances for obsolete goods	9	457,480.59	976,757.58	-	-
Allowances for obsolete goods (reversal)	9	(2,861,060.80)	(3,407,230.01)	-	-
(Gain) loss from disposal of fixed assets		(90,442.50)	97,930.82	(94,300.38)	(3,117.50)
Unrealized (gain) loss from exchange rate		-	209,793.99	(568,279.09)	116,615.19
Employee retirement benefit	19	3,620,048.00	3,911,176.00	1,985,473.00	1,854,334.00
Interest Income		(335,981.42)	(504,666.08)	(235,260.17)	(296,205.30)
Interest expenses		26,449,935.39	24,686,682.06	2,427,405.66	2,381,956.75
Gain from operating activities before changes in operating assets and liabilities		74,659,153.01	59,800,015.71	39,359,380.29	33,353,787.02
Decrease (Increase) in operating assets:-					
Trade accounts and other current receivable		(3,554,362.04)	1,029,898.71	4,814,004.53	(3,782,073.24)
Inventories		(57,374,953.41)	(23,040,771.23)	(25,244,184.95)	(20,670,138.17)
Other current assets		(113,596.19)	608,236.76	(52,586.20)	610,630.94
Other non - current assets		291,436.42	(316,440.05)	558,121.80	(316,440.05)
Increase (Decrease) in operating liabilities:-					
Trade accounts and other current payable		39,108,667.07	15,631,582.49	19,503,788.84	16,699,079.89
Other current liabilities		928,192.47	16,917.40	(75,564.60)	(50,030.40)
Employee benefit obligations	19	(1,008,296.00)	(878,017.00)	(1,008,296.00)	(170,731.00)
<b>Cash provided by (used in) operating activities</b>		<b>52,936,241.33</b>	<b>52,851,422.79</b>	<b>37,854,663.71</b>	<b>25,674,084.99</b>
Interest paid		(26,661,652.88)	(24,298,867.19)	(2,429,160.41)	(2,404,363.48)
Income tax paid		(3,471,732.76)	(2,032,194.69)	(3,471,732.76)	(2,032,194.69)
<b>Net cash provided by (used in) operating activities</b>		<b>22,802,855.69</b>	<b>26,520,360.91</b>	<b>31,953,770.54</b>	<b>21,237,526.82</b>



## **S. PACK & PRINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

The Company registered the change of the status of the Company to be a public company limited under Public Company Act with the Ministry of Commerce on April 20, 1994. The Company's head office is located at No. 119, Karnjanavanich Road, Takarm, Hadyai, Songkhla and its branch office is located in Sinsakhon Printing City Industrial Estate, No. 30/32, Moo 1, Kokkharm Subdistrict, Muang Samutsakorn District, Samutsakorn.

The Subsidiary's address in Sinsakhon Printing City Industrial Estate, No. 30/32, Moo 1, Kokkharm Subdistrict, Muang Samutsakorn District, Samutsakorn.

The Company is a subsidiary of Oji Holdings Corporation Company Limited registered Japan, which holds 75.72% of the Company's authorized capital.

The Company and its subsidiary operate in offset printing business, and manufacture corrugated and duplex board packaging products.

#### **2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS**

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

The statutory financial statements 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 consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2543 (2000) being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (2004) including related interpretations and guidelines promulgated by the Federation of Accounting Professions under The Royal Patronage of His Majesty the King ("FAP") and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535 (1992).

The consolidated and separate financial statements have been presented in accordance with Thai Accounting Standards No. 1 (Revised 2016) subject : "Presentation of Financial Statements" and the requirements of The Department of Business Development announcement subject : "The mandatory items, have to be presented in the financial statements, B.E. 2559 (2016)".

The consolidated and separate financial statements are presented in Thai Baht, which is the Company's and its subsidiary's functional currency unless otherwise stated.

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Con't)**

### **2.2 Basis of preparation of consolidate financial statements**

Subsidiary undertaking are defined as those companies which the parent company in the Group directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies, including potential voting rights that are presently exercisable or presently convertible.

The consolidated financial statements included the accounts of the Company and its subsidiary, Sahakij Packaging Company Limited, which operates in printing business, manufactures corrugated and duplex board packaging products with the shareholding of 100% of authorized share capital.

The financial statements of this subsidiary has been consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of such control ceases.

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 takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The financial statements of the subsidiary is prepared for the same reporting period as the Company, using consistent significant accounting policies for the same accounting items or similar accounting events.

Material balances and transactions between the Company and its subsidiary, and investments in subsidiary by the Company has been eliminated from the consolidated financial statements.

### **2.3 Principles of separate financial statements**

The separate financial statements, which present investments in subsidiary under the cost method, have been prepared solely for the benefit of the public.

## **3. NEW FINANCIAL REPORTING STANDARDS**

### **3.1 New Financial Reporting Standards effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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.

The adoption of the revised financial reporting standards and interpretations and new accounting treatment guidance does not have any significant impact on the Company's and its subsidiaries' financial statements.

### 3. NEW FINANCIAL REPORTING STANDARDS (Con't)

#### 3.1 New Financial Reporting Standards effective in the current year (Con't)

##### TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the financial statements of the Company and its subsidiaries because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

#### 3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which is effective for fiscal years beginning on or after 1 January 2018 onwards. 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 as follows :

##### Thai Accounting Standards ("TAS")

TAS 1 (Revised 2017)	Presentation of Financial Statements
TAS 2 (Revised 2017)	Inventories
TAS 7 (Revised 2017)	Statement of Cash Flows
TAS 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2017)	Events after the Reporting Period
TAS 11 (Revised 2017)	Construction Contracts
TAS 12 (Revised 2017)	Income Taxes
TAS 16 (Revised 2017)	Property, Plant and Equipment
TAS 17 (Revised 2017)	Leases
TAS 18 (Revised 2017)	Revenue
TAS 19 (Revised 2017)	Employee Benefits
TAS 20 (Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2017)	Borrowing Costs
TAS 24 (Revised 2017)	Related Party Disclosures

### 3. NEW FINANCIAL REPORTING STANDARDS (Con't)

#### 3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective (Con't)

##### Thai Accounting Standards ("TAS")

TAS 26 (Revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2017)	Separate Financial Statements
TAS 28 (Revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2017)	Earnings per Share
TAS 34 (Revised 2017)	Interim Financial Reporting
TAS 36 (Revised 2017)	Impairment of Assets
TAS 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2017)	Intangible Assets
TAS 40 (Revised 2017)	Investment Property
TAS 41 (Revised 2017)	Agriculture

##### Thai Financial Reporting Standards ("TFRS")

TFRS 2 (Revised 2017)	Share-based payment
TFRS 3 (Revised 2017)	Business Combinations
TFRS 4 (Revised 2017)	Insurance Contracts
TFRS 5 (Revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2017)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2017)	Operating Segments
TFRS 10 (Revised 2017)	Consolidated Financial Statements
TFRS 11 (Revised 2017)	Joint Arrangements
TFRS 12 (Revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2017)	Fair Value Measurement

##### Thai Accounting Standards Interpretations ("TSIC")

TSIC 10 (Revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2017)	Operating Leases - Incentives
TSIC 25 (Revised 2017)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2017)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2017)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2017)	Intangible Assets - Web Site Costs

### 3. NEW FINANCIAL REPORTING STANDARDS (Con't)

#### 3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective (Con't)

##### Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 1 (Revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2017)	Applying the Restatement Approach under TAS 29 (Revised 2017) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2017)	Service Concession Arrangements
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 14 (Revised 2017)	TAS 19 (Revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers
TFRIC 20 (Revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2017)	Levies

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, some of these standards involve changes to key principles, which are summarized below.

##### TAS 7 (Revise 2017)

This revised standard require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash. The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements of the Company and its Subsidiaries.

##### TAS 12 (Revise 2017)

This revised standard clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements of the Company and its Subsidiaries.

#### **4. CHANGE IN ACCOUNTING**

##### **4.1 Change in accounting policy for inventories**

In 2017, the Company and its subsidiary has changed the valuation method of raw materials, supplies and spare parts from the first-in first-out (FIFO) method to the weighted-average method because the management determined that such method is more relevant to and appropriate to the Company's current operation.

The Company and its subsidiary do not retrospectively adjust the financial statements for the prior period as the effects are not material.

##### **4.2 Change in accounting estimates for building and structures**

In 2017, the subsidiary has changed the estimated useful lives of its building and structures, from 20 years to 30 years to reflect its future economic benefits.

The subsidiary has recognize prospectively the effect of the changes in current and future periods affected by the change resulting decrease in depreciation of building and structures for the nine - month period ended December 31, 2017 amounting to Baht 5.63 million. The subsidiary applied the new estimated useful lives from January 1, 2017.

#### **5. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated and separate financial statements are prepared on the historical cost basis in measuring the value of the component of financial statements except as described in each of the following accounting policies.

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

##### **5.1 Recognition of revenues**

The Company and its subsidiary recognize revenues when it is probable that the economic associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Sales of goods are recognized when goods are delivered and significant risks and rewards of ownership are transferred to customers. No revenue is recognised if there is continuing management involvement with the goods.

Revenues from services are recognized when services are rendered.

Interest income is recognized on a time proportion basis that takes into account of the effective yield on the assets.

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

Cash and cash equivalent consist of cash on hand, bank deposits, and all highly liquid investments with financial institution with an original maturities of 3 month or less, which are not restricted to any use and not subject to withdrawal restrictions.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.2 Cash and cash equivalents (Con't)

Cash at banks that have restricted in use are presented separately as "Deposit at bank held as collateral" under non - current assets in the statement of financial position.

### 5.3 Trade accounts and other current receivable and allowance for doubtful accounts

Trade accounts and other receivable are stated at the net realisable value net from the allowance of doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences, the analysis of debt aging and its current financial position.

### 5.4 Inventories and allowance for diminution in inventory

Inventories are valued at the lower of average cost or net realizable value.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Allowance for diminution in inventory value is set up, where necessary, for obsolete, slow-moving and deteriorated inventories and for the cost higher than net realizable value.

### 5.5 Investment

Investments in subsidiary

Investments in the subsidiary in the separate financial statement are measured at cost net of impairment losses (if any).

### 5.6 Investment property

Investment property is property which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at fair value less accumulated impairment losses (if any).

Investment property of the subsidiary is land which is currently undetermined for future.

**5. SIGNIFICANT ACCOUNTING POLICIES (Con't)**

**5.7 Property, plant and equipment and depreciation**

Property is presented at cost amount net allowance for impairment loss (if any).

Plant and equipment are presented at cost less from accumulated depreciation and net allowance for impairment loss (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

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

Expenditure for additions, replacement and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The Company and its subsidiary depreciate their cost, after deducting residual value by the straight line method over the assets useful life at the following rates:-

Land improvement	5	Years
Building and improvement	5 - 30	Years
Electricity system for building	10	Years
Wastewater treatment system	5 - 10	Years
Machinery and equipment	5 - 20	Years
Tools and equipment	5 - 10	Years
Furniture and office equipment	5 - 10	Years
Vehicles	5	Years

No depreciation is provided for land and assets in progress.

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

**5. SIGNIFICANT ACCOUNTING POLICIES (Con't)**

**5.8 Borrowing cost**

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are treated as expenses in the period these are incurred. Borrowing costs consist of interest and other costs that the entities incurs in connection with the borrowing of the Company and its subsidiary.

**5.9 Intangible assets and amortization**

Intangible assets that are acquired by the Company and have finite useful lives are presented at historical cost net of accumulated amortization and net allowance for impairment (if any).

Intangible assets with finite lives are amortized on a systematic basis by the straight - line method, over the economic useful life from the date that they are available for use and tested for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization is computed by the straight - line method over the asset economic useful life as the following rate:-

Computer software	5	years
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**5.10 Employee benefits**

**5.10.1 Short - term employee benefits**

Short - term employee benefit obligations, which include salary, wages, bonuses, contributions to the social security fund, provident fund and other welfare are measured on an undiscounted basis and are recognized as expenses when incurred.

**5.10.2 Defined contribution plan**

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

## **5. SIGNIFICANT ACCOUNTING POLICIES (Con't)**

### **5.10.3 Defined benefit plan**

The retirement benefit is a defined benefits plan that an employee will receive on retirement according to Thai Labor Law depending on age and years of service.

The liability of retirement benefit is recognized in the statement of financial position using the present value of the obligation at the reporting date and past service costs. The retirement benefit is calculated annually by an independent actuary using the projected unit credit method. The present value of the benefit obligations is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognized past service cost and unrecognized actuarial gains or losses.

### **5.11 Provision**

A provision is recognized in the statement of financial position when the Company and its subsidiary have 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.

### **5.12 Dividend**

Dividend to the Company's shareholders is recognised as a liability in the consolidated and company financial statements in the period in which the interim dividends are approved by the Board of Directors and the annual dividends are approved by the Company's shareholders.

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

Transactions in foreign currencies are converted into Baht as the functional currency at the rates of exchange on the transactions date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted into Baht at the exchange rate on that date. Gain or losses on exchange rates are recognized as income or expense for the reporting period.

## 5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

### 5.14 Income tax

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

#### The current income tax

The Company and its subsidiary provide income tax 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 income tax is recognized, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

The Company and its subsidiary recognize deferred tax liabilities for all taxable temporary differences while they recognize 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 utilized.

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

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 utilized.

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

### 5.15 Basic earnings (loss) per share

Basic earnings (loss) per share is determined by dividing the net income (loss) for the year by the number of weighted - average common shares issued and paid - up during the year.

## 5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

### 5.16 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associate companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations, including the close family members who can persuade or have power to persuade to act in compliance with said persons and businesses that said persons who have control power or significant influence, either directly or indirectly.

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

### 5.17 Impairment

The Company and its subsidiary assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiary estimates the asset's recoverable amount.

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

An impairment loss is recognised in profit or loss.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exist, the Company and its subsidiary estimate the asset's recoverable amount in which case an impairment loss recognized in prior periods for an asset other than goodwill shall be reversed.

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

### 5.18 Operating lease

Operating lease - where is the lessee

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

## 5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

### 5.19 Operating segments

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

### 5.20 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, trade accounts and other receivable and financial liabilities carried on the statement of financial position include bank overdraft and loans from financial institution, trade accounts and other payable and long-term loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 5.21 Fair value measurement

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

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

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

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

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

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

## **5. SIGNIFICANT ACCOUNTING POLICIES (Con't)**

### **5.22 Significant accounting judgments and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, thus, the actual results may differ from carrying amounts of assets and liabilities based on the estimates and assumptions.

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

Significant accounting judgments and estimates are as follows:-

#### **5.22.1 Recognition and derecognition of assets and liabilities**

In considering whether to recognize or to derecognize 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.

#### **5.22.2 Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, 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.

#### **5.22.3 Allowance for obsolescence and diminution**

Allowance for obsolescence and diminution in value of inventories are intended to adjust the value of inventories for probable losses. The management uses judgment to establish allowances for estimated losses for each outstanding inventories. The allowances for obsolescence and diminution in value of inventories are determined through a combination of analysis of inventories aging.

#### **5.22.4 Property plant and equipment and depreciation**

In calculating depreciation on building and improvement and equipment, the management estimates useful lives and residual values of the Company's building and equipment and reviews estimated useful lives and residual values if there are any changes.

#### **5.22.5 Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment analysis, requires management to make subjective judgments concerning estimates of how the acquired asset will perform in the future using a discounted cash flow analysis. Events and factors that may significantly affect the estimates include, among others, competitive forces, changes in revenue growth trends, cost structures, changes in discount rates and specific industry or market sector conditions.

## **5. SIGNIFICANT ACCOUNTING POLICIES (Con't)**

### 5.22 Significant accounting judgments and estimates (Con't)

#### 5.22.6 Deferred tax assets

Deferred tax assets are recognized in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be recognized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

#### 5.22.7 Impairment of assets

The management is required to review assets 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.

#### 5.22.8 Provision for employee benefit

In providing retirement employee benefit, the management is required to use judgment to determine the probability that its employee will work until retired by considering the past information which will be revised annually. The assumptions applied in the annual calculation are based on cost of service in the past and terms of employment benefit.

#### 5.22.9 Lease

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.

## 6. RELATED PARTY TRANSACTIONS

The Company has certain transactions with subsidiary and related parties. Part of assets, liabilities, income and expenses are incurred from such related transactions. These companies are related through common shareholdings and/or directorships as follows.-

The Related Company	Relation and pricing policy	Position and Business		Percentage of Holding	
		Activities	Location	2017	2016
Oji Holdings Corporation Co., Ltd.	1	Produce and sell paper products	Japan	-	-
Sahakij Packaging Co., Ltd.	2	Printing house, produce and sell packaging production	Thailand	100	100
Box Asia Group International Co., Ltd.	3	Produce and sell packaging products	Thailand	-	-
GS Paper & Packaging Sdn Bhd.	3	Produce and sell packaging products	Malaysia	-	-
GS Paperboard Sdn Bhd.	3	Produce and sell packaging products	Malaysia	-	-
Union and Oji Interpack Co., Ltd.	3	Produce and sell packaging products	Thailand	-	-
Ojitex Haiphong Co., Ltd.	3	Produce and sell packaging products	Vietnam	-	-
Oji Industrial Materials Management Co., Ltd.	3	Management	Japan	-	-
Oji Asia Packaging Sdn Bhd.	3	Management	Malaysia	-	-
Oji Fibre Solutions (NZ) Ltd.	3	Produce and sell packaging products	New Zealand	-	-
Trio Paper Mills Sdn Bdn.	3	Produce and sell packaging products	Malaysia	-	-
Kyokuyo Pulp & Paper Co., Ltd.	3	Trading	Japan	-	-
Oji Myanmar Packaging Co., Ltd.	3	Produce and sell packaging products	Myanmar	-	-

The nature of relationship and pricing policy with its subsidiary company, related company and related persons are as follows:-

1. The Company's parent company; The guarantee fees for the loans of the Company and its subsidiary is charged at the rate of 0.20% per annum of the outstanding loan balance at each quarter (see Note 16 and 18 to the financial statements).
2. Subsidiary; The Company set raw material and machinery sales price at cost plus agreed margin rates of 10% to 15%.
3. Subsidiary of parent company; The Company and its subsidiary purchase and sell finished goods and raw materials at market price. Subsidiary charges expense at cost.

## 6. RELATED PARTY TRANSACTIONS (Con't)

The significant transactions with related companies are follows:-

	Unit : Baht			
	For the year end December 31,			
	Consolidated		Separate	
	2017	2016	2017	2016
<b>Parent company</b>				
Guarantee fee	1,313,091.99	1,288,513.92	197,797.20	237,039.11
<b>Subsidiary</b>				
Sales income and proceeds from services	-	-	643,201.40	10,988.95
Purchases	-	-	4,635,796.81	5,285,774.30
<b>Related companies</b>				
Sales income and proceeds from services	764,218.00	471,715.00	-	-
Purchases	137,874,223.13	19,584,204.16	75,699,685.78	11,869,851.61
Management fees	592,702.63	1,734,664.86	592,702.63	1,381,642.42

### Management's benefit expenses

The Company and its subsidiary had salaries, bonus, meeting allowances, contributions to the social security fund, provident funds, other welfare and post-employment benefits to their directors and management recognized as expenses as follows:-

	Unit : Baht			
	For the year end December 31,			
	Consolidated		Separate	
	2017	2016	2017	2016
Short - term benefits	19,914,672.12	22,733,910.07	12,709,203.28	14,588,904.07
Post - employment benefits	6,957,529.00	7,161,953.00	3,248,284.00	3,688,572.00
Total	26,872,201.12	29,895,863.07	15,957,487.28	18,277,476.07

## 6. RELATED PARTY TRANSACTIONS (Con't)

The outstanding balances of accounts with related companies are as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
<b>Trade accounts and other current receivable</b>				
<u>Trade accounts receivable</u>				
Subsidiary	-	-	459,539.86	11,758.18
Related companies	57,780.00	60,074.08	-	-
Total Trade accounts receivable	57,780.00	60,074.08	459,539.86	11,758.18
<u>Advance payment</u>				
Related companies	988.00	-	-	-
Total Trade accounts and other current receivable	58,768.00	60,074.08	459,539.86	11,758.18
<b>Trade accounts and other current payable</b>				
<u>Trade accounts payable</u>				
Subsidiary	-	-	265,816.03	1,024,433.03
Related companies - Domestic	1,048,283.28	1,201,824.00	-	-
- Foreign	39,361,536.49	4,448,503.46	24,372,692.69	4,448,503.46
Total Trade accounts payable	40,409,819.77	5,650,327.46	24,638,508.72	5,472,936.49
<u>Accrued expenses</u>				
Parent company	320,127.01	309,746.12	49,057.52	50,915.05
Related company	375,161.95	876,068.67	375,161.95	876,068.67
Total Trade accounts and other current payable	41,105,108.73	6,836,142.25	25,062,728.19	6,399,920.21

### Other matters

1. The ultimate parent company has guaranteed the Company's and its subsidiary's facilities of Baht 200 million and Baht 700 million respectively.
2. In 2016, the company has guaranteed its subsidiary's liabilities for the amount of Baht 222 million. However, in 2017, the company revoked part of the guarantee for the total facilities.
3. In 2016, the subsidiary has guaranteed the company's for the amount of Baht 511.50 million. However, in 2017, the subsidiary had revoked the guarantee for the total facilities.

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of.-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Cash in hand	130,000.00	130,000.00	80,000.00	80,000.00
Outstanding cheque - net	-	976,355.85	-	-
Deposits at banks - savings	15,125,875.96	6,893,026.69	14,820,151.31	6,680,530.53
- current	30,027,825.99	9,690,335.72	11,199,162.65	6,421,320.30
<b>Total</b>	<b>45,283,701.95</b>	<b>17,689,718.26</b>	<b>26,099,313.96</b>	<b>13,181,850.83</b>

## 8. TRADE ACCOUNTS AND OTHER CURRENT RECEIVABLE - NET

Trade accounts and other current receivable consist of.-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
<u>Trade accounts and notes receivable</u>				
Trade accounts receivables				
- Subsidiary	-	-	459,539.86	11,758.18
- Related companies	57,780.00	60,074.08	-	-
- Other companies - Domestic	157,395,005.53	153,812,257.68	83,804,028.91	88,259,948.61
- Foreign	210,255.00	-	-	-
Note receivables	1,999,951.02	980,951.39	-	-
<b>Total</b>	<b>159,662,991.55</b>	<b>154,853,283.15</b>	<b>84,263,568.77</b>	<b>88,271,706.79</b>
<u>Less Allowances for doubtful</u>				
accounts	(4,998,607.85)	(4,931,058.12)	(3,321,911.87)	(3,321,911.87)
Trade accounts and				
note receivables - net	154,664,383.70	149,922,225.03	80,941,656.90	84,949,794.92
<u>Others current receivable</u>				
Prepaid expense	3,264,345.48	5,842,190.60	1,644,003.18	2,704,497.49
Receivable from the Revenue				
Department	248,905.00	454,817.72	248,905.00	77,965.00
Other receivable	1,486,817.69	828,269.89	1,045,367.69	828,269.89
Advance payment				
- Related companies	988.00	-	-	-
- Other companies	895,110.05	1,160,853.37	526,254.00	752,923.00
<b>Total Others current receivable</b>	<b>5,896,166.22</b>	<b>8,286,131.58</b>	<b>3,464,529.87</b>	<b>4,363,655.38</b>
<b>Total Trade accounts and</b>				
<b>Other current receivable - net</b>	<b>160,560,549.92</b>	<b>158,208,356.61</b>	<b>84,406,186.77</b>	<b>89,313,450.30</b>

## 8. TRADE ACCOUNTS AND OTHER CURRENT RECEIVABLE - NET (Con't)

Trade account receivables aged by number of days are as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Accounts receivables not yet due	120,507,067.96	138,022,190.50	79,257,701.33	73,581,825.89
Accounts receivables over due				
Under or equal to 3 months	34,157,315.74	11,740,747.45	1,683,955.57	11,213,237.45
Over 3 months to 6 months	-	-	-	-
Over 6 months to 12 months	-	18,682.20	-	18,682.20
Over 12 months	4,998,607.85	5,071,663.00	3,321,911.87	3,457,961.25
Total	159,662,991.55	154,853,283.15	84,263,568.77	88,271,706.79
<u>Less</u> Allowances for doubtful accounts	(4,998,607.85)	(4,931,058.12)	(3,321,911.87)	(3,321,911.87)
Trade accounts receivable - net	154,664,383.70	149,922,225.03	80,941,656.90	84,949,794.92

Movements in allowance for doubtful accounts are as follows:

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Beginning balance for the period/year	4,931,058.12	4,983,509.72	3,321,911.87	3,374,363.47
<u>Add</u> Increase during the period/year	67,549.73	-	-	-
<u>Less</u> Reversal of doubtful accounts	-	(20,000.00)	-	(20,000.00)
Bad debt	-	(32,451.60)	-	(32,451.60)
Ending balance for the period/year	4,998,607.85	4,931,058.12	3,321,911.87	3,321,911.87

## 9. INVENTORIES - NET

Inventories are as follows :-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Finished goods	13,042,779.27	10,896,793.18	5,009,035.99	3,947,795.49
Work-in-process	14,495,664.49	16,590,743.72	3,197,556.11	2,859,844.06
Raw materials	148,204,296.36	91,377,620.57	77,697,428.78	53,445,675.16
Supplies and packing materials	4,072,627.27	4,429,602.17	2,340,244.20	2,942,046.38
Spare parts	8,144,118.26	6,222,086.63	7,541,421.19	5,840,889.83
Goods in transit	11,036,234.14	12,103,920.11	10,059,520.68	11,564,771.08
Total	198,995,719.79	141,620,766.38	105,845,206.95	80,601,022.00
<u>Less</u> Allowance for obsolete goods	(2,319,423.15)	(4,723,003.36)	-	-
Total Inventories - net	196,676,296.64	136,897,763.02	105,845,206.95	80,601,022.00

## 9. INVENTORIES – NET (Con')

Movements in allowance for obsolete in value of inventories are as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Beginning balance for the period/year	4,723,003.36	7,153,475.79	-	-
<u>Add</u> Increase during the period/year	457,480.59	976,757.58	-	-
<u>Less</u> Reversal during the period/year	(2,861,060.80)	(3,407,230.01)	-	-
Ending balance for the period/year	2,319,423.15	4,723,003.36	-	-

## 10. INVESTMENT IN SUBSIDIARY

Investment in subsidiary is as follows.-

Company	Unit : Baht							
	Paid - up (Million Baht)		Investment ownership (%)		Investment Separate Cost method		Dividend income for the period/year	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Subsidiary</b>								
Sahakit Packaging Company Limited	600	600	100	100	500,100,399.40	500,100,399.40	-	-

## 11. LONG - TERM LOANS TO EMPLOYEES - NET

Long - term loans to employees are as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Beginning balance for the period/year	6,064,093.84	6,793,629.33	3,611,740.43	3,244,363.75
<u>Add</u> Increase during the period/year	1,457,550.00	3,566,800.00	293,550.00	2,821,800.00
<u>Less</u> Received during the period/year	(3,656,682.24)	(4,296,335.49)	(2,045,670.16)	(2,454,423.32)
Ending balance for the period/year	3,864,961.60	6,064,093.84	1,859,620.27	3,611,740.43
<u>Less</u> Current portion	(2,528,688.12)	(3,705,597.04)	(1,295,302.01)	(1,958,493.94)
Ending balance for the period/year - net	1,336,273.48	2,358,496.80	564,318.26	1,653,246.49

The above loan provided by the loan agreement. The loans were charged with interest at MLR+1.5% personally guaranteed by another employee.

## 12. INVESTMENT PROPERTY - NET

Investment property are as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
<u>Investment property - land at cost</u>				
Cost	17,475,660.00	17,475,660.00	-	-
<u>Less</u> Provision for loss on impairment of assets	(3,176,910.00)	(3,176,910.00)	-	-
Net book value	14,298,750.00	14,298,750.00	-	-
Fair value	14,298,750.00	14,298,750.00	-	-

## 13. PROPERTY, PLANT AND EQUIPMENT - NET

See note to the financial statement Page 32 - 33

- 13.1 In 2017 the Company and its subsidiary has acquired land, building and equipment by cash payment amounting to Baht 4.95 million and Baht 10.44 million respectively.
- 13.2 In 2017 and 2016, the Company and its subsidiary have mortgaged their land and buildings and certain machinery with commercial banks as collaterals for their loans as described in Condensed Notes 16 to the financial statements at cost value of Baht 653.65 million and net book value of Baht 509.67 million and Baht 525.76 million respectively for the consolidated financial statements (cost value of Baht 133.43 million and net book value of Baht 84.34 million and Baht 89.61 million respectively for the separate financial statements).

### 13. PROPERTY, PLANT AND EQUIPMENT - NET

Unit : Baht

	Consolidated									
	Land and land improvement	Buildings and improvement	Electric system	Wastewater treatment system	Machinery and equipment	Tools and equipment	Furniture and office equipment	Vehicles	Assets in progress	Total
<u>Cost:-</u>										
As at January 1, 2016	216,928,472.35	424,562,931.57	63,616,037.09	6,185,880.43	727,761,195.40	17,642,316.16	64,753,275.89	1,003,096.45	2,583,206.14	1,525,036,411.48
Purchase during the year	-	1,137,918.60	-	-	6,754,585.24	518,912.62	475,320.95	-	17,478,622.25	26,365,359.66
Transferred in (out)	-	78,000.00	-	-	2,505,206.14	-	-	-	(2,583,206.14)	-
Disposal during the year	-	-	-	-	(1,687,999.92)	-	(49,532.71)	-	-	(1,737,532.63)
As at December 31, 2016	216,928,472.35	425,778,850.17	63,616,037.09	6,185,880.43	735,332,986.86	18,161,228.78	65,179,064.13	1,003,096.45	17,478,622.25	1,549,664,238.51
<u>Accumulated depreciation</u>										
As at January 1, 2016	412,608.40	170,230,150.08	23,866,483.40	2,890,137.24	365,879,993.97	15,188,704.46	30,589,880.16	1,003,092.45	-	610,061,050.16
Depreciation for the year	-	17,620,003.85	6,497,012.78	864,291.86	31,816,927.62	1,214,555.09	6,356,168.64	-	-	64,368,959.84
Depreciation - disposals	-	-	-	-	(1,306,951.60)	-	(49,529.71)	-	-	(1,356,481.31)
As at December 31, 2016	412,608.40	187,850,153.93	30,363,496.18	3,754,429.10	396,389,969.99	16,403,259.55	36,896,519.09	1,003,092.45	-	673,073,529.69
<u>Net Book Value</u>										
As at January 1, 2016	216,515,863.95	254,332,781.49	39,749,553.69	3,295,743.19	361,881,201.43	2,453,611.70	34,163,395.73	4.00	2,583,206.14	914,975,361.32
As at December 31, 2016	216,515,863.95	237,928,696.24	33,252,540.91	2,431,451.33	338,943,016.87	1,757,969.23	28,282,545.04	4.00	17,478,622.25	876,590,708.82

**13. PROPERTY, PLANT AND EQUIPMENT – NET (Con't)**

	Unit : Baht									
	Consolidated									
	Land and land improvement	Buildings and improvement	Electric system	Wastewater treatment system	Machinery and equipment	Tools and equipment	Furniture and office equipment	Vehicles	Assets in progress	Total
<u>Cost:-</u>										
As at January 1, 2017	216,928,472.35	425,778,850.17	63,616,037.09	6,185,880.43	735,332,986.86	18,161,228.78	65,179,064.13	1,003,096.45	17,478,622.25	1,549,664,238.51
Purchase during the year	-	3,829,221.41	-	-	4,587,469.00	814,940.84	803,949.74	-	8,883,899.66	18,919,480.65
Transferred in (out)	-	-	-	-	-	-	-	-	1,041,360.00	1,041,360.00
Disposal during the year	-	-	-	-	(1,523,145.84)	(8,700.00)	(75,487.35)	-	-	(1,607,333.19)
As at December 31, 2017	216,928,472.35	429,608,071.58	63,616,037.09	6,185,880.43	738,397,310.02	18,967,469.62	65,907,526.52	1,003,096.45	27,403,881.91	1,568,017,745.97
<u>Accumulated depreciation</u>										
As at January 1, 2017	412,608.40	187,850,153.93	30,363,496.18	3,754,429.10	396,389,969.99	16,403,259.55	36,896,519.09	1,003,092.45	-	673,073,529.69
Depreciation for the year	-	12,256,182.27	6,304,680.61	762,862.67	31,039,834.06	1,032,868.22	6,047,921.00	-	-	57,444,348.83
Depreciation - disposals	-	-	-	-	(1,388,261.33)	(7,972.60)	(73,602.91)	-	-	(1,469,836.84)
As at December 31, 2017	412,608.40	200,106,336.20	36,668,176.79	4,517,291.77	426,041,542.72	17,428,155.17	42,870,837.18	1,003,092.45	-	729,048,040.68
<u>Net Book Value</u>										
As at January 1, 2017	216,515,863.95	237,928,696.24	33,252,540.91	2,431,451.33	338,943,016.87	1,757,969.23	28,282,545.04	4.00	17,478,622.25	876,590,708.82
As at December 31, 2017	216,515,863.95	229,501,735.38	26,947,860.30	1,668,588.66	312,355,767.30	1,539,314.45	23,036,689.34	4.00	27,403,881.91	838,969,705.29

Depreciation for the year end December 31, consist of :

	Unit : Baht	
	2017	2016
Cost of sales	53,958,144.43	60,032,291.81
Administrative expenses	3,486,204.40	4,336,668.03
Total	<u>57,444,348.83</u>	<u>64,368,959.84</u>

**13. PROPERTY, PLANT AND EQUIPMENT – NET (Con't)**

Unit : Baht

	Separate									
	Land and land improvement	Buildings and improvement	Electric system	Wastewater treatment system	Machinery and equipment	Tools and equipment	Furniture and office equipment	Vehicles	Assets in progress	Total
<u>Cost:-</u>										
As at January 1, 2016	30,591,390.40	140,584,229.15	3,601,000.00	3,859,880.43	302,659,765.33	4,631,063.36	6,887,576.21	1,003,096.45	78,000.00	493,896,001.33
Purchase during the year	-	1,137,918.60	-	-	330,000.00	261,673.83	146,744.86	-	-	1,876,337.29
Transferred in (out)	-	78,000.00	-	-	-	-	-	-	(78,000.00)	-
Disposal during the year	-	-	-	-	(64,999.92)	-	(49,532.71)	-	-	(114,532.63)
As at December 31, 2016	30,591,390.40	141,800,147.75	3,601,000.00	3,859,880.43	302,924,765.41	4,892,737.19	6,984,788.36	1,003,096.45	-	495,657,805.99
<u>Accumulated depreciation</u>										
As at January 1, 2016	412,608.40	124,767,611.08	3,090,227.05	1,429,470.87	199,328,461.81	4,107,632.90	5,945,481.35	1,003,092.45	-	340,084,585.91
Depreciation for the year	-	3,315,145.00	97,809.13	399,091.81	11,137,097.38	227,127.02	511,534.79	-	-	15,687,805.13
Depreciation - disposals	-	-	-	-	(64,998.92)	-	(49,529.71)	-	-	(114,528.63)
As at December 31, 2016	412,608.40	128,082,756.08	3,188,036.18	1,828,562.68	210,400,560.27	4,334,759.92	6,407,486.43	1,003,092.45	-	355,657,862.41
<u>Net Book Value</u>										
As at January 1, 2016	30,178,782.00	15,816,618.07	510,772.95	2,430,409.56	103,331,303.52	523,430.46	942,094.86	4.00	78,000.00	153,811,415.42
As at December 31, 2016	30,178,782.00	13,717,391.67	412,963.82	2,031,317.75	92,524,205.14	557,977.27	577,301.93	4.00	-	139,999,943.58

**13. PROPERTY, PLANT AND EQUIPMENT – NET (Con't)**

Unit : Baht

	Separate									
	Land and land improvement	Buildings and improvement	Electric system	Wastewater treatment system	Machinery and equipment	Tools and equipment	Furniture and office equipment	Vehicles	Assets in progress	Total
<u>Cost:-</u>										
As at January 1, 2017	30,591,390.40	141,800,147.75	3,601,000.00	3,859,880.43	302,924,765.41	4,892,737.19	6,984,788.36	1,003,096.45	-	495,657,805.99
Purchase during the year	-	3,829,221.41	-	-	2,097,469.00	102,333.84	330,887.85	-	-	6,359,912.10
Disposal during the year	-	-	-	-	(1,117,486.84)	(8,700.00)	(13,177.07)	-	-	(1,139,363.91)
As at December 31, 2017	<u>30,591,390.40</u>	<u>145,629,369.16</u>	<u>3,601,000.00</u>	<u>3,859,880.43</u>	<u>303,904,747.57</u>	<u>4,986,371.03</u>	<u>7,302,499.14</u>	<u>1,003,096.45</u>	-	<u>500,878,354.18</u>
<u>Accumulated depreciation</u>										
As at January 1, 2017	412,608.40	128,082,756.08	3,188,036.18	1,828,562.68	210,400,560.27	4,334,759.92	6,407,486.43	1,003,092.45	-	355,657,862.41
Depreciation for the year	-	3,582,517.84	97,809.20	394,352.98	10,659,328.96	226,350.31	333,860.13	-	-	15,294,219.42
Depreciation - disposals	-	-	-	-	(1,047,484.97)	(7,972.60)	(13,176.07)	-	-	(1,068,633.64)
As at December 31, 2017	<u>412,608.40</u>	<u>131,665,273.92</u>	<u>3,285,845.38</u>	<u>2,222,915.66</u>	<u>220,012,404.26</u>	<u>4,553,137.63</u>	<u>6,728,170.49</u>	<u>1,003,092.45</u>	-	<u>369,883,448.19</u>
<u>Net Book Value</u>										
As at January 1, 2017	30,178,782.00	13,717,391.67	412,963.82	2,031,317.75	92,524,205.14	557,977.27	577,301.93	4.00	-	139,999,943.58
As at December 31, 2017	<u>30,178,782.00</u>	<u>13,964,095.24</u>	<u>315,154.62</u>	<u>1,636,964.77</u>	<u>83,892,343.31</u>	<u>433,233.40</u>	<u>574,328.65</u>	<u>4.00</u>	-	<u>130,994,905.99</u>

Depreciation for the year end December 31, consist of :

	Unit : Baht	
	2017	2016
Cost of sales	14,684,693.67	14,906,035.45
Administrative expenses	609,525.75	781,769.68
Total	<u>15,294,219.42</u>	<u>15,687,805.13</u>

#### 14. INTANGIBLE ASSETS - NET

Intangible assets are as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
<u>Program Software</u>				
Intangible assets beginning - net	13,034,930.93	14,371,647.00	4,715,933.32	4,857,900.00
<u>Add</u> Acquisition during the period/year	548,000.00	1,650,860.00	240,000.00	942,860.00
<u>Less</u> Amortization for the period/year	(3,093,444.32)	(2,987,576.07)	(1,190,694.95)	(1,084,826.68)
Intangible assets ending - net	10,489,486.61	13,034,930.93	3,765,238.37	4,715,933.32

#### 15. DEFERRED TAX

Deferred tax assets and liability are as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Deferred tax assets	5,702,222.59	6,596,562.65	2,346,845.53	1,450,227.25

15.1 Movements in deferred tax assets and liability during the period/years were as follows:-

	Unit : Baht			
	Consolidated			
	(Changed) Credit for the year to			
	As at	Other		As at
Jan 1, 2017	Profit or loss	comprehensive income	Dec 31, 2017	
<u>Deferred tax assets</u>				
Trade accounts and other current				
receivable	986,211.62	-	-	986,211.62
Inventories	944,600.66	(480,715.97)	-	463,884.69
Employee benefit obligations	6,598,351.11	(954,851.83)	861,463.28	6,504,962.56
Investment property	635,381.99	-	-	635,381.99
Total	9,164,545.38	(1,435,567.80)	861,463.28	8,590,440.86
<u>Deferred tax liabilities</u>				
Property, plant and equipment	(2,567,982.73)	(320,235.54)	-	(2,888,218.27)
Net	6,596,562.65	(1,755,803.34)	861,463.28	5,702,222.59

**15. DEFERRED TAX (Con't)**

15.1 Movements in deferred tax assets and liability during the period/years were as follows:- (Con't)

	Unit : Baht			
	Consolidated			
	(Changed) Credit for the year to			
	As at		Other	As at
	Jan 1, 2016	Profit or loss	comprehensive income	Dec 31, 2016
<u>Deferred tax assets</u>				
Trade accounts and other current receivable	986,211.62	-	-	986,211.62
Inventories	1,430,695.15	(486,094.49)	-	944,600.66
Employee benefit obligations	6,472,910.78	782,359.21	(656,918.88)	6,598,351.11
Investment property	635,381.99	-	-	635,381.99
<b>Total</b>	<b>9,525,199.54</b>	<b>296,264.72</b>	<b>(656,918.88)</b>	<b>9,164,545.38</b>
<u>Deferred tax liabilities</u>				
Property, plant and equipment	(3,187,585.77)	619,603.04	-	(2,567,982.73)
<b>Net</b>	<b>6,337,613.77</b>	<b>915,867.76</b>	<b>(656,918.88)</b>	<b>6,596,562.65</b>

	Unit : Baht			
	Separate			
	(Changed) Credit for the year to			
	As at		Other	As at
	Jan 1, 2017	Profit or loss	comprehensive income	Dec 31, 2017
<u>Deferred tax assets</u>				
Trade accounts and other current receivable	664,382.37	-	-	664,382.37
Employee benefit obligations	3,353,827.61	(64,298.87)	154,913.80	3,444,442.54
<b>Total</b>	<b>4,018,209.98</b>	<b>(64,298.87)</b>	<b>154,913.80</b>	<b>4,108,824.91</b>
<u>Deferred tax liabilities</u>				
Property, plant and equipment	(2,567,982.73)	806,003.35	-	(1,761,979.38)
<b>Net</b>	<b>1,450,227.25</b>	<b>741,704.48</b>	<b>154,913.80</b>	<b>2,346,845.53</b>

**15. DEFERRED TAX (Con't)**

15.1 Movements in deferred tax assets and liability during the period/years were as follows:- (Con't)

	Unit : Baht			
	Separate			
	As at Jan 1, 2016	(Changed) Credit for the year to		As at Dec 31, 2016
		Profit or loss	Other comprehensive income	
<u>Deferred tax assets</u>				
Trade accounts and other current receivable	664,382.37	-	-	664,382.37
Employee benefit obligations	2,923,128.20	370,866.81	59,832.60	3,353,827.61
<b>Total</b>	<b>3,587,510.57</b>	<b>370,866.81</b>	<b>59,832.60</b>	<b>4,018,209.98</b>
<u>Deferred tax liabilities</u>				
Property, plant and equipment	(3,187,585.77)	619,603.04	-	(2,567,982.73)
<b>Net</b>	<b>399,924.80</b>	<b>990,469.85</b>	<b>59,832.60</b>	<b>1,450,227.25</b>

15.2 Income tax expenses for the year are as follows:-

	Unit : Baht			
	For the year end December 31,			
	Consolidated		Separate	
	2017	2016	2017	2016
<u>Current income tax</u>				
Corporate income tax charge for the year	(3,365,058.38)	(2,561,888.86)	(3,365,058.38)	(2,561,888.86)
<u>Deferred tax</u>				
Deferred tax (expense) income relating to the original and reversal of temporary differences	894,340.06	915,867.76	896,618.28	990,469.85
<b>Income tax (expenses) income</b>	<b>(4,259,398.44)</b>	<b>(1,646,021.10)</b>	<b>(2,468,440.10)</b>	<b>(1,571,419.01)</b>

15. DEFERRED TAX (Con't)

15.2 Income tax expenses for the period are as follows:- (Con't)

	Unit : Baht		
	Consolidated		
	For the year end December 31, 2017		
	Income tax (expense)		
	Before tax	income	Net tax
Deferred tax for :			
Defined benefit plan remeasurement	(1,671,641.28)	(861,463.28)	(810,178.00)
Income tax recognized in other comprehensive income	(1,671,641.28)	(861,463.28)	(810,178.00)

	Unit : Baht		
	Consolidated		
	For the year end December 31, 2016		
	Income tax (expense)		
	Before tax	income	Net tax
Deferred tax for :			
Defined benefit plan remeasurement	3,284,594.40	(656,918.88)	2,627,675.52
Income tax recognized in other comprehensive income	3,284,594.40	(656,918.88)	2,627,675.52

	Unit : Baht		
	Separate		
	For the year end December 31, 2017		
	Income tax (expense)		
	Before tax	income	Net tax
Deferred tax for :			
Defined benefit plan remeasurement	(1,016,101.80)	154,913.80	(861,188.00)
Income tax recognized in other comprehensive income	(1,016,101.80)	154,913.80	(861,188.00)

15. DEFERRED TAX (Con't)

15.2 Income tax expenses for the period are as follows:- (Con't)

	Unit : Baht		
	Separate		
	For the year end December 31, 2016		
	Before tax	Income tax (expense) income	Net tax
Deferred tax for :			
Defined benefit plan remeasurement	(299,163.00)	59,832.60	(239,330.40)
Income tax recognized in other comprehensive income	(299,163.00)	59,832.60	(239,330.40)

15.3 Reconciliation for effective tax rate

	Consolidated			
	For the year end December 31,			
	2017		2016	
Tax rate (%)	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	
Loss before income tax	(13,279,427.12)	(33,474,512.96)		
Profit before income tax of the Company	19,266,167.90	12,580,023.67		
<u>Less Profit from Promotional privileges</u>	<u>(6,894,780.28)</u>	<u>(4,606,476.12)</u>		
Profit income tax	12,371,387.62	7,973,547.55		
Tax expense	20.00% 2,474,277.52	20.00% 1,594,709.51		
Tax effect of expenses that are not deductible for tax purposes:	1,785,120.92	51,311.59		
Tax expense (effective rate)	34.43% <u>4,259,398.44</u>	20.65% <u>1,646,021.10</u>		

## 15. DEFERRED TAX (Con't)

### 15.3 Reconciliation for effective tax rate (Con't)

	Separate			
	For the year end December 31,			
	2017		2016	
	Tax rate (%)	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)
Profit before income tax		19,266,167.90		12,580,023.67
<u>Less Profit from Promotional privileges</u>		<u>(6,894,780.28)</u>		<u>(4,606,476.12)</u>
Profit income tax		12,371,387.62		7,973,547.55
Tax expense	20.00%	2,474,277.52	20.00%	1,594,709.51
Tax effect of expenses that are not deductible for tax purposes:		(5,837.42)		(23,290.50)
Tax expense (effective rate)	20.00%	<u>2,468,440.10</u>	19.71%	<u>1,571,419.01</u>

### 15.4 Tax rate

#### Current income tax

The Company and its subsidiaries calculated income tax from net profit for the year at the rate 20% of net profit for the year after adjust non taxable expenses and revenue in accordance with the Revenue Code.

The main adjustment items are allowance for doubtful accounts, allowance for obsolete and diminution of inventories, provision employee benefits, finance lease contracts and expenses were not in compliance with the Revenue Code.

#### Deferred tax

Deferred tax has been measured using the effective rate at 20% announced by the government at reporting date.

## 16. BANK OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS

Bank overdraft and loans from financial institutions are as follows :-

	Unit : Baht					
	Interest rate (% p.a.)		Consolidated		Separate	
	2017	2016	2017	2016	2017	2016
Overdraft	MOR	MOR	-	-	-	-
Promissory notes	2.20	2.20	256,460,000.00	181,634,000.00	88,000,000.00	95,000,000.00
Trust receipts	1.62 – 2.30	0.50 - 0.95	9,680,702.53	14,740,101.43	7,531,905.99	11,401,546.40
Total			<u>266,140,702.53</u>	<u>196,374,101.43</u>	<u>95,531,905.99</u>	<u>106,401,546.40</u>

**16. BANK OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS (Con't)**

The Company and its subsidiary was granted loans from a commercial bank by issuing due on demand promissory notes.

The above credit facilities were secured by the mortgage of land, building and machinery and inter - guaranteed by the Company and its subsidiary in such facilities were additionally secured by Oji Holdings Corporation Company Limited, the ultimate parent company.

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

Trade accounts and other current payable are as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
<u>Trade accounts payable and note payable</u>				
Trade accounts payable - Subsidiary	-	-	265,816.03	1,024,433.03
Related companies - Domestic	1,048,283.28	1,201,824.00	-	-
- Foreign	39,361,536.49	4,448,503.46	24,372,692.69	4,448,503.46
Total	40,409,819.77	5,650,327.46	24,638,508.72	5,472,936.49
Other companies - Domestic	64,117,928.98	54,619,874.37	32,618,057.13	25,775,413.82
- Foreign	659,407.53	5,429,016.65	334,515.88	5,429,016.65
Note payable	49,550.75	49,919.00	-	-
Total	64,826,887.26	60,098,810.02	32,952,573.01	31,204,430.47
Total Trade accounts payable and note payable	105,236,707.03	65,749,137.48	57,591,081.73	36,677,366.96
<u>Other current payable</u>				
Other payable - Other companies	4,807,033.54	5,388,299.19	2,759,764.99	3,485,746.19
Accrued expenses - Parent company	320,127.01	309,746.12	49,057.52	50,915.05
- Related companies	375,161.95	876,068.67	375,161.95	876,068.67
- Other companies	8,298,459.15	8,100,418.23	2,760,184.71	3,010,183.78
Asset payable	3,775,161.39	18,950.00	1,510,506.39	18,950.00
Advance receipts	626,440.12	571,332.71	226,870.41	392,398.75
Total Other payable	18,202,383.16	15,264,814.92	7,681,545.97	7,834,262.44
Total Trade accounts and others current payable	123,439,090.19	81,013,952.40	65,272,627.70	44,511,629.40

## 18. LONG - TERM LOAN FROM FINANCIAL INSTITUTIONS - NET

Long - term loan from financial institutions as follows:-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Loan from financial institutions	430,000,000.00	430,000,000.00	-	-
<u>Add</u> Increase during the year	-	-	-	-
<u>Less</u> Repayments during the year	(46,100,100.00)	-	-	-
Total	383,899,900.00	430,000,000.00	-	-
<u>Less</u> Current portion	(61,466,800.00)	(46,100,100.00)	-	-
Long - term loan - net	322,433,100.00	383,899,900.00	-	-

The subsidiary has entered into a long - term loan agreement with a financial institution with the conditions as follows:

Credit line	Objective	Interest rate	Term of repayment	Final payment	Collaterals
Baht 430 million	For payment short - term loans	Fixed 4.77%	Quarterly principal installment of Bath 15,366,700 with the first principal repayment on June 30, 2017 and quarterly interest installment with the first payment in June 2014	Within March 29, 2024	The ultimate parent company

## 19. PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS - NET

The company and its subsidiary operates post-employment benefit and pension based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

Movement in the present value of the employee benefits obligations for the year ended December 31, 2017 consist of:

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Opening balance as at January 1,	29,745,448.00	29,996,263.40	15,686,794.00	13,704,028.00
Current service cost	2,766,504.00	3,095,534.00	1,536,821.00	1,477,956.00
Interest cost	853,544.00	816,262.00	448,652.00	376,378.00
Employment benefit paid	(1,008,296.00)	(878,017.00)	(1,008,296.00)	(170,731.00)
Defined benefit plan remeasurement	810,178.00	(3,284,594.40)	861,188.00	299,163.00
Ending balance as at December 31,	33,167,378.00	29,745,448.00	17,525,159.00	15,686,794.00
<u>Less</u> Current portion	(501,464.00)	(910,475.00)	(501,464.00)	(910,475.00)
Employment benefit obligations - net	32,665,914.00	28,834,973.00	17,023,695.00	14,776,319.00

**19. PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS - NET (Con't)**

During the year 2017, the Labor Protection Act was amended as follow :

(a) Retirement is an employment termination which an employer is required to pay severance compensation to the retiring employee in accordance with the Act.

(b) The retirement age can be determined :

1. Solely by the employer, or ;
2. By agreement between employer and employee

(c) If the retirement age is not determined or exceeds 60 year, the employer who is 60 year of age of older, can elect to retire and become entitled to severance pay by declaring his intention to the employee.

Long - term employee benefit expenses included in the profit or loss are as follows:

	Unit : Baht			
	For the year end December 31,			
	Consolidated		Separate	
	2017	2016	2017	2016
Past service cost	-	-	-	-
Current service cost	2,766,504.00	3,095,534.00	1,536,821.00	1,477,956.00
Interest cost	853,544.00	816,262.00	448,652.00	376,378.00
<b>Total</b>	<b>3,620,048.00</b>	<b>3,911,796.00</b>	<b>1,985,473.00</b>	<b>1,854,334.00</b>

The expense is recognized in the following line items in the profit or loss:

	Unit : Baht			
	For the year end December 31,			
	Consolidated		Separate	
	2017	2016	2017	2016
<b>Profit or loss :</b>				
Cost of goods sold	2,926,254.00	3,017,706.00	1,729,907.00	1,477,956.00
Distribution costs	254,204.00	305,298.00	102,987.00	94,718.00
Administrative expense	439,590.00	588,792.00	152,579.00	281,660.00
<b>Total</b>	<b>3,620,048.00</b>	<b>3,911,796.00</b>	<b>1,985,473.00</b>	<b>1,854,334.00</b>

**19. PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS - NET (Con't)**

Remeasurement of defined benefit plan recognized in other comprehensive income arising from:

Unit : Baht				
For the year end December 31,				
	Consolidated		Separate	
	2017	2016	2017	2016
Financial assumptions	1,659,584.00	(2,031,074.00)	827,958.00	(167,439.00)
Experience adjustment	(2,103,499.00)	(1,857,384.40)	(707,523.00)	(71,995.00)
Demographic assumptions	1,254,093.00	603,864.00	740,753.00	538,597.00
<b>Total</b>	<b>810,178.00</b>	<b>(3,284,594.40)</b>	<b>861,188.00</b>	<b>299,163.00</b>

Principal actuarial assumptions at the reporting date are as follows :

	Consolidated		Separate	
	2017	2016	2017	2016
Discounted rate (%)	2.47 - 2.52	2.86 - 2.88	2.52	2.86
Salary increase rate (%)	2.50 - 3.50	2.50 - 3.50	3.50	3.50
Retirement age (year)	60	60	60	60
* Employee turnover rate (%)	0 - 21	0 - 21	0 - 21	0 - 21
** Mortality rate	TMO 2017	TMO 2008	TMO 2017	TMO 2008

\* Upon the length of service

\*\* Reference from TMO2017 and 2008 (TMO2017 (TMO 2008) : Thai Mortality Ordinary Table of 2017 (2008) respectively)

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.-

Unit : Baht				
	Consolidated		Separate	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation				
December 31, 2017				
Discount rate (1% movement)	(3,280,933.00)	3,831,561.00	(1,790,804.00)	2,088,889.00
Future salary growth (1% movement)	3,746,753.00	(3,273,283.00)	2,046,177.00	(1,791,138.00)
Resignation rate (1% movement)	(3,439,610.00)	1,215,606.00	(1,877,571.00)	653,312.00

**19. PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS - NET (Con't)**

Sensitivity analysis (Con't)

	Unit : Baht			
	Consolidated		Separate	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation				
December 31, 2016				
Discount rate (1% movement)	(2,958,436.00)	3,451,536.00	(1,587,641.00)	1,851,907.00
Future salary growth (1% movement)	3,381,746.00	(2,955,530.00)	1,820,545.00	(1,592,816.00)
Resignation rate (1% movement)	(3,199,074.00)	1,096,566.00	(1,674,100.00)	585,387.00

Amounts of defined benefit obligation for the current and previous four - years are as follows :

	Unit : Baht	
	Consolidated	Separate
2017	33,167,378.00	17,525,159.00
2016	29,745,448.00	15,686,794.00
2015	29,996,263.40	13,704,028.00
2014	24,217,323.42	10,786,196.66
2013	17,539,397.03	6,491,192.96

**20. DIVIDENED PAID**

- 20.1 At the Company's Annual General Shareholders' Meeting of 2017 held on April 27, 2017, it was approved to distribute dividend for the year 2016 at the rate of Baht 0.019 per share amounting to Baht 5.70 million of which was paid on May 25, 2017.
- 20.2 At the Company's Annual General Shareholders' Meeting of 2016 held on April 22, 2016, it was approved to distribute dividend for the year 2015 at the rate of Baht 0.012 per share amounting to Baht 3.60 million of which was paid on May 19, 2016.

## 21. EXPENSES BY NATURE

Significant expenses classified by nature consist of.-

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Changes in inventories of finished goods and work in process	(50,906.86)	(2,640,549.50)	(1,398,952.55)	6,075.42
Raw materials and consumables used	537,229,396.00	582,238,260.75	244,652,792.75	313,794,135.92
Employee expenses	155,923,230.96	154,749,472.23	76,757,228.63	74,695,196.07
Depreciation and amortization	60,537,792.14	67,356,535.91	16,489,914.37	16,772,631.81
Finance cost	26,449,935.39	24,686,682.06	2,427,405.66	2,381,956.75

## 22. RIGHTS AND PRIVILEGES FROM THE INVESTMENT PROMOTION

The Company has been granted promotional privileges under the Investment Promotion Act, B.E. 2520 as approved by the Board of Investment for the production of paper packaging No. 2186(2)/2011 dated September 29, 2011. The Company exercised its right in 2014.

Significant rights and privileges granted include the following:

1. Exemption of import duty and business tax for machinery that are approved by the Board of Investment.
2. Exemption of corporate income tax derived from the profit of the promoted activities for a period of 8 years effective from the first sale generated.
3. Exemption of import duty for raw materials and necessary supplies used in production process of exported goods for the period stated in the certificate.
4. Permission of deduction of investment in installation or construction of facilities at 25% in addition to its usual depreciation.

Results of the Company's operations under promoted business are classified under promoted and non - promoted business as follows:

	Unit : Thousands baht		
	Consolidated		
	For the year end December 31, 2017		
	Promoted business	Non - promoted business	Total
Total revenues	122,779	898,084	1,020,863
Cost and expenses	(116,376)	(891,317)	(1,007,693)
Finance cost	(581)	(25,869)	(26,450)
Income tax	-	(4,259)	(4,259)
Net profit (loss)	5,822	(23,361)	(17,539)
Other comprehensive income	-	(810)	(810)
Comprehensive income (loss)	5,822	(24,171)	(18,349)

**22. RIGHTS AND PRIVILEGES FROM THE INVESTMENT PROMOTION (Con't)**

	Unit : Thousands baht		
	Separate		
	For the year end December 31, 2017		
	Promoted business	Non - promoted business	Total
Total revenues	122,779	391,505	514,284
Cost and expenses	(116,376)	(376,214)	(492,590)
Finance cost	(581)	(1,846)	(2,427)
Income tax	-	(2,468)	(2,468)
Net profit (loss)	5,822	10,977	16,799
Other comprehensive income	-	(861)	(861)
Comprehensive income (loss)	5,822	10,116	15,938

The classification of results of the Company's operations was applied with 2 bases as following:-

1. Costs and expenses identifiable to each category were directly charged to each of them.
2. Costs and expenses unidentifiable to each category were allocated to each of them based on the proportion of their revenues.

**23. EARNINGS (LOSS) PER SHARE**

Basis earnings (loss) per share for the period are calculated by dividing the net income (loss) attributable to common shareholders (excluding other comprehensive income (loss)) by the weighted - average number of common shares which are held by third parties during the period as follows:

	Unit : Baht			
	For the year end December 31,			
	Consolidated		Separate	
	2017	2016	2017	2016
Net profit (loss) attributable to ordinary shareholders of the Company (basis) (Unit : Baht)	(17,538,825.56)	(35,120,534.06)	16,797,727.80	11,008,604.66
Number of weighted average common shares (Unit : Share)	300,000,000	300,000,000	300,000,000	300,000,000
Basic earnings (loss) per share (Unit : Baht/Unit)	(0.06)	(0.12)	0.06	0.04

## **24. PROVIDENT FUND**

The Company the subsidiary company and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530 (1987). The Company, the subsidiary company and their employees contributed to the fund monthly at the rate of 3 - 5 percent of their basic salary. The fund, managed by Krung Thai Asset Management Plc., will be paid to employees upon termination in accordance with the fund rules. For the years ended December 31, 2017 and 2016, the Company and its subsidiary contributed to the fund amounting to Baht 3.38 million and Baht 3.37 million respectively.

## **25. OPERAING 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. The chief operating decision maker has been identified as the Managing Director.

Management considers that the Company and its subsidiary operates in a single line production of packaging and has therefore only one business segment.

Management considers that the Company and its subsidiary operates in a single geographic area, namely in Thailand, and has therefore only one geographic segment.

As a result, all of the revenues, operating profits and assets reflected in these financial statements are related to the referred business and geographical segment.

## **26. FINANCIAL INSTRUMENT**

The Company and its subsidiary complied with the Thai Accounting Standard No. 107 "Presentations and Disclosure of Financial Instruments" as a guidance to disclose about the financial instruments as follows:-

### **26.1 Accounting policies**

The related accounting policies are disclosed in Note 5.20 to the financial statements.

### **26.2 Financial risk management**

The Company and its subsidiary are exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company and subsidiary did not speculate or engage in the trading of any derivative financial instrument.

## 26. FINANCIAL INSTRUMENT (Con't)

### 26.3 Credit risk

The Company and its subsidiary are exposed to credit risk from non performance of contractual obligations by counter parties resulting in a financial loss to the Company and its subsidiary. To prevent the risk, the Company and its subsidiary have credits control and regularly review debtors' financial status. The Company and its subsidiary do not expect significant losses from non performance contractual obligation as their customers are diverse.

For the financial assets, the carrying amount of assets recorded in the statements of financial position, net of an allowance for doubtful accounts, represents the Company and its subsidiary's maximum exposure to credit risk.

### 26.4 Interest rate risk

The Company and its subsidiary exposure to interest rate risk relates primarily to its deposits with financial institutions, bank overdrafts and loan from financial institutions charged with interest. However, since interest rates of the majority of these financial assets and liabilities vary according to market rates or are fixed and closed market rates, the Company and its subsidiary management deemed their interest risk at low level. The Company and its subsidiary thus do not use derivative financial instruments to hedge such risk.

Financial assets and financial liabilities of the Company and its subsidiary had interest rate risk as follows:

	Unit : Thousand baht						
	Consolidated as at December 31, 2017						
	Fixed interest rates			Floating	Non-	Total	Interest
within	Over	Over	interest	interest		rate	
1 year	1 - 5 years	5 years	rate	bearing		(% p.a.)	
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	45,153	130	45,283	0.125 - 0.75
Trade accounts and other current receivable - net	-	-	-	-	161,286	161,286	-
Long - term loans to employees	-	-	-	3,865	-	3,865	MLR+1.5
<b>Financial liabilities</b>							
Bank overdraft and loans from financial institutions	-	-	-	266,141	-	266,141	1.75 - 2.20
Trade accounts and other current payable	-	-	-	-	119,664	119,664	-
Asset payable	-	-	-	-	3,775	3,775	-
Long - term loans from financial institutions	-	-	383,900	-	-	383,900	Fixed 4.77

## 26. FINANCIAL INSTRUMENT (Con't)

### 26.4 Interest rate risk (Con't)

Unit : Thousand baht

Consolidated as at December 31, 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	within 1 year	Over 1 - 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	6,893	10,797	17,690	0.125 - 0.75
Trade accounts and other current receivable - net	-	-	-	-	158,208	158,208	-
Long - term loans to employees	-	-	-	6,064	-	6,064	MLR+1.5
<b>Financial liabilities</b>							
Bank overdraft and loans from financial institutions	-	-	-	196,374	-	196,374	0.50 - 2.20
Trade accounts and other current payable	-	-	-	-	80,995	80,995	-
Asset payable	-	-	-	-	19	19	-
Long - term loans from financial institutions	-	-	430,000	-	-	430,000	Fixed 4.77

Unit : Thousand baht

Separate as at December 31, 2017

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	within 1 year	Over 1 - 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	26,019	80	26,099	0.125 - 0.50
Trade accounts and other current receivable - net	-	-	-	-	84,406	84,406	-
Long - term loans to employees	-	-	-	1,860	-	1,860	MLR+1.5
<b>Financial liabilities</b>							
Bank overdraft and loans from financial institutions	-	-	-	95,532	-	95,532	1.75 - 1.87
Trade accounts and other current payable	-	-	-	-	63,762	63,762	-
Asset payable	-	-	-	-	1,511	1,511	-

## 26. FINANCIAL INSTRUMENT (Con't)

### 26.4 Interest rate risk (Con't)

Unit : Thousand baht

Separate as at December 31, 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	within 1 year	Over 1 - 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	13,102	80	13,182	0.125 - 0.75
Trade accounts and other current receivable - net	-	-	-	-	89,313	89,313	-
Long - term loans to employees	-	-	-	3,612	-	3,612	MLR+1.5
<b>Financial liabilities</b>							
Bank overdraft and loans from financial institutions	-	-	-	106,402	-	106,402	0.50 - 2.20
Trade accounts and other current payable	-	-	-	-	44,493	44,493	-
Asset payable	-	-	-	-	19	19	-

### 26.5 Currency risk

The Company and subsidiary had significant foreign assets and liabilities which were not hedge foreign exchange risk. However, the Company and its subsidiary' management believe that they will not against have any significant impact on the Company and its subsidiary' financial statements.

The Company and its subsidiary had not significant assets and liabilities which were not hedged foreign exchange risk as follows:-

Foreign currency	Consolidated		Separate	
	2017	2016	2017	2016
<b>Liabilities</b>				
Us Dollars	294,658.11	409,418.83	229,301.31	316,687.63

### 26.6 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiary will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the incurrence of a financial loss. The Company has a policy to maintain liquidity risk which may occur. The Company and its subsidiary has sufficient credit lines to fund its operations that are provided by many commercial banks. This mitigates the risk.

## 26. FINANCIAL INSTRUMENT (Con't)

### 26.7 Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Methodology of fair value measurement depends upon characteristics of the financial instruments. For the financial instruments which are regarded as trade in an active market, fair value has been determined by the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique.

Since the majority of the Company and its subsidiary financial assets and liabilities are long-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

## 27. COMMITMENTS AND CONTINGENT LIABILITIES

27.1 As at December 31, 2017 and 2016, the subsidiary had a future obligation in software contract amounting to of Baht 0.24 million.

27.2 As at December 31, 2017, the Company and its subsidiary had commitment under purchase agreement of spare parts and machinery amounting to 23,310 USD and 31,500 USD respectively.

27.3 The Company and its subsidiary had outstanding commitments with banks are as follows :

	2017		2016	
	Baht	US\$	Baht	US\$
<u>Letters of credit</u>				
Parent Company	-	21,262.85	-	409,319.20
Subsidiary	-	41,893.20	-	92,731.20
<u>Letters of guarantee</u>				
Parent Company	6,728,400.00	-	6,728,400.00	-
Subsidiary	7,186,024.00	-	7,813,224.00	-

## 27. COMMITMENTS AND CONTINGENT LIABILITIES (Con't)

### 27.4 Operating lease commitments

The Company has entered into several lease agreement in respect of the lease of vehicle and photocopies. The term of the agreement are generally between 3 - 4 years commencing from the agreement date. The Company's future commitment in respect of rental fees are as follows :

	Unit : Baht			
	Consolidated		Separate	
	2017	2016	2017	2016
Less than 1 year	2,246,673.83	921,996.00	1,052,880.00	-
More than 1 year but less than 5 years	2,439,271.33	1,080,687.17	1,509,128.00	-

## 28. CAPITAL MANAGEMENT

The primary objectives of the Company and it's subsidiary' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2017 and 2016, debt-to-equity ratio in the consolidated financial statements was 1.86 : 1 and 1.62 : 1 respectively, and the separate financial statements was 0.31 : 1 and 0.29 : 1 respectively.

## 29. EVENTS AFTER REPORTING PERIOD

At the Board of Directors' Meeting of the Company No. 1/2018 held on February 27, 2018, it was approved to propose to the shareholders at the Annual General Meeting of 2018 to pay dividend from its operation for the year 2017 at Baht 0.028 per share amounting to Baht 8.40 million.

## 30. APPROVAL OF FINANCIAL STATEMENT

These financial statements have been approved by the Company's Board of Directors on February 27, 2018.