

**A.J. PLAST PUBLIC COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders**

**A.J. PLAST PUBLIC COMPANY LIMITED**

### **Opinion**

I have audited the accompanying financial statements of A.J. Plast Public Company Limited, which comprise the statements of financial position as at December 31, 2017, the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A.J. Plast Public Company Limited as at December 31, 2017, its 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 Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

#### **1. Valuation of inventories**

As at December 31, 2017, the Company has inventories after deduction of loss on diminution and provision for deteriorated inventories amount of Baht 1,597.67 million, were disclosed in Note 6 to the financial statements, which are significant to the financial statements. Inventories of the Company are plastic film packagings which market price is always fluctuates and the effect of changing in foreign exchange rates. Therefore, management has to make judgment in the estimation of loss on diminution in inventories may be occurred, which based on the fluctuation of the market price and the foreign exchange rates including the historical experience.

I have audited the appropriateness of the assumptions used by the management to estimate loss on diminution in inventories by :

- Evaluating the internal control system on inventories management.
- Observing the physical checking of inventories.
- Testing the validity of the preparation of the Company's production costs. To ensure accurate unit costs and allocation of related expenses to such products properly.
- Comparing the cost of inventories against expected net realizable value calculating from the selling price after year ended less selling expenses.

The results of a audited are satisfactory, and I found no material misstatement.

## **2. The completeness of the revenues recognition from export sales**

According to Note 3.1 sale of goods are recognized when the significant risks and reward of ownership of the good have passed to the buyer.

The statement of comprehensive income for the year ended December 31, 2017, the Company has revenues from the sale total amount of Baht 7,695.85 million, with revenues from export sales amount of Baht 4,968.95 million, which is significant to the financial statements. The terms of export sale have many conditions. Each of the conditions, the significant risks and reward of ownership to buyer is different. Therefore, the revenues recognition from export sale from many condition terms may have effect to the accuracy and completeness of revenues recognition.

I have assessment and testing of revenue recognition system, accounts receivable and settlements, cut-off and examine the accuracy of related supporting documents of the revenues from export. All audited to ensure the revenue recognition from export sales are properly recorded and complete.

Based on our testing, in my opinion, the revenue recognition from export sales are properly recorded and complete.

### **Other Information**

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

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

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

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

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

(Mr. Chaiyakorn Aunpitipongsa)

Certified Public Accountant Registration No. 3196

Dr. Virach & Associates Office Co., Ltd.

Bangkok : February 21, 2018

**A.J. PLAST PUBLIC COMPANY LIMITED**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

		BAHT	
	<i>Notes</i>	2017	2016
<b><u>ASSETS</u></b>			
Current Assets			
Cash and cash equivalents	<i>3.2 and 4</i>	3,012,747	3,922,838
Trade and other receivables	<i>3.3 and 5</i>	978,397,563	1,015,782,081
Inventories	<i>3.4 and 6</i>	1,597,675,172	1,312,558,661
Other current assets			
Refundable value added tax		54,357,985	44,442,539
Prepaid spare parts		130,755	3,052,911
Receivables from Buying and Selling Forward			
Exchange Contracts		25,498,681	15,822,779
Others		5,101,704	5,238,723
Total other current assets		85,089,125	68,556,952
Total Current Assets		2,664,174,607	2,400,820,532
Non-current Assets			
Long-term investments			
Investments in related party	<i>3.5 and 7</i>	23,952,000	23,952,000
Property, plant and equipment	<i>3.6 and 8</i>	5,741,458,904	5,964,552,478
Intangible assets			
Deferred computer softwares	<i>3.7 and 9</i>	3,080,742	2,635,333
Other non-current assets			
Prepaid assets		92,909,047	80,936,267
Guarantee for leasing assets		8,489,036	8,489,036
Accounts receivable-Customs Department		12,740,270	12,024,386
Others		2,218,645	2,300,009
Total other non-current assets		116,356,998	103,749,698
Total Non-current Assets		5,884,848,644	6,094,889,509
<b>TOTAL ASSETS</b>		<b>8,549,023,251</b>	<b>8,495,710,041</b>

**A.J. PLAST PUBLIC COMPANY LIMITED**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

		BAHT	
	<i>Notes</i>	2017	2016
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
Current Liabilities			
Bank overdrafts and short-term loans			
from financial institutions	<i>10</i>	1,113,724,458	1,152,835,941
Trade and other payables	<i>11</i>	1,834,526,379	1,548,299,693
Current portion of long-term liabilities			
Liabilities under financial leases	<i>3.8 and 12</i>	1,549,301	1,506,447
Long-term loans	<i>13</i>	524,241,667	409,748,333
Assets acquisition payable		18,690,699	27,945,646
Accrued interest		746,978	832,822
Other current liabilities		3,662,515	3,524,971
Total Current Liabilities		3,497,141,997	3,144,693,853
Non-current Liabilities			
Liabilities under financial leases-net	<i>3.8 and 12</i>	3,320,573	4,873,633
Long-term loans-net	<i>13</i>	1,484,008,333	2,006,001,667
Provision for long-term employee benefits	<i>3.11 and 14</i>	53,177,538	48,522,781
Total Non-current Liabilities		1,540,506,444	2,059,398,081
<b>TOTAL LIABILITIES</b>		<b>5,037,648,441</b>	<b>5,204,091,934</b>

**A.J. PLAST PUBLIC COMPANY LIMITED**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

		BAHT	
	<i>Notes</i>	2017	2016
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</u></b>			
Shareholders' Equity			
Share capital			
Authorized share capital			
399,444,945 common stocks of Baht 1 par value		399,444,945	399,444,945
Issued and paid-up share capital			
399,439,227 common stocks at Baht 1 each		399,439,227	399,439,227
Premium on share capital		876,616,300	876,616,300
Retained earnings			
Appropriated			
Legal reserve	15	60,000,000	60,000,000
Unappropriated		2,175,319,283	1,955,562,580
Total Shareholders' Equity		3,511,374,810	3,291,618,107
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>8,549,023,251</b>	<b>8,495,710,041</b>



**A.J. PLAST PUBLIC COMPANY LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<i>Notes</i>	BAHT	
		2017	2016
Revenues			
Sales		7,695,854,387	6,910,874,595
Other incomes			
Scrap sales		36,401,131	12,861,512
Gain on exchange rates		105,436,545	27,753,414
Gain on machineries, equipment and spare parts disposal		-	33,552,212
Tax cards income		23,623,228	25,783,566
Others		18,123,494	21,677,137
Total other incomes		183,584,398	121,627,841
Total Revenues		7,879,438,785	7,032,502,436
Expenses			
Cost of sales		6,837,225,573	6,316,972,240
Selling expenses		237,887,748	239,700,717
Administrative expenses		266,903,980	257,069,190
Loss on vehicle disposal		77,636	-
Directors' remuneration	<i>16</i>	3,145,000	3,090,000
Total Expenses	<i>17</i>	7,345,239,937	6,816,832,147
Profit before finance costs		534,198,848	215,670,289
Finance costs		90,756,184	94,417,439
Profit for the years		<b>443,442,664</b>	<b>121,252,850</b>
Other comprehensive loss for the years			
Actuarial loss from employee benefit plan	<i>14</i>	-	(1,518,845)
Total comprehensive income for the years		443,442,664	119,734,005
Earnings per share (Baht)	<i>3.13</i>		
Basic earnings per share		<b>1.11</b>	<b>0.30</b>
The number of common stocks used in computation (shares).		399,439,227	399,439,227

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

**A.J. PLAST PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<i>Notes</i>	BAHT			Total	
		Issued and paid-up share capital	Premium on share capital	Retained earnings		
				Legal reserve		Unappropriated
Beginning balances before adjusted as at January 1, 2016		399,439,227	876,616,300	60,000,000	1,816,315,773	3,152,371,300
Cumulative effect of the correction of errors	28	-	-	-	21,510,000	21,510,000
Balances after adjusted		399,439,227	876,616,300	60,000,000	1,837,825,773	3,173,881,300
Comprehensive income for the year 2016 :-						
Income for the year 2016					121,252,850	121,252,850
Other comprehensive loss for the year						
Actuarial loss from employee benefit plan	14				(1,518,845)	(1,518,845)
Total comprehensive income for the year 2016					119,734,005	119,734,005
Dividend payment	16				(1,997,198)	(1,997,198)
Balances as at December 31, 2016		399,439,227	876,616,300	60,000,000	1,955,562,580	3,291,618,107
Total comprehensive income for the year 2017					443,442,664	443,442,664
Dividend payment	16				(223,685,961)	(223,685,961)
Balances as at December 31, 2017		399,439,227	876,616,300	60,000,000	2,175,319,283	3,511,374,810

**A.J. PLAST PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (1/2)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	BAHT	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Profit for the years	443,442,664	121,252,850
Adjustments to reconcile profit for the years to net cash provided from (used in) operation :		
Depreciation	383,701,700	384,534,791
Amortization of computer softwares	705,341	243,334
Loss on diminution in inventories	18,717,289	9,479,100
(Reversal) loss on deteriorated inventories	307,778	(297,774)
Loss from spare parts disposal	-	2,239,178
(Gain) loss from machineries and equipment disposal	77,636	(35,791,390)
Unrealized gain from Buying and Selling Forward Exchange Contracts	(25,498,681)	(15,822,779)
Unrealized (gain) loss on exchange rates	(4,616,508)	6,529,636
Write off withholding tax	-	110,595
Increase in production cost from assets under construction and installation	-	3,284,699
Increase in production cost from prepaid assets	140,000	681,680
Interest expenses	78,920,016	84,442,371
Dividend income	-	(998,000)
Long-term employee benefits expenses	5,897,807	4,815,460
Profit from operation before changes in operating assets and liabilities items	901,795,042	564,703,751
(Increase) decrease in operating assets items		
Trade and other receivables	36,752,677	(104,661,730)
Inventories	(303,224,574)	(285,642,064)
Receivables from Buying and Selling Forward Exchange Contracts	15,822,779	9,033,776
Other current assets	(7,757,008)	(4,571,049)
Other non-current assets	(634,520)	622,549
Increase (decrease) in operating liabilities items		
Trade and other payables	286,413,620	101,036,219
Other current liabilities	137,544	131,511
Provision for long-term employee benefits	(1,243,050)	-
Cash provided from operating activities	928,062,510	280,652,963
Interest expenses paid	(79,005,860)	(84,162,331)
Income tax expenses paid	-	(99,800)
Net Cash Provided from Operating Activities	849,056,650	196,390,832

**A.J. PLAST PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (2/2)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	BAHT	
	2017	2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Purchase of plant, machineries and equipment	(138,854,812)	(150,939,354)
Proceeds from disposal of assets	242,991	27,074,709
Purchase of computer softwares	(1,150,750)	-
Prepaid assets	(21,769,397)	(80,252,968)
Interest recorded as cost of assets under installation	(6,161,749)	-
Dividend income	-	998,000
<b>Net Cash Used in Investing Activities</b>	<b>(167,693,717)</b>	<b>(203,119,613)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(35,277,870)	170,546,437
Repayment for financial leases contracts	(1,510,206)	(1,878,006)
Repayment for assets acquisition payables	(14,298,987)	(142,219,909)
Repayment for long-term loans	(407,500,000)	(360,000,000)
Proceeds from long-term loans	-	339,495,485
Dividend payment	(223,685,961)	(1,997,198)
<b>Net Cash Provided from (Used in) Financing Activities</b>	<b>(682,273,024)</b>	<b>3,946,809</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(910,091)</b>	<b>(2,781,972)</b>
Cash and Cash Equivalents as at January 1,	3,922,838	6,704,810
<b>Cash and Cash Equivalents as at December 31,</b>	<b>3,012,747</b>	<b>3,922,838</b>

**Additional Disclosure Items to Cash Flows Statements**

Non-cash flows items comprise :

Increase in inventories (spare parts) from prepaid assets	917,004	1,055,318
Increase in machineries from inventories (spare parts)	-	5,295,563
Increase in plant, machineries and accessories from assets acquisition payable	6,271,842	12,898,933
Increase in plant, machineries and accessories from prepaid assets	8,739,613	14,664,003
Increase in plant, machineries and accessories from prepaid spare parts	900,737	-
Accounts receivables from machineries disposal	-	32,096,488
Actuarial loss from employee benefit plan	-	1,518,845

**A. J. PLAST PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**1. GENERAL INFORMATION**

1.1	Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
1.2	Company location	
	Head office	95, Thakarm Road, Kwaeng Samaedam, Khet Bangkhuntien, Bangkok.
	Branch 1 (Factory location)	Laemchabang Industrial Estate, 38/11 Moo 5, Tambol Tungsukla, Amphur Sriracha, Cholburi Province.
	Branch 2 (Warehouse location)	Laemchabang Industrial Estate, 46/3 Moo 5, Tambol Tungsukla, Amphur Sriracha, Cholburi Province.
1.3	Type of business	Manufacturing and selling plastic films both local and exporting to foreign countries, scraps are sold both in local and abroad.

**2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

2.1 The financial statements are prepared in accordance with Thai Accounting Standards and Financial Reporting Standards issued by the Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004) and the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission.

2.2 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.3 Accounting standards that become effective in the current accounting year, which the Company has adopted as follows :

**Thai Accounting Standards (TAS)**

- |    |                      |   |
|----|----------------------|---|
| 1) | TAS 1 (revised 2016) | Presentation of Financial Statements                            |
| 2) | TAS 2 (revised 2016) | Inventories   |
| 3) | TAS 7 (revised 2016) | Statement of Cash Flows   |
| 4) | TAS 8 (revised 2016) | Accounting Policies, Changes in Accounting Estimates and Errors |

5)	TAS 10 (revised 2016)	Events after the Reporting Period
6)	TAS 11 (revised 2016)	Construction Contracts
7)	TAS 12 (revised 2016)	Income Taxes
8)	TAS 16 (revised 2016)	Property, Plant and Equipment
9)	TAS 17 (revised 2016)	Leases
10)	TAS 18 (revised 2016)	Revenue
11)	TAS 19 (revised 2016)	Employee Benefits
12)	TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
13)	TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
14)	TAS 23 (revised 2016)	Borrowing Cost
15)	TAS 24 (revised 2016)	Related Party Disclosures
16)	TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
17)	TAS 27 (revised 2016)	Separate Financial Statements
18)	TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
19)	TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
20)	TAS 33 (revised 2016)	Earnings per Share
21)	TAS 34 (revised 2016)	Interim Financial Reporting
22)	TAS 36 (revised 2016)	Impairment of Assets
23)	TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
24)	TAS 38 (revised 2016)	Intangible Assets
25)	TAS 40 (revised 2016)	Investment Property
26)	TAS 41 (revised 2016)	Agriculture
27)	TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
28)	TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
29)	TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation

**Thai Financial Reporting Standards (TFRS)**

- |     |                        |   |
|-----|------------------------|---|
| 30) | TFRS 2 (revised 2016)  | Share-Base Payments   |
| 31) | TFRS 3 (revised 2016)  | Business Combinations   |
| 32) | TFRS 4 (revised 2016)  | Insurance Contracts   |
| 33) | TFRS 5 (revised 2016)  | Non-current Assets Held for Sales and Discontinued Operations |
| 34) | TFRS 6 (revised 2016)  | Exploration for and Evaluation of Mineral Resources           |
| 35) | TFRS 8 (revised 2016)  | Operating Segments  |
| 36) | TFRS 10 (revised 2016) | Consolidated Financial Statements                             |
| 37) | TFRS 11 (revised 2016) | Joint Arrangements  |
| 38) | TFRS 12 (revised 2016) | Disclosure of Interests in Other Entities                     |
| 39) | TFRS 13 (revised 2016) | Fair Value Measurement  |

**Thai Accounting Standard Interpretations (TSIC)**

- |     |                        |  |
|-----|------------------------|--|
| 40) | TSIC 10 (revised 2016) | Government Assistance-No specific Relation to Operating Activities           |
| 41) | TSIC 15 (revised 2016) | Operating Leases-Incentives  |
| 42) | TSIC 25 (revised 2016) | Income Taxes-Changes in the Tax Status of an Entity or Its Shareholders      |
| 43) | TSIC 27 (revised 2016) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| 44) | TSIC 29 (revised 2016) | Service Concession Arrangements: Disclosures                                 |
| 45) | TSIC 31 (revised 2016) | Revenue-Barter Transactions Involving Advertising Services                   |
| 46) | TSIC 32 (revised 2016) | Intangible Assets - Web Site Costs   |

**Thai Financial Reporting Standard Interpretations (TFRIC)**

- |     |                        |  |
|-----|------------------------|--|
| 47) | TFRIC 1 (revised 2016) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 48) | TFRIC 4 (revised 2016) | Determining Whether an Arrangement Contains a Lease                      |

- |     |                         |  |
|-----|-------------------------|--|
| 49) | TFRIC 5 (revised 2016)  | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds             |
| 50) | TFRIC 7 (revised 2016)  | Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies |
| 51) | TFRIC 10 (revised 2016) | Interim Financial Reporting and Impairment   |
| 52) | TFRIC 12 (revised 2016) | Service Concession Arrangements  |
| 53) | TFRIC 13 (revised 2016) | Customer Loyalty Programmes  |
| 54) | TFRIC 14 (revised 2016) | TAS19 (revised 2016) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction    |
| 55) | TFRIC 15 (revised 2016) | Agreements for the Construction of Real Estate   |
| 56) | TFRIC 17 (revised 2016) | Distributions of Non-cash Assets to Owners   |
| 57) | TFRIC 18 (revised 2016) | Transfers of Assets from Customers   |
| 58) | TFRIC 20 (revised 2016) | Stripping Costs in the Production Phase of a Surface Mine  |
| 59) | TFRIC 21 (revised 2016) | Levies   |

These accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations do not have any significant impact on the financial statements.

- 2.4** The Federation of Accounting Professions has issued the new accounting standards not yet effective as follows :

Effective for fiscal years beginning on or after January 1, 2018

**Thai Accounting Standards (TAS)**

- |    |                       |   |
|----|-----------------------|---|
| 1) | TAS 1 (revised 2017)  | Presentation of Financial Statements                            |
| 2) | TAS 2 (revised 2017)  | Inventories   |
| 3) | TAS 7 (revised 2017)  | Statement of Cash Flows   |
| 4) | TAS 8 (revised 2017)  | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5) | TAS 10 (revised 2017) | Events After the Reporting Period                               |



- 6) TAS 11 (revised 2017) Construction Contracts
- 7) TAS 12 (revised 2017) Income Taxes
- 8) TAS 16 (revised 2017) Property, Plant and Equipment
- 9) TAS 17 (revised 2017) Leases
- 10) TAS 18 (revised 2017) Revenue
- 11) TAS 19 (revised 2017) Employee Benefits
- 12) TAS 20 (revised 2017) Accounting for Government Grants and Disclosure of Government Assistance
- 13) TAS 21 (revised 2017) The Effects of Changes in Foreign Exchange Rates
- 14) TAS 23 (revised 2017) Borrowing Costs
- 15) TAS 24 (revised 2017) Related Party Disclosures
- 16) TAS 26 (revised 2017) Accounting and Reporting by Retirement Benefit Plans
- 17) TAS 27 (revised 2017) Separate Financial Statements
- 18) TAS 28 (revised 2017) Investments in Associates and Joint Ventures
- 19) TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies
- 20) TAS 33 (revised 2017) Earnings Per Share
- 21) TAS 34 (revised 2017) Interim Financial Reporting
- 22) TAS 36 (revised 2017) Impairment of Assets
- 23) TAS 37 (revised 2017) Provisions, Contingent Liabilities and Contingent Assets
- 24) TAS 38 (revised 2017) Intangible Assets
- 25) TAS 40 (revised 2017) Investment Property
- 26) TAS 41 (revised 2017) Agriculture

**Thai Financial Reporting Standards (TFRS)**

- 27) TFRS 2 (revised 2017) Share-based Payment
- 28) TFRS 3 (revised 2017) Business Combinations
- 29) TFRS 4 (revised 2017) Insurance Contracts
- 30) TFRS 5 (revised 2017) Non-current Assets Held for Sale and Discontinued Operations

- 31) TFRS 6 (revised 2017) Exploration for and Evaluation of Mineral Assets
- 32) TFRS 8 (revised 2017) Operating Segments
- 33) TFRS 10 (revised 2017) Consolidated Financial Statements
- 34) TFRS 11 (revised 2017) Joint Arrangements
- 35) TFRS 12 (revised 2017) Disclosure of Interests in Other Entities
- 36) TFRS 13 (revised 2017) Fair Value Measurement

**Thai Accounting Standard Interpretations (TSIC)**

- 37) TSIC 10 (revised 2017) Government Assistance - No Specific Relation to Operating Activities
- 38) TSIC 15 (revised 2017) Operating Leases - Incentives
- 39) TSIC 25 (revised 2017) Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders
- 40) TSIC 27 (revised 2017) Evaluating the Substance of Transactions in the Legal Form of a Lease
- 41) TSIC 29 (revised 2017) Service Concession Arrangements: Disclosures
- 42) TSIC 31 (revised 2017) Revenue - Barter Transactions Involving Advertising Services
- 43) TSIC 32 (revised 2017) Intangible Assets - Web Site Costs

**Thai Financial Reporting Standard Interpretations (TFRIC)**

- 44) TFRIC 1 (revised 2017) Changes in Existing Decommissioning, Restoration and Similar Liabilities
- 45) TFRIC 4 (revised 2017) Determining Whether an Arrangement Contains a Lease
- 46) TFRIC 5 (revised 2017) Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- 47) TFRIC 7 (revised 2017) Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies

- 48) TFRIC 10 (revised 2017) Interim Financial Reporting and Impairment
- 49) TFRIC 12 (revised 2017) Service Concession Arrangements
- 50) TFRIC 13 (revised 2017) Customer Loyalty Programmes
- 51) TFRIC 14 (revised 2017) TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- 52) TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate
- 53) TFRIC 17 (revised 2017) Distributions of Non-cash Assets to Owners
- 54) TFRIC 18 (revised 2017) Transfers of Assets from Customers
- 55) TFRIC 20 (revised 2017) Stripping Costs in the Production Phase of a Surface Mine
- 56) TFRIC 21 (revised 2017) Levies

Management of the Company is evaluating the impact of such accounting standards on the financial statements in the year when they are adopted.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Revenues from product sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Other revenues and expenses are recognized on an accrual basis.

The Company recorded dividend income when the right to receive is established.

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

Cash and cash equivalents are cash on hand and fixed deposit at the financial institutions due not more than 3 months from the date of acquisition with no obligation.

#### **3.3 Allowance for doubtful accounts**

Allowance for doubtful accounts is based on the accounts receivable which are expected to be uncollectible, based on the past experience in debt collection and the current status of outstanding debtors on the statements of financial position date.

### 3.4 Inventories

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the weighted average method.

The Company set up provision for diminution in deteriorated inventories which are expected to be unsaleable and for the inventories which have net realizable value lower than cost.

### 3.5 Investments

Investments in related party undertaking mean the company in which, directly or indirectly, has common management, major shareholder or some related person. The Company recorded investments in related party at cost.

### 3.6 Property, plant and equipment

The property, plant and equipment are stated at cost net from accumulated depreciation and allowance for impairment assets. Depreciation is calculated by the straight-line method based on the estimated useful life of the following assets:

PARTICULARS	USEFUL LIFE (YEARS)
Land	No depreciation
Plant and factories	30 - 40
Machineries	15 - 22
Tools and accessories	5
Vehicles	5
Computer accessories	3
Office furniture and equipment	5
Natural gas system	5

Assets under financial leases are recorded by the fair value at the inception of the lease. Depreciation is calculated by the straight - line method based on the estimated useful life of assets.

Financial expenses which are directly related to the acquisition, construction and manufacturing of assets are recorded as cost of fixed assets.

An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

### **3.7 Intangible assets**

Deferred computer softwares are stated at cost net from cumulative amortization which is calculated by the straight-line method based on the estimated 3 years.

### **3.8 Leases**

#### **Operating leases**

Leases where most of substantial risks and rewards of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to expenses by the straight-line method in the statements of comprehensive income throughout the leases term.

#### **Financial leases**

Leases which transfer to the Company most of substantial risks and rewards of ownership other than legal title, are accounted for as financial leases. At the inception of the lease, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals. Interest or financial charges are recognized in the statements of comprehensive income in proportion to the principal balance.

### **3.9 Deferred tax assets/liabilities**

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

At each statements of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

### **3.10 Income tax expenses (revenues)**

Income tax expenses (revenues) from profit/loss for the period consist of current income tax and deferred tax. Income tax expenses (revenues) recognized in statements of comprehensive income unless part of transaction recorded in shareholders' equity recorded directly to equity.

### **3.11 Employee benefits**

#### **Short-term employee benefits**

The Company recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

#### **Long-term employee benefits**

##### Defined contribution plan

The Company provided a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the operation in the incurred period.

##### Defined benefit plan

The provision for employee retirement benefits is recognized as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

### **3.12 Foreign currency transactions**

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities on the statements of financial position date are converted to Baht at the rate of exchange in effect on that date except the forward exchange contract transactions with the bank, the agreed rate will be recorded on the fair value. Gains or losses on exchange rate are credited or charged to operations of each year.

### **3.13 Earnings per share**

Basic earnings per share is calculated by dividing the profit for the year by the number of weighted average common stocks held by outsiders during the year.

### **3.14 Significant accounting judgments and estimates**

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use judgments on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, provision for deteriorated inventories, allowance for depreciation of plant and equipment, allowance for impairment assets, amortization of intangible assets and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

**4. CASH AND CASH EQUIVALENTS**

PARTICULARS	BAHT	
	2017	2016
Cash	490,000	390,000
Bank deposit	2,522,747	3,532,838
Cash and cash equivalents	3,012,747	3,922,838

**5. TRADE AND OTHER RECEIVABLES**

PARTICULARS	BAHT	
	2017	2016
Trade accounts receivable		
Current	905,289,857	853,360,240
Over due within 3 months	35,614,897	89,827,833
Over due within 3-6 months	3,442,139	4,698,039
Over due within 6-12 months	395,386	936,787
Over 12 months	--	620
Trade accounts receivable	944,742,279	948,823,519
Other receivables	33,655,284	66,958,562
Trade and other receivables-net	978,397,563	1,015,782,081



**6. INVENTORIES**

PARTICULARS	BAHT	
	2017	2016
Finished products	385,550,330	299,127,189
Work in process	42,785,113	31,058,402
Raw materials	777,506,984	531,786,238
Packaging materials	80,751,972	98,019,278
Lubricant	7,108,071	8,433,136
Other consumed supplies	19,469,636	25,217,357
Spare parts	134,803,341	120,052,965
Goods in transit	65,303,026	105,158,010
Raw materials in transit	82,440,982	93,865,356
Spare parts in transit	--	164,945
Other consumed supplies in transit	3,338,918	751,208
Total	1,599,058,373	1,313,634,084
<u>Less</u> : Provision for deteriorated inventories	(1,383,201)	(1,075,423)
Inventories	1,597,675,172	1,312,558,661

**7. LONG-TERM INVESTMENTS – in related party**

(BAHT)

Related party	% Holding		The number of shares		Cost method	
	2017	2016	2017	2016	2017	2016
UNITED FOODS PUBLIC COMPANY LIMITED	4.99	4.99	998,000	998,000	23,952,000	23,952,000

(BAHT)

Related party	Nature of business	Relationship	Paid-up capital		Dividend	
			2017	2016	2017	2016
UNITED FOODS PUBLIC COMPANY LIMITED	Food	Shareholders/ co-directors	200,000,000	200,000,000	--	998,000

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

(AMOUNT IN BAHT)

PARTICULARS	Land	Plant and factory	Machinery	Factory tools and equipment	Vehicles	Computer accessories	Office furniture and equipment	Natural gas system	Assets under construction and installation	Machinery and equipment in transit	Total
<b>At Cost</b>											
January 1, 2016	30,765,804	723,018,844	7,624,447,158	261,099,048	32,681,286	13,270,709	135,426,018	6,165,000	97,150,810	94,261,700	9,018,286,377
Purchase	--	3,655,355	18,904,029	8,834,181	1,664,000	2,065,334	7,509,752	130,500	121,075,136	--	163,838,287
Disposal/unused	--	--	(477,850,008)	(152,363,683)	(4,675,000)	--	(40,191,390)	--	--	--	(675,080,081)
Transfer in/(transfer out)	--	19,859,013	85,027,203	8,701,000	--	--	962,800	1,428,900	(21,717,216)	(94,261,700)	--
Transfer Spare parts as cost of machineries	--	--	5,295,563	--	--	--	--	--	--	--	5,295,563
Transfer from prepaid	--	--	3,064,353	3,729,000	--	--	299,700	156,600	7,414,350	--	14,664,003
Transfer to production cost	--	--	--	--	--	--	--	--	(3,284,699)	--	(3,284,699)
December 31, 2016	30,765,804	746,533,212	7,258,888,298	129,999,546	29,670,286	15,336,043	104,006,880	7,881,000	200,638,381	--	8,523,719,450
Purchase	--	6,564,216	63,359,583	22,205,090	--	2,118,022	4,790,733	--	52,250,759	--	151,288,403
Disposal/unused	--	--	--	--	(769,000)	--	--	--	--	--	(769,000)
Transfer in/(transfer out)	--	14,511,557	47,158,731	2,168,803	--	--	555,000	--	(64,394,091)	--	--
Transfer from prepaid :											
Assets	--	565,300	6,785,800	165,372	--	--	192,800	--	1,030,341	--	8,739,613
Spare parts	--	--	--	--	--	--	--	--	900,737	--	900,737
December 31, 2017	30,765,804	768,174,285	7,376,192,412	154,538,811	28,901,286	17,454,065	109,545,413	7,881,000	190,426,127	--	8,683,879,203

NOTES TO THE FINANCIAL STATEMENTS

(AMOUNT IN BAHT)

PARTICULARS	Land	Plant and factory	Machinery	Factory tools and equipment	Vehicles	Computer accessories	Office furniture and equipment	Natural gas system	Assets under construction and installation	Machinery and equipment in transit	Total
<b>Accumulated depreciation</b>											
January 1, 2016	--	217,047,251	2,255,083,862	216,283,870	17,673,208	9,631,058	84,171,363	5,041,843	--	--	2,804,932,455
Depreciation for the year 2016	--	13,991,744	332,558,705	15,193,609	1,486,310	2,308,792	18,489,893	505,738	--	--	384,534,791
Disposal/unused	--	--	(456,628,983)	(152,363,288)	(2,517,262)	--	(40,190,741)	--	--	--	(651,700,274)
December 31, 2016	--	231,038,995	2,131,013,584	79,114,191	16,642,256	11,939,850	62,470,515	5,547,581	--	--	2,537,766,972
Depreciation for the year 2017	--	15,051,072	331,721,021	16,315,689	1,358,923	2,353,260	16,274,551	627,184	--	--	383,701,700
Disposal/unused	--	--	--	--	(448,373)	--	--	--	--	--	(448,373)
December 31, 2017	--	246,090,067	2,462,734,605	95,429,880	17,552,806	14,293,110	78,745,066	6,174,765	--	--	2,921,020,299
<b>Allowance for impairment assets</b>	18,300,000	--	--	--	--	--	--	--	3,100,000	--	21,400,000
<b>Net Book value</b>											
December 31, 2016	12,465,804	515,494,217	5,127,874,714	50,885,355	13,028,030	3,396,193	41,536,365	2,333,419	197,538,381	--	5,964,552,478
December 31, 2017	12,465,804	522,084,218	4,913,457,807	59,108,931	11,348,480	3,160,955	30,800,347	1,706,235	187,326,127	--	5,741,458,904

As at December 31, 2017 and 2016, the Company had vehicles under financial lease agreements with net book value amount of Baht 2.87 million and Baht 4.05 million, respectively.

As at December 31, 2017 and 2016, some machineries, were mortgaged with the bank for guarantee long-term loans from financial institutions. (See also Note 13 to the financial statements)

**9. INTANGIBLE ASSETS**

Computer softwares	BAHT				
	1-Jan-2016	INCREASE	31-Dec-2016	INCREASE	31-Dec-2017
At cost	6,754,042	--	6,754,042	1,150,750	7,904,792
<u>Less</u> Accumulated amortization	(3,875,375)	(243,334)	(4,118,709)	(705,341)	(4,824,050)
Net book value			2,635,333		3,080,742
Amortization for the years			243,334		705,341

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

PARTICULARS	BAHT	
	2017	2016
Bank overdrafts	2,323,357	19,911,034
Trust receipt	277,530,582	273,228,154
Short-term loans from financial institutions	833,870,519	859,696,753
Bank overdrafts and short-term loans from financial institutions	1,113,724,458	1,152,835,941

The Company has entered into agreement with the financial institutions (see also Note 21.1 to the financial statements).

**11. TRADE AND OTHER PAYABLES**

PARTICULARS	BAHT	
	2017	2016
Trade accounts payables	1,591,729,442	1,346,352,483
Other payables	242,796,937	201,947,210
Trade and other payables	1,834,526,379	1,548,299,693

**12. LIABILITIES UNDER FINANCIAL LEASES**

PARTICULARS	BAHT	
	2017	2016
Minimum payment		
Within 1 year	1,727,512	1,767,717
Over 1 year but within 5 years	3,474,499	5,202,011
Total	5,202,011	6,969,728
<u>Less</u> Deferred interest expenses	(332,137)	(589,648)
Total minimum payment	4,869,874	6,380,080
<u>Less</u> Current portion of financial leases	(1,549,301)	(1,506,447)
Liabilities under financial leases-net	3,320,573	4,873,633

Liabilities under financial leases are fixed for monthly payment which will be completed within 2018-2019.

The portion due within one year was shown under current liabilities.

**13. LONG-TERM LOANS**

PARTICULARS	BAHT	
	2017	2016
Loans from commercial banks	2,008,250,000	2,415,750,000
<u>Less</u> Current portion of long-term loans	(524,241,667)	(409,748,333)
Long-term loans-net	1,484,008,333	2,006,001,667

The portion of long-term loans due within one year was shown under current liabilities.

The details of long-term loans as at December 31, 2017 are as follows:

Loans per Agreement	Principal Balances (AMOUNT IN MILLION BAHT)	Repayment Condition	Collateral
Baht 700 million (Agreement dated on January 12, 2012)	410	<ul style="list-style-type: none"> <li>- Withdrawal term within April 30, 2013.</li> <li>- The principal will be repaid by quarterly at Baht 29 million with the first installment in June 2015 and will be finished within March 2021.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	2 Machineries

Loans per Agreement	Principal Balances (AMOUNT IN MILLION BAHT)	Repayment Condition	Collateral
Baht 700 million (Agreement dated on March 2, 2012, additional memorandum on November 13, 2013 and March 25, 2014)	468	<ul style="list-style-type: none"> <li>- Withdrawal term within December 30, 2014.</li> <li>- The principal will be repaid by quarterly at Baht 29 million with the first installment in January 2016 and will be finished within October 2021.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	2 Machineries
Baht 750 million (Agreement dated on January 12, 2012, additional memorandum on September 27, 2013)	469	<ul style="list-style-type: none"> <li>- Withdrawal term within December 30, 2013.</li> <li>- The principal will be repaid by quarterly at Baht 31.25 million with the first installment in November 2015 and will be finished within November 2021.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	2 Machineries
Baht 70 million (Agreement dated on October 2, 2014)	55	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 3 million with the first installment in December 2016 and will be finished within September 2022.</li> <li>- Monthly payment of interest at interest rate of MLR minus the rate as specified in the agreement.</li> </ul>	No collateral
Baht 250 million (Agreement dated on August 28, 2014)	250	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 10.42 million with the first installment in December 2017 and will be finished within September 2023.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	No collateral
Baht 70 million (Agreement dated on March 23, 2015)	52	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 4.63 million with the first installment in February 2017 and will be finished within November 2019.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	No collateral

Loans per Agreement	Principal Balances (AMOUNT IN MILLION BAHT)	Repayment Condition	Collateral
Baht 140 million (Agreement dated on November 25, 2013, additional memorandum on October 10, 2015)	140	- The principal will be repaid by quarterly at Baht 6 million with the first installment in June 2018 and will be finished within March 2024. - Monthly payment of interest at interest rate of MLR minus the rate as specified in the agreement.	No collateral
Baht 140 million (Agreement dated on July 20, 2015)	119	- The principal will be repaid by quarterly at Baht 7 million with the first installment in June 2017 and will be finished within March 2022. - Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.	No collateral
Baht 140 million (Agreement dated on December 16, 2015)	45	- The principal will be repaid by quarterly at Baht 7 million with the first installment in February 2018 and will be finished within November 2022. - Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.	No collateral
Total	2,008		

As at December 31, 2017, the Company has credit facility for long-term loans amount of Baht 95 million which are not withdrawn.

The Company must comply according to the following conditions;

1. To maintain the ratio of debt to shareholders' equity as specified in the agreement.
2. To insure all collateral assets which are legally mortgaged, whereas the amount of insurance must not be less than amount of loans obtained from the bank. And to specify that the bank will be the sole beneficiary and the Company has to pay its own insurance premium until the repayment of debt is finished.

**14. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS**

PARTICULARS	BAHT	
	2017	2016
<b><u>Commitments under the defined benefit plan</u></b>		
Beginning balances	48,522,781	42,188,476
<u>Add</u> Current service cost	4,399,361	3,762,711
Interest cost	1,246,567	1,052,749
Difference from provisions	251,879	--
<u>Less</u> Employee benefits paid during the year	(1,243,050)	--
<u>Add</u> Difference from provisions (recognized in other comprehensive income)	--	1,518,845
Ending balances	53,177,538	48,522,781

The principle assumptions used in determining the employee benefit liabilities are shown as follows:

PARTICULARS	RATE
Discount rate for employees	2.60 % per annum
Salary increase rate	4.00 % per annum
Staff turnover rate (depends on the age)	2 - 50 % per annum

**15. LEGAL RESERVE**

In compliance with the Public Company Act, B.E. 2535 (1992), the Company has to set aside a portion of annual net profit for legal reserve not less than 5% of annual net profit less deficits brought forward (if any) until this reserve is not less than 10% of authorized capital. Such reserve is not allowed to pay for dividend. The Company has allocation legal reserve which duly met 10% of authorized share capital.



**16. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION**

The meeting	Month/Day/Year		Dividend payment		Number of shares (million)	The dividend payment		Directors' remuneration (million Baht)	Directors' meeting allowance for each time (Baht)
	Resolution	Dividend payment	Dividend	Year		Per share (Baht)	Total dividend payment (million Baht)		
The Board of Directors	November 29, 2017	December 14, 2017	Interim	2017	399.44	0.12	47.93	--	--
The Board of Directors	August 14, 2017	September 12, 2017	Interim	2017	399.44	0.14	55.92	--	--
The Board of Directors	May 15, 2017	June 14, 2017	Interim	2017	399.44	0.10	39.94	--	--
The Ordinary General Shareholders	April 26, 2017	May 26, 2017	Annual	2016	399.44	0.20	79.89	2.76	5,000 per person
The Ordinary General Shareholders	April 27, 2016	May 27, 2016	Annual	2015	399.44	0.005	2.00	2.76	5,000 per person

**17. EXPENSES BY NATURE**

PARTICULARS	BAHT	
	2017	2016
Increase in changes of finished goods and work in process	(74,036,561)	(98,980,851)
Raw materials and consumables used	5,561,272,677	5,125,577,140
Directors' remuneration	3,145,000	3,090,000
Management benefit expenses	51,618,537	46,584,958
Employee benefit expenses	375,911,852	330,312,595
Depreciation and amortization expenses	384,407,041	384,778,125
Loss on diminution in finished goods	15,741,692	9,479,100
Loss on diminution in raw materials	2,975,597	--
(Reversal) loss on deteriorated inventories	307,778	(297,774)
Loss on vehicle disposal	77,636	--
Other expenses	1,023,818,688	1,016,288,854
<b>Total</b>	<b>7,345,239,937</b>	<b>6,816,832,147</b>

**18. FOREIGN CURRENCY TRANSACTIONS**

**18.1** As at December 31, 2017 and 2016, the Company has outstanding assets and liabilities denominated in foreign currencies as follows:

(AMOUNT IN MILLION)

PARTICULARS	2017		2016	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	9.445	306.33	7.245	257.69
JPY	55.431	15.81	5.719	1.74
Total Assets		322.14		259.43
<b>Liabilities</b>				
- Portion due within one year				
EUR	0.345	13.60	0.178	6.79
USD	10.486	344.43	13.926	501.36
JPY	2.275	0.67	24.230	7.54
GBP	0.010	0.46	0.002	0.08
Total Liabilities		359.16		515.77

**18.2** The Company has entered into Buying and Selling Forward Exchange Contracts with the local commercial bank for hedging against the fluctuation in exchange rates. It can be summarized as follows:

As at December 31, 2017, as follows:

(AMOUNT IN MILLION)

PARTICULARS	Foreign currencies	Fair value (Baht)	Exchange rates on the delivery date	Delivery dates
<b>Selling Forward Exchange Contracts</b>				
USD	37.370	1,210.32	Baht 34.0702 – 34.0802 Baht 32.4244 – 33.3046 Baht 32.3536 – 33.3411 Baht 33.1660 – 33.4245 Baht 32.4022 – 33.0754 Baht 32.2793 – 32.7400 Baht 32.4625 to USD 1	January 2018 February 2018 March 2018 April 2018 May 2018 June 2018 July 2018
JPY	481.588	140.59	Baht 0.3194 Baht 0.3180 – 0.3221 Baht 0.3091- 0.3187 Baht 0.2925 Baht 0.3082 – 0.3103 Baht 0.3092 – 0.3119 Baht 0.2974 – 0.2986 to JPY 1	February 2018 April 2018 May 2018 June 2018 August 2018 September 2018 November 2018
Total		1,350.91		

As at December 31, 2016, as follows:

(AMOUNT IN MILLION)

PARTICULARS	Foreign currencies	Fair value (Baht)	Exchange rates on the delivery date	Delivery dates
<b>Buying Forward Exchange Contracts</b>				
USD	8.378	300.42	Baht 34.1246 – 35.2550	January 2017
			Baht 34.7286 – 35.6040	February 2017
			Baht 34.6605 – 35.4443	March 2017
			Baht 35.0690 – 35.2413	April 2017
			Baht 34.6811 – 34.8011	May 2017
			Baht 34.6800 – 34.7420	June 2017
			Baht 34.9308 – 35.8813	July 2017
			Baht 34.9606 – 35.0070	August 2017
			Baht 35.8400 – 35.8700	January 2018
			to USD 1	
EUR	0.020	0.77	Baht 38.5810	January 2017
			to EUR 1	
Total		301.19		

(AMOUNT IN MILLION)

PARTICULARS	Foreign currencies	Fair value (Baht)	Exchange rates on the delivery date	Delivery dates
<b>Selling Forward Exchange Contracts</b>				
USD	22,570	804.43	Baht 35.6441 – 35.7829 Baht 35.7810 Baht 35.4249 – 35.6249 Baht 35.4280 – 35.7272 Baht 35.5146 – 36.1122 Baht 35.5851 – 35.6366 Baht 35.5578 – 35.7078 to USD 1	February 2017 March 2017 April 2017 May 2017 June 2017 August 2017 October 2017
JPY	358,720	111.05	Baht 0.3077 – 0.3113 Baht 0.3389 – 0.3469 Baht 0.3090 – 0.3585 Baht 0.3105 – 0.3578 Baht 0.3509 Baht 0.3479 – 0.3489 to JPY 1	March 2017 May 2017 June 2017 July 2017 September 2017 October 2017
Total		915.48		

**19. PROMOTIONAL PRIVILEGES**

A.J. Plast Public Company Limited was granted the promotional certificates from the Board of Investment 15 promotional certificates as follows:

1. Promotional certificates Nos.	2. Effective dates of Promotional Certificates	3. The promotional privileges for manufacturing of	4. Expiry dates according to items 5.1 and 5.2
1459/2538 July 10, 1995	May 1, 1995	BOPP FILM and CPP FILM, category of plastic products or plastic coated	April 30, 2003
1048(1)/2545 January 22, 2002	May 23, 2003	BOPP FILM, category of plastic products or plastic coated	May 22, 2011
1239(2)/2546 May 14, 2003	September 29, 2003	Metallic coated plastic film and/or plastic coated and/or striped print	September 28, 2011
1674(2)/2548 July 29, 2005	April 1, 2006	BOPA FILM, category of plastic products or plastic coated	March 31, 2014
2079(2)/2550 October 29, 2007	July 28, 2008	BOPP FILM, category of plastic products or plastic coated	July 27, 2016
1804(2)/2552 October 14, 2009	February 2, 2010	Metal coated or ANODIZE (SURFACE TREATMENT)	February 1, 2018
1919(2)/2553 August 27, 2010	March 16, 2011	BOPA FILM, category of plastic products or plastic coated	March 15, 2019
1291(2)/2554 March 11, 2011	April 26, 2012	BOPET FILM, category of plastic products or plastic coated	April 25, 2020
1008(2)/2555 January 12, 2012	April 26, 2013	BOPP FILM, category of plastic products or plastic coated	April 25, 2021
1358(2)/2555 March 22, 2012	November 26, 2013	BOPET FILM, category of plastic products or plastic coated	November 25, 2021
2897(2)/2555 December 18, 2012	October 24, 2014	BOPP FILM, category of plastic products or plastic coated	October 23, 2022
1649(2)/2556 May 16, 2013	December 24, 2015	CPP and LLDPE FILM, category of plastic products or plastic coated	December 23, 2023
1372(2)/2557 March 25, 2014	July 1, 2014	Plating or coating or ANODIZE	June 30, 2022
2368(2)/2557 October 29, 2014	March 3, 2015	Plating or coating or ANODIZE	March 2, 2023
58-1874-0-00-1-0 July 8, 2015	October 15, 2015	Plating or coating or ANODIZE	October 14, 2023

5. Important privileges which are granted :

- 5.1 Exemption from corporate income tax on net profit of promotional operations for 8 years. Whereby the promotional certificates 1804(2)/2552, 1919(2)/2553, 1291(2)/2554, 1008(2)/2555, 1358(2)/2555, 2897(2)/2555, 1649(2)/2556, 1372(2)/2557, 2368(2)/2557 and 58-1874-0-00-1-0 have limited amount for corporate income tax exemption maximum of Baht 90 million, Baht 529 million, Baht 705 million, Baht 670 million, Baht 710 million, Baht 650 million, Baht 270 million, Baht 80 million, Baht 147 million and Baht 74 million, respectively. These will be varied according to the amount of investment excluding land and effective working capital on the opening date of operation according to the promotional project.
- 5.2 Exemption from income tax on dividend from promoted business which was exempted from income tax as 5.1 for 8 years.
- 5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate since the exemption of 5.1 expired of the promotional certificates No.1674(2)/2548 and No.2079(2)/2550 for 5 years.
- 5.4 Exemption from import duty on raw materials and necessary supplies imported from overseas for export production, commencing from the first date of importation for 5 years.
- 5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit incurred since the exemption from corporate income tax was expired within 5 years, by which can be deducted from net profit of any year or several years.

As a promoted industry, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificates.

The Company has sales both local and export for the years ended December 31, 2017 and 2016, respectively according to Note 23 to the financial statements.

## 20. INCOME TAXES

The Company's income taxes are calculated from the accounting profit (loss) adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in income tax computation purposes and adjusted with net loss brought forward under Revenue Code not exceeding 5 accounting years prior to the current year.

The BOI business without the exemption privilege from income tax and the non-BOI business, the income tax computation is calculated at the rate of 20% in 2017 and 2016.

The BOI business with the exemption privilege from income tax, the Company calculated according to the promotional privileges which are granted (see also Note 19 to the financial statements).

The Company has no income tax to be paid in 2017 and 2016.

The Company has no deferred tax assets/liabilities and income tax expenses recognized in statements of comprehensive income due to the Company has exemption from corporate income tax for the promoted industry.

**21. COMMITMENT AND CONTINGENT LIABILITIES**

**21.1** The Company has commitment and contingent liabilities as follows :

PARTICULARS	AMOUNT IN MILLION BAHT	
	2017	2016
Letters of guarantee issued by commercial banks	15.94	16.13
Letters of credit	700.83	34.91

The Company has entered into agreement with the financial institutions as follows :  
(see also Note 10 to the financial statements).

PARTICULARS	AMOUNT IN MILLION BAHT	
	2017	2016
Bank overdrafts facilities	245	245
Short-term loans agreement	890	890
Letters of credit and trust receipts facilities	4,270	4,070

**21.2** Machinery buying agreements as at December 31, 2017, as follows :

Agreement dates	Currencies	AMOUNT IN MILLION		
		Machineries price	Advance payment	
			Amount	Percentage (%)
October 2016	EUR	17.00	1.70	10
January 2017	EUR	1.63	0.24	15
December 2017	EUR	1.13	0.11	10
December 2017	EUR	0.62	0.06	10



**22. COMMITMENT ON LONG-TERM LEASE - Land Leasing Agreement**

The Company has entered into Land Leasing Agreement at the Industrial Estate Project and Laemchabang Exporting Zone at Sriracha, Choburi Province with the Industrial Estate of Thailand as follows :

The plot of land Nos	Total area	The term of lease	The period	Annual Rental (Million Baht)
12G-2 and 12G-3	40 Rai	30 years (August 31, 1990 – August 30, 2020)	The 1 <sup>st</sup> - 10 <sup>th</sup> years	2.36
			The 11 <sup>th</sup> - 20 <sup>th</sup> years	2.60
			The 21 <sup>th</sup> - 30 <sup>th</sup> years	2.85
12G-1/1 and 12G-4/1	8 Rai 2 Ngan 85.83 Square Wah	18 Years (August 5, 2002 – August 30, 2020)	The 1 <sup>st</sup> - 10 <sup>th</sup> years	0.57
			The 11 <sup>th</sup> - 18 <sup>th</sup> years	0.62
12G-1 and 12G-4	25 Rai 3 Ngan 42.17 Square Wah	30 Years (March 16, 2011 – March 15, 2041)	The 1 <sup>st</sup> - 5 <sup>th</sup> years	4.13
			The 6 <sup>th</sup> - 10 <sup>th</sup> years	4.54
			The 11 <sup>th</sup> - 15 <sup>th</sup> years	5.00
			The 16 <sup>th</sup> - 20 <sup>th</sup> years	5.50
			The 21 <sup>th</sup> - 25 <sup>th</sup> years	6.05
			The 26 <sup>th</sup> - 30 <sup>th</sup> years	6.65
CP 27	1 Rai 1 Ngan 19.63 Square Wah	3 Years (August 1, 2016 – July 31, 2019)	The 1 <sup>st</sup> years	0.26
			The 2 <sup>nd</sup> years	0.28
			The 3 <sup>rd</sup> years	0.28
B5-2	6 Rai 2 Ngan 76.53 Square Wah	30 Years (November 1, 2013 – October 31, 2043)	The 1 <sup>st</sup> - 30 <sup>th</sup> years.	1.18
			<i>Note Rental rate possibly to change as according to the lessor setting</i>	

The Company has entered into Land Leasing Agreement at Tambol Nong Kham, Sriracha, Choburi Province with the other person which renew from old agreement as follow :

Title deed	Total area	The term of lease	Annual Rental (Million Baht)
69315	5 Rai 96 Square Wah	3 years (January 1, 2018 – December 31, 2020)	1.06

As at December 31, 2017, the Company has totally minimum payment to be paid in the future under the long-term lease agreement as follows :

PARTICULARS	AMOUNT IN MILLION BAHT
Within 1 year	5.92
Over 1 year within 5 years	31.74
Over 5 years	131.70
Total	169.36

### 23. FINANCIAL INFORMATION BY SEGMENT

The Company operates in one industrial segment that is packaging. The Company's financial information by segment for the years ended December 31, 2017 and 2016, are as follows:

PARTICULARS	AMOUNT IN MILLION BAHT					
	2017			2016		
	Local	Export	Total	Local	Export	Total
Sales	2,726.90	4,968.95	7,695.85	2,398.45	4,512.42	6,910.87
Cost of sales	(2,529.63)	(4,307.60)	(6,837.23)	(2,188.17)	(4,128.80)	(6,316.97)
Selling expenses	(50.55)	(187.33)	(237.88)	(54.96)	(184.74)	(239.70)
Segment profit	146.72	474.02	620.74	155.32	198.88	354.20
Profit for the years			443.44			121.25
Property, plant and equipment			5,741.46			5,964.55

### 24. PROVIDENT FUND

The Company has set up and registered Provident Fund in accordance with the Provident Fund Act, B.E. 2530 (1987), in order to be the savings and welfare promotion, as well as the fringe benefits upon resignation or retirement to its employees according to the Company's regulation. The fund is partly contributed by the employees and another part by the Company at the rate 3% of their basic salaries. Hereby, the Company has appointed the TISCO Asset Management Company Limited to be the fund manager.

Provident fund contributions made by the Company for the employees and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2017 and 2016 are Baht 4.77 million and Baht 4.13 million, respectively.

## 25. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company has information relating to financial instruments both in and off statements of financial position, as follows:

### 25.1 Accounting policies

Accounting policies are disclosed in Note 3 to the financial statements.

### 25.2 Risk from breach of contracts

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company.
- The credit risk with respect to the concentration of trade accounts receivable due to its small number of major customers with high proportion.
- For the financial assets shown in statements of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

### 25.3 Risk relating to interest rate of financial assets and liabilities

Risk from the fluctuation in interest rate may have negative effect to the Company for the current and the following years. The Company expects that it can manage the contingent risk, due to it has set up a plan and follow up the situation closely.

### 25.4 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments :

- Financial assets shown at book value which equal to estimated fair value.
  - Financial liabilities shown at book value which equal to estimated fair value.
- Loans carrying interest rates close to the market rates.

### 25.5 Hedging against risk from foreign currency transactions

The Company has bought and sold some forward exchange contracts for hedging against risk arising from the fluctuation in exchange rates of foreign currencies.

**26. CAPITAL MANAGEMENT**

The objectives of the Company in capital management are to maintain its ability to continue as a going concern and to maintain appropriate capital structure. In addition, it has to maintain debt to equity ratio as stipulated in loan agreement.

The Company has the ratio of debt to shareholders' equity as follows:

PARTICULAR	2017	2016
The ratio of debt to shareholders' equity	1.43 : 1	1.58 : 1

**27. EVENTS AFTER THE REPORTING PERIOD**

**27.1** The Company has made Selling Forward Exchange Contracts with the local commercial bank after the reporting period to the date of independent auditor's report for hedging against the fluctuation in exchange rates, as follow:

(AMOUNT IN MILLION)

PARTICULARS	EXCHANGE RATES	DELIVERY DATES
USD 15.739	Baht 31.2001 – 32.1400 Baht 31.2502 – 31.7345 to USD 1	July 2018 August 2018
JPY 380.000	Baht 0.2876 – 0.2910 Baht 0.2922 – 0.2968 to JPY 1	July 2018 February 2019

**28. CORRECTION OF ACCOUNTING ERROR**

During 2016, the Company has made adjustment to correct the errors in the accounting records of accrued commission expenses for the years 2013 and 2014 total amount of Baht 21.51 million which recorded over amount of Baht 2.60 million and Baht 18.91 million, respectively. The statements of comprehensive income for each year were shown profit lower in the same amount. The Company has corrected the errors by adjusting to the beginning retained earnings of the period in the years 2015 and 2016.

**29. FINANCIAL STATEMENTS APPROVAL**

These financial statements are duly approved by the Company's directors on February 21, 2018.