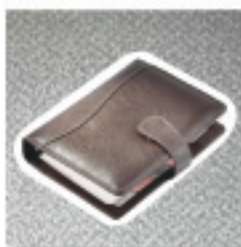




บริษัท ไทยนามพลาสติกส์ จำกัด (มหาชน)  
Thai Nam Plastic (Public) Company Limited

# รายงานประจำปี 2559 ANNUAL REPORT 2016



บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย  
The Leading Company for Plastic Products in Thailand

40 หมู่ 7 ถ.เพชรเกษม กม.23 ต.อ้อมน้อย อ.กระทุ่มแบน จ.สมุทรสาคร 74130 ประเทศไทย  
40 Mu.7 Petchkasem Rd. Km.23, Omnoi, Samutsakorn 74130, THAILAND

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## Vision

Thai Nam Plastic Public Company Limited is the plastic producer which operates business since year 1970. Throughout the period of over 47 years, the plastic industry of Thailand has been grown continually therefore Thai Nam Plastic Public Company Limited is the leading company of plastic product in Thailand which our main products are artificial leather and sheets for automobile industry in part of Automotive Interior Trim. Furthermore, The Company is also the producer of sport shoes and equipment as well as furniture and fashionable leather product industry. Moreover, The Company has been creating, researching and developing new products continuously, especially for Non-PVC products with the international standardized quality and are also eco-friendly which are given priority by global industry at present and in the future. The Company adheres to provide service with the standard quality and fast delivery of products as required by customers which has satisfied our customers consistently.

Thai Nam Plastic Public Company Limited concentrates in satisfying customers' demand by researching and developing new products, cooperating in solving problem of using automotive products for an automotive industry, producing the high quality and eco-friendly products as required by customers with the efficient engines as well as the high technology of production together with our proficient and high experience personnel, providing the good service with product delivery on schedule along with operating commercial business to be able to make profit for the good rate of return on investment to shareholders continually and sustainably. In addition, the Company also supports for development of professional work in order for the potential employees to be ready to cope with the company's business expansion in the future and also assuring of working life quality for employees under the company's mission as follows:

## Mission

"The leading company for plastic products in Thailand" with the qualitative policy of "The standard quality, impressive service, advance development, eliminate organization problems, enhance business cycle and aim at the eco-friendly product."

## Summary of Financial Information (Consolidated Financial Statements)

(Baht Million)

Information from Consolidated Financial Statements	2016	2015	2014
Revenue from sales	1,019.30	1,020.01	1,129.17
Cost of sales	793.09	801.43	918.34
Gross profit	226.21	218.58	210.83
Selling & Administrative expenses	174.13	193.62	190.69
Finance costs	14.90	18.23	24.46
Tax expense (Tax Income)	39.88	(18.36)	19.43
Compensation income from insurance company	-	-	0.16
Profit (loss) attributable to owner of the Parent Company	24.30	34.06	(9.34)
Other incomes	27.21	8.38	12.58
Basic earnings (loss) per share (Baht)	0.08	0.11	(0.16)
Property, Plant and Equipment	347.21	377.82	407.97
Total assets	1,046.02	1,134.28	1,173.29
Total Liabilities	441.93	509.93	580.12
Total Shareholder's equity	604.09	624.36	593.17
Paid-up share capital	319.52	319.52	299.55
Book value (Baht/share)	1.89	1.95	9.90

Remark In the year 2015, The Company has to change in the par value from Baht 5 per share to Baht 1 per share

Financial Ratios from Consolidated Financial Statements	2016	2015	2014
Current Ratio (times)	1.56	1.47	1.51
Accounts Receivable Turnover (times)	5.60	5.11	5.30
Day in Accounts Receivable (days)	65.22	71.45	68.93
Inventories Turnover (times)	2.17	2.09	2.21
Day in Inventories (days)	167.98	174.76	164.83
Accounts Payable Turnover (times)	7.10	6.00	5.52
Day in Accounts Payable (days)	51.43	60.79	66.14
Assets Turnover (times)	0.97	0.90	0.96
Gross Profit (%)	22.19	21.43	18.67
Net Profit (%)	2.38	3.34	(0.84)
Interest Payment Capability (times)	5.32	1.83	1.34
Debt to Equity (times)	0.73	0.82	0.98
Debt to Total Assets (times)	0.42	0.45	0.49

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## Summary of Financial Information (Separated Financial Statements)

(Baht Million)

Information from Separated Financial Statements	2016	2015	2014
Revenue from sales	956.97	987.07	1,086.13
Cost of sales	736.31	780.29	872.75
Gross profit	220.66	206.78	213.38
Selling & Administrative expenses	173.91	222.12	212.12
Finance costs	14.81	18.16	24.42
Tax expense (Tax Income)	23.50	6.91	23.53
Compensation income from insurance company	-	-	0.16
Dividend Income	-	3.00	4.00
Other incomes	13.41	26.89	23.13
Profit (loss) for the period	21.85	(10.53)	(19.40)
Basic earnings (loss) per share (Baht)	0.07	(0.03)	(0.34)
Property Plant and Equipment	494.94	528.37	561.70
Total assets	1,183.80	1,251.43	1,328.62
Total Liabilities	430.24	500.97	567.76
Total Shareholder's equity	753.56	750.46	760.86
Paid-up share capital	319.52	319.52	299.55
Book value (Baht/share)	2.36	2.35	12.70

Remark In the year 2015, The Company has to change in the par value from Baht 5 per share to Baht 1 per share

Financial Ratios from Separated Financial Statements	2016	2015	2014
Current Ratio (times)	1.64	1.48	1.58
Accounts Receivable Turnover (times)	3.49	3.68	4.24
Day in Accounts Receivable (days)	104.60	99.27	86.10
Inventories Turnover (times)	2.38	2.33	2.35
Day in Inventories (days)	153.65	156.37	155.16
Accounts Payable Turnover (times)	6.71	5.94	5.32
Day in Accounts Payable (days)	54.39	61.46	68.56
Assets Turnover (times)	0.81	0.79	0.82
Gross Profit (%)	23.06	20.95	19.65
Net Profit (%)	2.28	(1.07)	(1.80)
Interest Payment Capability (times)	4.06	0.80	1.17
Debt to Equity (times)	0.57	0.67	0.75
Debt to Total Assets (times)	0.36	0.40	0.43

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## Report from the Board of Directors

In the past year 2016, The overall picture of the economic condition was seem to be recovered better from the same period of the previous year by having the growth rate at 3.2%. But this was counted to be in the low level than the expected capacity and the target. By most main factors that would stimulate the economic growth, came from the driving force from the investment and the government spending. While important driving forces liked exporting, the tourism, the consumption and the investment of private sectors were still not recovered enough. In the production, such as, The group of the automotive industry that were the first important industry of the country, had the production capacity in the year 2016 for the amount of 1.94 million units that were increased just only at 1.64% when compared to the production in the year 2015 that were at 1.91 million units. While auto sales in the country had only 768,788 units that were reduced by 30,806 units and this could be calculated to be at 3.85% from the year 2015 that had auto sales at 799,594 units. This would reflect that the consumption in the country had still slowed down and consumers would rather be careful of their spending. This would give effects on the company operation that had main revenue from selling of products in the group of the automotive and auto parts industry. By in the year 2016, The Company had revenue from sales in the total of Baht 1,019 million that was near with the year 2015 that had revenue from sales in the total of Baht 1,020 million.

For the year 2017, The economic condition in the country will continue to grow rate at 3.2-3.4%. By the important stimulant from the government spending and the government investment had increasing trend continuously especially in investment projects of new basic transportation projects along with exporting and the tourism that were expected to enhance better continuously. The household consumption that had received the merit from the farm income that was recovered including private investments that had trends to be adjusted better according to the clear of the government investment. While the world economic condition was recovered with more strength continuously by International Monetary Fund (IMF) had expected that the world economic condition would enhance at 3.4% compared to the year 2016 at 3.1%. However, There were risk factors that still had to realize. This was started from the uncertainty of politics in Europe that more than half of all countries would have new elections such as, France would have the new election of the president. Germany had the general election in the third quarter of the year 2017. While Italy had just passed of the referendum not to get the draft to solve the constitution and this might be the ignition to let Italy to vote to separate from the european union (Italexit) liked England. For the side of United States, The thing that had still to follow, was the economic policy of the new president of the United States, Mr. Donald John Trump that what was his operation?, and this would give the effect on the overall economy. How?

In the side of the direction of the industrial sector in the year 2017, This was expected that this would enhance better continuously. By the automotive industry had estimated that the automotive production wouldn't be less than 2 million units and this would be increased from the year 2016 that had the production amount at 1.94 million units that was the production for exporting approximately at 1.2 million units and this would have distributed in the country for 800,000 units. From the economic stimulation of the government sector and the recovery of the industrial sector that would be better continuously, This would give good effects on businesses of entrepreneurs including the company and subsidiary companies to be able to operate their businesses totally. However, There were still other risk factors as mentioned above that the company would have to realize and operate the business carefully and cautiously for highest benefits and create the good compensation for the organization and shareholders. The company had the confidence that this would receive the support from shareholders and with the cooperation of executives and staffs, The company would have the stability and the progress sustainable further. At last, On behalf of Board of Directors, Executives and all staffs, We would like to thank for shareholders, customers and other financial institutions including all benefactors and stakeholders that had given the confidence and the trust to support the company operation well as always.

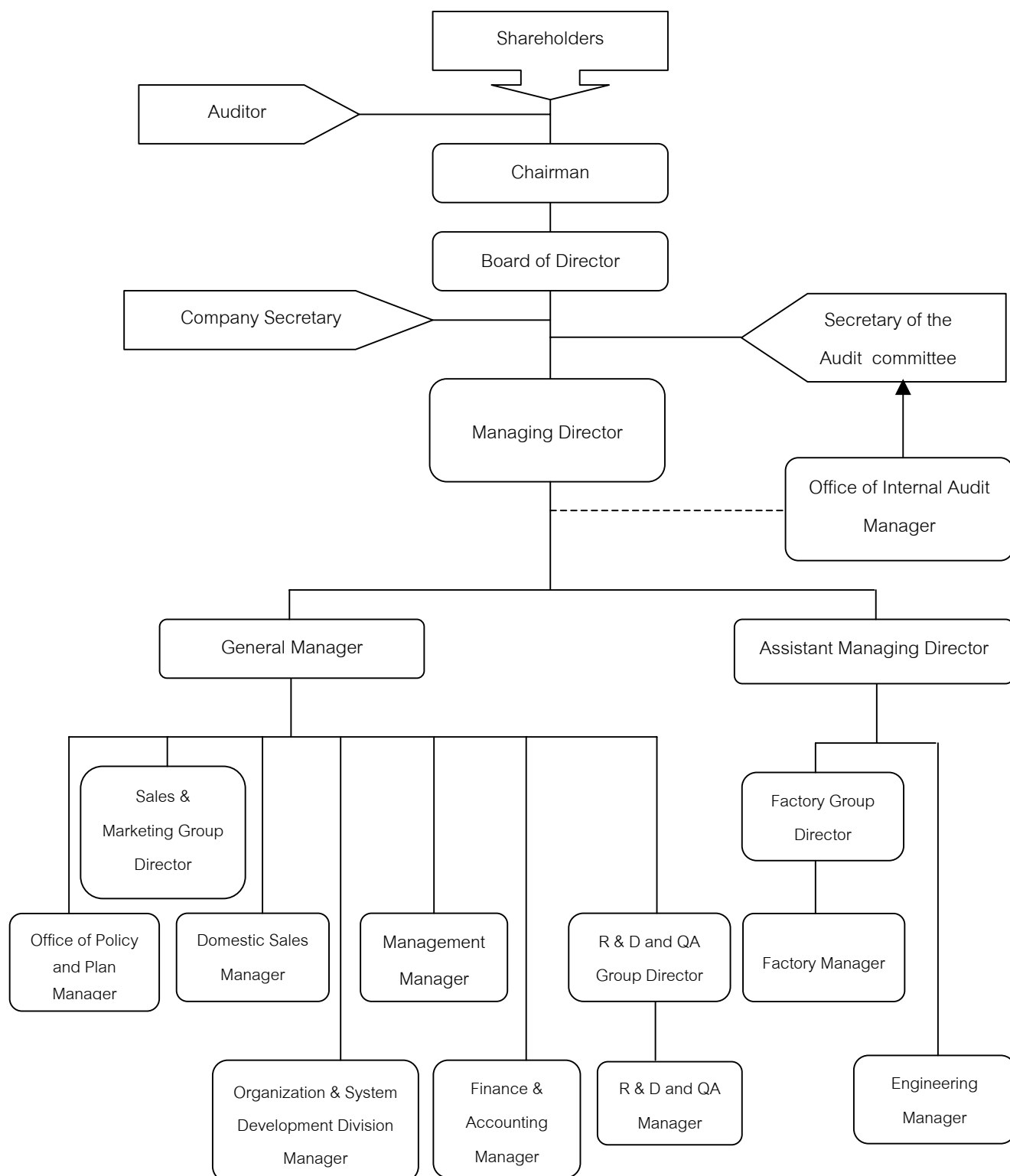


Mrs. Siriphorn Mangkornkarn  
Chairman

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## Organization Chart





## Board of Directors



Mrs. Siriphorn Mangkornkarn  
Chairman and Managing Director



Mr. Kong Mangkornkarn  
Executive Director



Mr. Kritasorn Mangkornkarn  
Executive Director



Mr. Thawat Treewanakul  
Director



Mr. Chaiyanandh Lapitananuvat  
Director



Miss Piyatida Mangkornkarn  
Director



Mr. Vorathep Vithayaviroj  
Independent Director and  
Chairman of the Audit Committee



Mr. Peesak Prapaiporn  
Independent Director and  
Member of the Audit Committee



Mr. Wutipong Vechayanon  
Independent Director and  
Member of the Audit Committee



## Board of Directors

Name	Education	Working Experiences	
		Period	Position/Agencies/Company
1. Mrs. Siriphorn Mangkornkarn Chairman and Managing Director Age 76 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold 2.70 Attendance of Board's Meetings : 7/7	BA in Commerce & Accounting (Accounting), Thammasat University	Present	- Managing Director: Taweewattana Logistics Co., Ltd. Thai Nam Automotive Performance Co., Ltd. T.N.P. Industry Co., Ltd.
2. Mr. Kong Mangkornkarn Executive Director Age 47 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold 3.80 Attendance of Board's Meetings : 6/7	MBA, Mercer University Atlanta, USA	Present	- Managing Director, TNV Plastics Proprietary Ltd. - Executive Director, T.N.P. Industry Co., Ltd. Thai Nam Automotive Performance Co., Ltd. - General Manager: Thai Nam Plastic Public Co., Ltd. Thai Nam Automotive Performance Co., Ltd. T.N.P. Industry Co., Ltd.
3. Mr. Kritasorn Mangkornkarn Executive Director Age 41 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold 4.22 Attendance of Board's Meetings : 7/7	Master Degree in Industrial and Organization Psychology Liberal Art Faculty, Thammasat University	Present	- Executive Director Thai Nam Automotive Performance Co., Ltd. - Organization & System Development Division Manager/Management Manager: Thai Nam Plastic Public Co.,Ltd. Thai Nam Automotive Performance Co., Ltd. T.N.P. Industry Co.,Ltd.
4. Mr. Thawat Treewanakul Director Age 57 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 7/7	MA, Industrial Engineering Faculty, Asia Institute of Technology (AIT)	Present	- Executive Vice President Bangkok Bank Public Co.,Ltd. - Director: Seacon Development Public Co.,Ltd Sammitr Motors Manufacturing Public Co.,Ltd. T.N.P. Industry Co.,Ltd.
5. Mr. Chaianandh Lapitananuvat Director Age 62 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 7/7	MBA, University of South Alabama, USA	Present          Former	- Chairman of the board of Adviser Islamic Bank of Thailand - Director: T.N.P. Industry Co.,Ltd. - Executive Vice President Thanachart Bank Public Co., Ltd.

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Name	Education	Working Experiences	
		Period	Position/Agencies/Company
6. Miss Piyatida Mangkornkarn Director Age 50 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold 3.84 Attendance of Board's Meetings : 7/7	Master of Business Administration, Mercer University Atlanta, USA	Present  Former	- Manager, Credit Underwriting Dept (for MBXCB), TMB Bank Public Co.,Ltd. - Manager, Credit Analysis Dept., - Manager, Investment Business Dept, TMB Bank Public Co.,Ltd.
7. Mr. Vorathep Vithayavroj Independent Director and Chairman of the Audit Committee Age 72 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 7/7	Master of Science (Management), Mississippi State University, USA	Former	- Senior Management the debt, Bank of Thailand - Assistant Director of the South Branch, Bank of Thailand - Head of Branch Office of the Governor, Bank of Thailand
8. Mr. Peesak Prapaiporn Independent Director and Member of the Audit Committee Age 63 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 7/7	BA in Accountin (Costing) Chulalongkorn University	Former	- Vice President (senior), TMB Bank Public Co.,Ltd. - Vice President (senior), The Industrial Financial Corporation of Thailand.
9. Mr. Wutipong Vechayanon Independent Director and Member of the Audit Committee Age 55 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 5/7	Master of Law, Harvard University, USA	Present  Former	- Risk Management Committee - General Counsel, SME Bank. - Audit Committee, the Cambodian Commercial Bank. - Executive Director, Siam Commercial Plus Co.,Ltd. - President, Siam-Niti Law Office - Executive Vice President, Siam Commercial Bank Public Co.,Ltd.

Name	Education	Working Experiences	
		Period	Position/Agencies/Company
10. Miss Somsuan Khondon Company's secretary Age 51 Years old Nationality Thai Trainings: - Company Secretary Program (CSP) - Effective Minute Taking (EMT) Percent of Shares hold -none- Attendance of Board's Meetings : 7/7	BA in Accounting, Wongchawalitkul University	Year 1991 - Present	- Information Department Manager Thai Nam Plastic Public Co., Ltd.
11. Mr. Chairaj Kongsiripanich Secretary of the Audit Committee Age 53 Years old Nationality Thai Trainings: - Fundamental Practice for Corporate Secretary Percent of Shares hold 0.02 Attendance of Board's Meetings : 7/7	MBA, Thammasat University	Year 1996 - Present	- Office of Internal Audit Manager Thai Nam Plastic Public Co., Ltd.

Remark In the year 2016, There were 7 times of the Company's Board's Meeting.

#### Scope of duties & responsibilities of the Board of Directors

1. To carry on the Company business in accordance with the laws.
2. To appoint a director or directors or any person to be manager, managing director, vice president to perform their duties under the Board of Directors' control, and to make a power of attorney to director, manager, managing director, vice president and/or any other person to empower.
3. To remove or revoke, change a manager, superintendent or other senior employees of the Company and/or to correct such powers when considered not suitable to manage the Company's business.
4. To sell or mortgage any of the Company's immovable property or hire out any of the Company's immovable property for more or less than 3 years and/or the Company's benefits.
5. To fix the amount of salary, remuneration, reward, bonus or any other benefit for the Company's employees.
6. To appoint attorneys or to be a party in a litigation in a civil suit and a criminal case and/or a bankruptcy case, to compromise a claim and to submit to arbitration any claim.
7. To set the employees' regulation and the Company's operation.
8. To fix the interim dividends payable to the shareholders.
9. To select a person or persons whose qualifications not prohibited by Public Laws to be a director to be filled in a vacancy among the directors other than a retirement by rotation.
10. To select a number of appropriate directors to be executive directors.

## Appointment of Directors

To appoint the Company's directors, it shall be followed by the resolution of the shareholders' meeting according to the following principles and methods:

1. One shareholder shall have one vote for each share.
2. By electing the director, each shareholder shall vote all his votes (According to Item 1.) by voting for one or more director(s). This is according to resolution from the shareholders' meeting. However, by each voting, each shareholder shall vote all his votes and shall not give or separate his vote to certain person unequally.
3. By voting to appoint the directors, the persons who will be voted to be director shall have majority votes. The person who receive highest votes respectively shall be elected to be directors of which the number of the directors shall be equal to the number of directors available in that election. In case that the next elected persons, having the same number of votes, are more than the number of available directors in that election, the arbitration will be given by the Chairman of the meeting.

Additionally, in case that the position of director is vacant because of other reasons with the exception of periodical resignation, the appointment of the director can be resolved by the resolution from Company directors with votes not less than  $\frac{3}{4}$  from the number of available directors. Directors shall elect appropriate persons to be replaceable directors in the next meeting with the exception that the period of directors is less than 2 months. Besides, the persons who are entitled to be the replaceable directors shall be entitled to be the directors only within the remaining period of the previous directors.

## Audit Committee

Names of members of the Audit Committee are as follows:

Names			Position	Attendance of the Audit Committee Meetings 2016
1	Mr. Vorathep	Vithayaviroj	Chairman of the Audit Committee	7/7
2	Mr. Peesak	Prapaiporn	Member of the Audit Committee	7/7
3	Mr. Wutipong	Vechayanon	Member of the Audit Committee	5/7
4	Mr. Chairaj	Kongsiripanich	Secretary to the Audit Committee	7/7

Remark In the year 2016, There were 7 times of the Audit Committee Meeting.

## Scope of Duties and Responsibilities of Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.

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4. To consider, select and nominate the Company's independent auditors and set their fee giving consideration to reliability and adequacy of resources, and amount of audit work by such independent auditors, including experiences of personnel assigned to audit the Company's accounts as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare, and to disclose in the Company's annual statements (Form 56-1) and the annual report (Form 56-2), an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report;
  - (b) an opinion on the adequacy, of the Company's internal control system;
  - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business;
  - (d) an opinion on the suitability of a auditor;
  - (e) an opinion on the transactions that may lead to conflicts of interests;
  - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member
  - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter;
  - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. To perform any other act as assigned by the Company's Board of Directors, with the approval of the audit committee.
8. To report its performance of the audit committee to the Board of Directors at least once a quarter.
9. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially effect the Company's financial condition and operating results, the audit committee shall report it to the Board of Directors for rectification within the period of time that the audit committee thinks fit:
  - a. a transaction which causes a conflict of interest;
  - b. any fraud, irregularity, or material defect in an internal control system ; or
  - c. an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

If the Board of Directors or its management does not rectify within the determined period, any member of the audit committee may report the transaction or any of the above-mentioned acts to the Securities Exchange Commission or the Stock Exchange of Thailand.

10. In order to let the audit committee act its duties through its objectives, the audit committee shall have the following powers:

(a) The power relating to the management;

The audit committee shall have its power to invite the management, chief of the unit or concerned employees for any meetings, declaration, giving an opinion or delivery the related and necessary documents.

(b) The power relating to the internal auditor;

- 1) to co-ordinate and set the good understandings between the external auditors, the Board of Directors and the internal audit unit.
- 2) to give an opinion to appoint, transfer, dismiss and propose the remuneration of chief of the internal audit unit.
- 3) to guarantee the independence of the internal auditor.
- 4) to determine the acts of internal audit unit under the governance and direct control of the audit committee.

(c) The power relating to the external auditor;

- 1) to review and appraise the performance of the external auditor.
- 2) to recommend the names of the external auditors as well as the annually auditing remuneration for the annual general shareholders' meeting's consideration.
- 3) to determine other service fees and advisory fees of the external auditors.
- 4) whenever receiving the facts from the external auditors regarding doubtful behavior of Managing Director or concerned persons in doing faults, the audit committee shall report the initial investigation to the Securities Exchange Commission and the external auditors within 30 (thirty) days since the information date.

If the audit committee does not perform as the external auditors indicate, the external auditors shall inform to the Securities Exchange Commission.

(d) Powers in other area;

The audit committee has the power to investigate concerned persons in the scope of its duties and responsibilities as well as to employ independent professional advisors when necessary.

#### Remuneration of the Board of Directors in the year 2016

According the AGM 2016, The shareholder's had approve the remuneration of the Non-Executive Directors and the remuneration of the Audit Committee as follows:

<u>Remuneration</u>	<u>Remuneration Rate</u>
- Non-Executive Director	20,000.- Baht / person / month
- Chairman of Audit Committee	20,000.- Baht / month
- Member of Audit Committee	10,000.- Baht / person / month



## Remuneration of the Board of Directors in the year 2016

Name	Position	Remuneration (Baht)		
		Directors	Audit Committee	Total
1. Mrs. Siriphorn Mangkornkarn	Chairman and Managing Director	-	-	-
2. Mr. Kong Mangkornkarn	Executive Director	-	-	-
3. Mr. Kritasorn Mangkornkarn	Executive Director	-	-	-
4. Mr. Thawat Treewanakul	Director	240,000	-	240,000
5. Mr. Chaiyanandh Lapitananuvat	Director	240,000	-	240,000
6. Miss Piyatida Mangkornkarn	Director	240,000	-	240,000
7. Mr. Vorathep Vithayaviroj	Independent Director and Chairman of the Audit Committee	240,000	240,000	480,000
8. Mr. Peesak Prapaiporn	Independent Director and Member of the Audit Committee	240,000	120,000	360,000
9. Mr. Wutipong Vechayanon	Independent Director and Member of the Audit Committee	240,000	120,000	360,000
	Total	1,440,000	480,000	1,920,000

## The Management

The Management as of 31<sup>st</sup> December 2016 as follows:

Names	Position	Number of Shares Hold On 31 <sup>st</sup> December 2016	
		Number	Percent
1. Mrs. Siriphorn Mangkornkarn	Managing Director	8,635,045	2.70
2. Mr. Kong Mangkornkarn	Executive Director	12,134,890	3.80
3. Mr. Kritasorn Mangkornkarn	Executive Director	13,469,951	4.22
4. Mr. Viroat Anantachotkakul	Assistant Managing Director	-	-
5. Mr. Pranot Kotchabhakdi	Sales & Marketing Group Director	-	-
6. Mr. Suriya Ruangsamret	R & D and QA Group Director	-	-
7. Mr. Hemsuwan Padcha	Factory Group Director	-	-
8. Miss Apiradee Tangsatit	Finance & Accounting Manager	151,525	0.05

## Remuneration of the Managements in the year 2016

- Total remuneration of the Management 19.15 Bath Million
- Forms of remuneration Salary and Bonus
- Other forms of remuneration Insurance, Health Insurance, Contribution to provident fund and Social security fund and Employee Benefits.

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## Company Information

Listed Company	Thai Nam Plastic Public Company Limited Registered No. 0107537000769		
Registered Capital	Baht 372,769,181 divided into ordinary share amount of 372,769,181 shares at par value of Baht 1 per share		
Paid-Up Registered Capital	Baht 319,516,441 divided into ordinary share amount of 319,516,441 shares at par value of Baht 1 per share		
Warrants to Purchase the Ordinary Shares No.1 (TNPC-W1)	: Number of Warrants 53,252,049 Unit		
Date of Establishment	22 <sup>nd</sup> May 1970		
Office and Factories	40 Moo 7, Petchakasem Road, K.M. 23, Omnoi, Amphur Kratumban, Samutsakorn Province 74130 Tel : (66 2) 119 3200, 420 9968-74 Fax : (66 2) 119 3933, 420 1827, 420 9967 Web site : <a href="http://www.thainam.com">www.thainam.com</a> e-mail : <a href="mailto:sales@thainam.com">sales@thainam.com</a>		
2 <sup>nd</sup> Factory	89/1-2 Moo 4, Bangpla Road, K.M. 3, Bankoh, Amphur Muang, Samutsakorn Province 74000 Tel : (66 34) 468 102-8, 830 325-8, 830 712, 830 715-9 Fax : (66 34) 468 101, 468 109-10		
Main Business	Manufacture and distribute the following semi-finished products : 1. Synthetic leather and film/sheet for the industries of automotive, sports shoes, furniture and fashionable leather 2. Flexible film/sheet for the application in household, civil engineering and agricultural functions		
Production Capacity	In the year 2016, actual production capacity was 5,500 metric tons representing to 33.95 percent of its attainable capacity which was stood at 16,200 metric tons per year		
Number of Employees	571 persons at the end of December 2016		
Securities Registrar of TNPC and TNPC-W1	Thailand Securities Depository Company Limited 14 <sup>th</sup> Floor, The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400		
Auditors	Mr. Thanawut Piboonsawat	Certified Public Accountant No. 6699	and/or
	Miss Sulalit Ardsawang	Certified Public Accountant No. 7517	and/or
	Miss Wannisa Ngambuathong	Certified Public Accountant No. 6838	
	Dharmniti Auditing Co.,Ltd. 267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok 10800 Tel : (66 2) 587 8080 Fax : (66 2) 586 0301		

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

*The Leading Company for Plastic Products in Thailand*

## Juristic Persons of which the Company Holds Securities over 10 Percent

## ■ Taweewattana Logistics Company Limited

Date of Establishment	6 <sup>th</sup> November 2007
Office	40 Moo 7, Petchakasem Road, Omnoi, Amphur Kratumban, Samutsakorn Province 74130
Paid-up Registered Capital	Baht 3,000,000 at par value of Baht 10 per share
Number of Shares hold by the Company	299,970 shares representing of 99.99 percent
Main Business	Investment and sale of PVC Product

## ■ Thai Nam Automotive Performance Company Limited

Date of Establishment	24 <sup>th</sup> January 2002
Office	40 Moo 7, Petchakasem Road, Omnoi, Amphur Kratumban, Samutsakorn Province 74130 Tel : (66 2) 119 3200, 420 9968-74 Fax : (66 2) 119 3933, 420 1827, 420 9967
Factory	89/1 Moo 4, Bangpla Road, K.M. 3, Bankoh, Amphur Muang, Samutsakorn Province 74000 Tel : (66 34) 468 102-8, 830 325-8, 830 712, 830 715-9 Fax : (66 34) 468 101, 468 109-10
Paid-up Registered Capital	Baht 10,000,000 at par value of Baht 10 per share
Number of Shares hold by the Company	999,995 shares representing of 99.99 percent
Main Business	Manufacture and distribute PVC/PP Foam Sheet and TPO (Thermo Plastic Olefin) which are used in the Automotive industry ex. door trim and sale of PVC Product. Additionally, the Company also operate cutting sheet and Laminate Foam for Thai Nam Plastic Public Company Limited's group.
Number of Employees	18 persons at the end of December 2016

Remark

In the year 2016, There were changing of holding shares in subsidiary companies.

7 <sup>th</sup> April 2016	The company had purchased shares of Thai Nam Kyowa Co., Ltd. for 50% from Kyowa Leather Cloth Co., Ltd. and had changed the name to be Thai Nam Automotive Performance Co., Ltd., This would make the company to be the shareholder at 99.99%.
1 <sup>st</sup> August 2016	Thai Nam Automotive Performance Co., Ltd. had reduced the business size by reducing the registered capital from Baht 40 million to be Baht 10 million, divided into ordinary shares for 1 million shares. In order that the company still had been the major shareholder with the amount of 999,995 shares that could be calculated to be 99.99%.

■ TNV Plastics (Proprietary) Limited

Date of Establishment	24 <sup>th</sup> November 2010
Factory	No. 1106 Courtyard Building Gants Center Somerset West 7140 South Africa
Paid-up Registered Capital	Rand 1,000,000 equal of Baht 4.28 million at par value of Rand 1 per share or Baht 4.28 per share
Number of Shares hold by the Company	1,000,000 shares representing of 100.00 percent
Main Business	Manufacture and distribute Polyvinyl chloride (PVC) products

■ T.N.P. Industry Company Limited

Date of Establishment	3 <sup>rd</sup> November 1983
Factory	87/9 Moo 4, Bangpla Road, K.M. 3, Bankoh, Amphur Muang, Samutsakorn Province 74000 Tel : (66 34) 468 102-8, 830 325-8, 830 712, 830 715-9 Fax : (66 34) 468 101, 468 109-10
Paid-up Registered Capital	Baht 214,196,650 at par value of Baht 10 per share
Number of Shares hold by the Company	21,269,665 shares representing of 99.30 percent of which were totally sold to Taweewattana Logistics Company Limited in November 2007.
Main Business	Manufacture and distribute transparent & opaque semi-rigid PVC sheet using for packaging, file stationery, christmas tree, credit card etc.
Production Capacity	In the 2016, actual production capacity was 1,340 metric tons representing to 13.54 percent of its attainable capacity which was stood at 9,900 metric tons per year.
Number of Employees	39 persons at the end of December 2016.

Reference Persons

**Securities Registrar of TNPC and TNPC-W1**  
Thailand Securities Depository Co., Ltd.  
14<sup>th</sup> Floor, Stock Exchange of Thailand Building  
93 Rachadapisek Road, Dindaeng,  
Dindaeng, Bangkok 10400  
Tel : (66 2) 009 9000 Fax : (66 2) 009 9992

**Lawyer**

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**Auditor**

Mr. Thanawut Piboonsawat  
Certified Public Account No. 6699  
Dharmniti Auditing Co.,Ltd. 267/1 Pracharaj Sai 1 Road,  
Bangsue, Bangkok 10800  
Tel : (66 2) 587 8080 Fax : (66 2) 586 0301

**Company Secretary**

Miss Somsuan Khondon  
Thai Nam Plastic Public Company Limited  
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Amphur Kratumban, Samutsakorn Province 74130  
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Fax : (66 2) 119 3933, 420 1827, 420 5055

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

*The Leading Company for Plastic Products in Thailand*

## Nature of Business

### The Structure of Income and Changes in the Previous Year

The sources of income are contributed from the 2 main products of:

1. Synthetic leather and film/sheet for automotive industry with specific items for Automotive Interior Trim ie. upholstery, door panel, ceiling, flooring. These products are also applied in the industry of sports shoes, sport items eg. various sports balls. Additionally, they cover the industry of furniture, fashionable leather for bags, shoes and belts.
2. Flexible film/sheet is designed and used in civil engineering as geo-membrane lining for ponds of water treatment, minerals deposit. The engineering sheets are also used in the dams construction for hydro electricity generation or irrigation reservoir. In the agricultural field, they are used in the ponds for prawn and fish farm. Other household items are included as table cover sheets, shower curtain, rain coat, umbrella, tent. Other items are for packaging, office stationery ie. diary cover etc.

In the year 2016, the Company's total sales revenue from all items of product amounted Baht 956.97 million represented decrease of Baht 30.10 million or 3.05% from the previous year. The total revenue was from domestic sales Baht 775.67 million and export sales Baht 181.30 million or in percentage of 81 : 19 as follows:

Products	2016		2015		Variance +/(-)	
	Baht Million	%	Baht Million	%	Baht Million	%
Domestic Sales:						
1) Synthetic leather and film/sheet for automotive/ sports shoes and other industries	499.62	52.21	502.30	50.89	(2.68)	(0.53)
2) Flexible film/sheet	222.90	23.29	275.99	27.96	(53.09)	(19.24)
3) Others	53.15	5.55	60.49	6.13	(7.34)	(12.13)
Sub-total (A)	775.67	81.05	838.78	84.98	(63.11)	(7.52)
Export Sales:						
1) Synthetic leather and film/sheet for automotive/ sports shoes and other industries	125.33	13.10	99.11	10.04	26.22	26.46
2) Flexible film/sheet	21.32	2.23	12.59	1.28	8.73	69.34
3) Others	34.65	3.62	36.59	3.71	(1.94)	(5.30)
Sub-total (B)	181.30	18.95	148.29	15.02	33.01	22.26
Total Sales Revenue (A) + (B)	956.97	100.00	987.07	100.00	(30.10)	(3.05)

### Changes in the Previous Year

The Company had still to operate the research and develop products continuously in order to create new products in lifting the quality level of products of the company to have high quality according to the international standard and to be above of competitors until to be accepted in the group of automotive industry worldwide in order to increase the capacity in competing and enhancing of new customer bases with developing of products to be friendly with the environment according to social trends in the current situation that had given the importance in conserving of the environment. The company had developed of the production of artificial leathers that were produced from Poly Urethane Plastics that were used with artificial car seats, sports equipments, furnitures and fashion leathers including having develop the surface coating water based instead of the surface coating solvent based that the cause of the bad smell that was evaporated from the artificial leather by focusing on producing of artificial leathers for the automotive industry that might be accepted in the quality of large size customers of the automotive industry for both Japanese and USA carmakers.

### The Marketing Situation and Competition in the year 2016

In the year 2016, The market condition of products from Thailand automotive industry had auto production units at 1,944,417 units that were increased by 31,415 units or increased for 1.64% when compared to the previous year that had production at 1,913,002 units that were below than the setting target at 1,950,000 units by having car sales in the country at 768,788 units that were reduced by 30,806 units or reduced by 3.85% when compared to the previous year that had sales at 799,594 units. Main products would be 1 ton pick-ups and PPVs that should be calculated to be 51%. In the year 2016, This was the period that carmakers had adjusted themselves to conform with the production for selling in the country that had decreasing trends and balanced in some types of cars. For auto exporting sales had the amount of 1,188,515 units that were reduced by 16,380 units or reduced by 1.36% when compared to the previous year that had exporting sales at 1,204,895 units. In order that, The overall picture of the automotive industry in the year 2016, There was the adjustment of the production base and the production capacity to conform with the market condition in the country and overseas countries that had received effects from slowdown economic conditions in every regions including adjusting in the production technology to be matched with trends of production of new car groups such as, Hybrid cars or Cars that had used electric energies that had started to enter into the market more.

The Company was the manufacturer of artificial leathers in the automotive industry. By in the year 2016, The Company had sales from selling of artificial leathers with the automotive industry in the amount of Baht 672.79 million that was reduced from the previous year at 3.72%. Artificial car seats had still be main products in the car group that could be calculated to be 74% that had sales at 2.44 million metres that was reduced from the previous year at 0.32 million metres that was happened from the adjustment of carmakers continuously, This would make sales in the balance level and was reduced slightly with the competition of products from competitors in the country and in the region including importing products directly from manufacturers who had participated to develop with carmakers for products that had higher production technologies from the mentioned competition condition that made the company to start to develop to produce products with new technologies more. By the company had started to research and develop products in the Non-PVC group in order to increase values and new products that had high quality standard to enter to the market in order to create business opportunities including reducing of the price competition and adjusting of production process and distributions to be suitable for purchasing orders of customers that had been adjusted according to the market condition of the automotive industry.



### Situation of Automobile industry in the year 2016

In the year 2016, Thailand automotive industry has still received effects from the slowed down economic condition both in the country and worldwide. Although factors in oil prices had still in the balance period but the overall consumption in the country had still slowed down from the condition of decreasing farm prices. This would give effects on the people to reduce spending. This would make sales of pick-ups that were main product sales of the company that had to decreased also. Although carmakers had adjusted the production capacity by focusing on the production in order to export that could be calculated to be 54% of the production amount in the year 2016. But due to the world economic condition that had created the unrest in many countries. This would make carmakers were needed to maintain the production capacity in the same level and had adjusted to be reduced by using the subcontracting system (Sub-Contractors) in order to produce more to disperse the production capacity for small manufacturers who had produced auto parts. This would make manufacturers who had produced auto parts, had no need to invest in order to enhance the production capacity and reduce the employment of labors in some parts of jobs. This would give effects on the company. This would make more amount of customers but the quantity of purchasing orders would be the same or reduced slightly but the company could still keep the quality and the delivery for rendering services for customers thoroughly. This was held at the adjustment from the changing of the market condition.

### Tends of Automobile Industry in the year 2017

Trends of the automotive industry in the year 2017 were expected to had the good momentum from the economic condition in the country that had started to recover continuously from the past ending period of year 2016 by having the consumption from private sectors, the government spending that was the driving force and the tourism that had trends to enhance more. The Federation of Thai industries had set the quantity of the car production at 2,000,000 units, This would produce to export for 1,220,000 units and sell locally for 780,000 units that was increased from the year 2016. In order that, From the merit of the first car project that would come to the maturity date of the possession in the middle year 2017. This would expect that the quantity of car purchasing would increase approximately at 10,000 – 20,000 units and this would continue to increase due to cars in the first car project had the amount more than 1.25 million units. In this amount, This had expected to change new car models for 10-20% or approximately 125,000 – 250,000 units by this would have factors to support from farm prices. The solving of the drought problem including household debts and granting of credit of financial institutions. At the same time in the year 2017, Carmakers would start to adjust of many production technologies such as, Proposing of hybrid cars that many carmakers would start to bring to study and produce in the country. From mentioned factors, the company had operate to contact with manufacturers of hybrid cars that would start to move production bases into the country by having develop technologies in order to produce new products in the Non-PVC Leather group and products in new car model groups that had started to launch in the year 2017 that would focus on export products to countries in ASEAN group, Australia and South Africa more by using distributing channels via agents or dealers in that local areas in order to enhance the market and sales more including avoiding to compete in prices with producers in the country that had started to have more numbers.

## Risk Factors

Risk factors that might give effects on the business operation of the company and subsidiary companies by considering from internal factors and external factors, were as follows:

### ❑ Risk factors from internal factors

#### Marketing

- The price competition in the marketing of the automotive industry hadn't much due to the aspect of products in this marketing was produced according to the demand of customers in the automotive industry that had specified the demand in the qualification of products that might be produced according to the standard of auto's customers with less competitors in the market that had the qualification of producing of products in this category while general product market such as, The market of the industry related to shoes, packaging products, printing stationeries had the aspect of commodities that products had the same standard or similar standard no matter who would be producers with many entrepreneurs, This would make the price competition had rather high and the company wouldn't focus to enter to compete in pricing in order to get customers in this part of the market but there was suitable competition in the quality of products, services and selling prices.
- For using of substitute products, Risk factors of using of other products to replace of company's products could be divided in the category of the product group to be products in the category of the artificial leather product that substitute products could be divided to be the genuine leather product and the textile product and in each category would have the physical qualification, selling price and the demand of users clearly. The risk in changing of using behavior to be substitute products would have rather less. While products in the category of the plastic sheet both in the type of the soft sheet and the thick sheet that were used in products in the category of printing stationeries, other packaging products had the opportunity to change to use substitute products especially in products that were friendly with the environment according to the trend of the society in the current situation that had turned to give the importance in conserving of the environment more.
- For depending on the main revenue from the market of the automotive industry, The company had revenue from selling of artificial leather products and plastic sheets in order to use as interior decorative materials for the automotive industry that should be calculated in the proportion of 70% of the revenue from selling of products that might have rather high risk if any factors that would give effects on the market of the automotive industry and this would give effects on sales of the company, Hence, In order to reduce the risk from depending on the main revenue as mentioned, The company had the policy in enhancing the market of products to other categories of industrial groups more such as, The industry related to shoes, sports products, furnitures, printing stationeries and plastic packagings. However, The automotive industry was held as the one in the main industry of the country that had the target and the development plan clearly in order to step forward to the base for producing of autos in this region. This would be counted that this was the strength point in operating of the business of the company that had commercial transactions with leading industrial groups stably and continuously.

## Production

- The fluctuation of material prices and changing of material prices especially in the part of plastic pellets in the category of PVC compound and Paste Resin that were main materials to be used in producing of artificial leather products and plastic sheets of the company. This would give effects on the production cost and the business operation of the company significantly. However, With the main business of the company that was the production to customer orders that had determined the qualification of products that what kinds of products?, There were colors, the thickness and the thin, the soft and the hard or other special qualifications such as, Enduring for the heat, Enduring for the cool, Enduring for the UV radiant etc. Hence, Selling prices would reflect to the production cost and material prices significantly. This would make risk factors in the fluctuation of material prices would give effects on the business operation of the company not much.
- The changing in the production technology in the industry of producing of products for the category of artificial leather products and plastic sheets that had 2 types of main production processes that were, Calendering Process and Casting Process that in the current situation, The production technology has still not been changed significantly from this 2 systems with the company had the development and the adjustment in the production process in order to increase the efficiency of the production of machines to be modern and enough for supporting of the market demand all the times. This would can reduce the risk from changing in the mentioned production technology.

## Finance

- For the risk in the trade finance, Executives had controlled this risk by having the determination of the policy and the method in controlling of the credit suitably with most of customers of the company especially in the product group of the automotive industry that were large size companies that had been famous and had long term business contacts. This would have no risk in this side except in the case of new customers, The company and subsidiary companies had the criteria and the step in considering of granting of the credit for case by case. The company and subsidiary companies hadn't expected that this would receive the damage that was the important content from collecting of the money from mentioned debtors beyond from setting of Allowance for doubtful accounts already.
- For the risk in the financial cost, The company and subsidiary companies had financial costs from deposit rates of financial institutions, overdrafts, short-term loans and long-term loans. In order that, Most of assets and financial debts had determined interest rates that were adjusted up and down according to market rates or there were fixed interest rates that were close to market rates in the current situation. However, Executives had believed that the opportunity to the creation of the fluctuation of interest rates in the future significantly hadn't much and this wouldn't give effects as the important content for the business operation and cash flows of the business including the company and subsidiary companies hadn't used any financial derivatives in order to protect the mentioned risk.
- For the risk in the financial liquidity, The company had the policy to keep the level of cash flows and cash equivalents to be enough for the business operation of the company including the acquisition of short-term credit facility from other financial institutions in order to be the reserve in the case of having the need and reducing effects from the fluctuation of cash flows that might be happened. This was the controlling of the risk from lacking of the liquidity.
- For the risk in exchange rates, Due to the company and subsidiary companies had bank deposit transactions, trade account receivables, Trust receipts payables and trade account payables in foreign currencies and in order to protect the risk from exchange rates, The company and subsidiary companies would enter to do forward contracts according to the suitability in each case in order to protect and reduce effects from the risk of foreign exchange rates.

### Foreign Investments

The Company had enhanced investments to South Africa by establishing of TNV Plastics (Proprietary) Limited in order to produce and distribute, import and export of PVC products by having the objective in order to increase business opportunities and enhance markets especially in the automotive industry. However, Foreign investments might have the risk from effects from other changes in politics, economics, labors, laws and the importance was the changing of foreign exchange rates that the company had given the importance for the risk management by considering by using tools and other needed measures and this still could manage the risk to be in the acceptable level.

### Human Resource Management

The risk in Human Resources Management was the risk that would give effects on the management of the company in the long run by this might classify risks in other sides as follows:

- Lacking of successors in working positions was one happened problem with the company and this couldn't still develop personnels who had knowledges, capacities to be enough for replacing important positions. This would be needed to use the method to renew working times of retired staffs further including accelerating to develop personnels from inside of the organization and recruiting from outside in order to inherit mentioned working positions.
- The management of compensations, welfares and the progress in job roles. This risk would come from the way that the company might pay in low levels for compensations, welfares and other overall benefits when this were compared with the same industry especially in the market of the automotive industry. This would give effects on recruiting of personnels who had experiences, knowledges and capacities that would enter to join to work quite difficult. For the other side, This would turn to have the opportunity to lose skillful staffs also.

### ❑ Risk factors from external factors

#### Economic and Politics Condition

The fluctuation of the economic condition would be the risk factor that would give effects on the business operation that was difficult to avoid and protect. Hence, the guideline in protecting of the mentioned risk was reducing of effects that would have for the business of the company by adjusting to match with the mentioned fluctuation including increasing of the efficiency, reducing of costs and other expenses in order to manage the financial liquidity suitably including having to forecast and evaluate about trends in the further period. For in the year 2016, The overall of the world economy had still dull continuously including accumulated problems from the debt crisis in Europe in the past period that had to hurry to solve bad debts problems, including China that had adjusted the major change to reduce Yuan currency in the period of January. The way that England had voted to separate from European Union (Brexit) in June that was the event that was beyond the expectation and this would create the fluctuation much for financial markets worldwide and this still had factors that might follow effects from the economic policy of the new president, Mr. Donald Trump that, What would be his operation?, Other factors that would reflect about exporting situations of Thailand that would still slow down continuously while the economics in Thailand had still recovered slower than the target although there would have support factors from the government spending in stimulating of the economics but the consumption and the investment of private sectors couldn't turn to recover much following to the government sector from the purchasing power in the country that had still slowed down. The problem of the drought and falling of farm prices.

## Society and Environment

The risk in the society and the environment would be the risk factor that could give effects on the fame and the image of the company. If this problem was happened, The solving of the problem would be the difficult thing and this might use the time period and had high costs and this was very difficult to evaluate in the value and the money. The company had given the importance for the mentioned risk factor by giving the importance for controlling of the production process not to give effects for the environment and had to stay in the criteria standard or better than the determination in laws and other rules including there was the contribution of the good relationship, the support and the help for useful activities for communities for both public healths and other educations. While in the environment from social trends and consumer behaviors in the current situation had given the importance for conserving of the environment by turning to give the importance for using of products and services to be friendly with the environment more such as, The automotive industry had produced energy-saving cars, developed engines to release less pollution. There was using materials that hadn't toxic compounds or using of recycle materials. The company had given the importance for mentioned things all the times by adjusting machines and production processes including production factors, materials that had no components of toxic compounds that were conform to the demand of customers. This would give effects on risk factors in mentioned topics that would give effects on the company not much.

## Industrial condition

The risk from changing of the industrial condition due to the company was the manufacturer of products in the medium industry. Hence, Effects from the upstream industrial condition and the downstream industrial condition would give effects on the business operation by in the part of the upstream industrial condition that was the petrochemical industry due to most of main materials of the company were PVC compound and Paste Resin pellets while the related downstream industrial condition with the significance for the business operation of the company that was the automotive industry, Due to the revenue from sales for more than 70% had been come from the mentioned industry. Hence, Any factors that would give effects on the condition of the automotive industry to be prosperous or dull. This would give effects on the business operation of the company also. Hence, In order to reduce the risk from conditions of related industries. The company had followed news informations and changing in conditions of related industries all the times with the company had the criteria in adjusting selling prices if main material prices had been changes significantly. While in the part of the downstream industry such as, The group of the automotive industry, Changing in this industrial condition would give effects on the company rather high. This would reflect from the operational result of the company that had reduced sales in the period of the dull condition of the automotive industry in the period of the year 2014 - 2015, Hence, In order to reduce effects from mentioned factors, The company had the management to reduce unnecessary expenses, had adjusted the efficiency.

## Shareholders Structure and Dividend Payment Policy

The Company has registered capital and Paid-up capital as of 31<sup>st</sup> December 2016 as follows:

- ❑ Registered capital of Baht 372,769,181 divided into ordinary share amount of 372,769,181 shares at par value of Baht 1 per share
- ❑ Paid-up registered capital of Baht 319,516,441 divided into ordinary share amount of 319,516,441 shares at par value of Baht 1 per share

### Major Shareholders

Major Shareholders influence the Company's policy management or operation significantly as of 31<sup>st</sup> December 2016 as follows:

	Names	Number of Shares hold	Percent
1	Group "Mrs. Siriphorn Mangkornkarn" (2)	46,511,326	14.56
2	Bangkok Bank Public Company Limited	31,351,994	9.81
3	Mr. Somsakul Asawacharonthavorn	27,248,800	8.53
4	Mrs. Siriwan Sriphahol	15,590,229	4.88
5	Miss Noi Saetang	14,540,767	4.55
6	Mr. Paisan Sumrangitdumrong	12,885,078	4.03
7	Miss Umaphorn Sawangwan	12,163,541	3.81
8	Krung Thai Bank Public Company Limited	12,115,088	3.79
9	Mr. Makorn Suwanarpa	11,890,138	3.72
10	Mr. Chanram Phasbutr	6,513,610	2.04
	Sub-total	190,810,571	59.72
	Other	128,705,870	40.28
	Grand Total	319,516,441	100.00

Remark (1) Source: Thailand Securities Depository Co.,Ltd. (TSD)

(2) Group "Mrs. Siriphorn Mangkornkarn" including : Mr.Kong Mangkornkarn, Mr. Kritasorn Mangkornkarn and Miss Piyatida Mangkornkarn

### Other securities Issuance

On 9<sup>th</sup> June 2016, the Company has issued the warrants to purchase the ordinary shares of the Company TNPC-W1 to the existing shareholders total units of 53,252,049. The Company were approved by Annual General Meeting of Shareholders to allocate capital increase ordinary shares not more than 53,252,740 shares to the exercise of the Warrants, the Warrants is valid for 3 years from the date of issuance of the warrants. Right is determined to be acted on the last business day of every month in May and November of each year. The first exercise date will be on 31<sup>st</sup> May 2017 and the last exercise date will be on 9<sup>th</sup> June 2019. The Warrants holder can act to purchase ordinary share of the company under condition of warrant for 1 share at exercise price of Baht 2.25 per share.



### Dividend Payment Policy of the Company

According to the dividend pay-out policy of the company, the annual dividend pay-out shall not exceed 50% of the net profit after income tax. This policy may be revised depended on company operation, financial situation and future investment projects. When the Board of Directors has its resolution to pay the dividend, the resolution shall be put as an agenda and shall be approved by the shareholder's meeting. The dividend payment statistics are as follows:

<u>Year</u>	<u>Dividend per share (Baht)</u>	<u>Total Amount (Baht Million)</u>
2016	0.03	9.57
2015	0.07	23.57
2014	0.60	32.87
2013	0.60	29.71
2012	0.10	4.95

Remark In the year 2015, The Company has to change in the par value from Baht 5 per share to Baht 1 per share

### Dividend Payment Policy of the subsidiary companies

#### ➤ Taweewattana Logistics Company Limited

The subsidiary company does not fix dividend payment policy to shareholders. It will consider year by year according to its yearly net profit after corporate income tax.

#### ➤ Thai Nam Automotive Performance Company Limited

The subsidiary company does not fix dividend payment policy to shareholders. It will consider year by year according to its yearly net profit after corporate income tax. The dividend payment statistics are as follows:

<u>Year</u>	<u>Dividend per share (Baht)</u>	<u>Total Amount (Baht Million)</u>
2016	-	-
2015	1.50	6.00
2014	2.00	8.00
2013	3.75	15.00
2012	3.50	14.00

#### ➤ TNV Plastics (Proprietary) Limited

The subsidiary company does not fix dividend payment policy to shareholders. It will consider year by year according to its yearly net profit after corporate income tax.

#### ➤ T.N.P. Industry Company Limited

The subsidiary company does not fix dividend payment policy to shareholders. It will consider year by year according to its yearly net profit after corporate income tax.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

**The Leading Company for Plastic Products in Thailand**

## Corporate Governance

The Board of Directors realises the importance of corporate governance in order to ensure that the Company has good and sound management which consists of efficiency, transparency and traceability. This is also to ensure that the shareholders, investors and stakeholders are treated fairly and equally according to the guidelines for corporate governance (CG) of Stock Exchange of Thailand. The Company has followed this guideline strictly and continuously.

From this commitment in applying guidelines for corporate governance continuously in the business management and operation of the Company, in the year 2016 the Company was assessed on the quality of organizing the general shareholder meeting according to the AGM checklist. The Company was rated “Very Good” by Securities and Exchange Commission together with the Thai Investors Association and Listed Companies Association.

### Rights of Shareholders and Treatment of Shareholders

The Company realises the importance of the right of shareholders as the owner of the Company. It follows all the regulations and basic rights of the shareholder strictly as prescribed. The Company follows strictly the AGM checklist which stipulate how the general shareholder meeting should be organized e.g. right of the shareholders, right to give opinion and make important decisions together with the Company and easy access to the location of the meeting for instance. The AGM checklist guidelines is prepared by Securities and Exchange Commission (SEC) together with Thai Investor Association and Thai Listed Companies Association.

Additionally, the Company also disclosure important information on the Company website at [www.thainam.com](http://www.thainam.com) in Thai and in English in order that the shareholders all have access to the Company information and in this year the Board of Directors has set out the guidelines to promote the right of shareholders as follows:

- The Company has assigned Thailand Securities Depository Co., Ltd. Which is the registrar of the Company to circulate appointment for shareholder meeting with all the agenda, information and attachments 14 days prior the meeting day. The same information is also available both in Thai and in English on the Company website 30 days prior the meeting days in order to facilitate the shareholders for accessing the information.
- The Company will give chances for the minority shareholders to propose new agenda in the general shareholder meetings in advance and to nominate a suitable person to become director of the Company. The activities can be done through Stock Exchange of Thailand and through the Company website.
- In the announcement or invitation for the shareholder meeting, it must contain the following information e.g. agenda of the meeting, nomination of company directors, directors' compensation, appointment of the accounting auditor and remuneration and dividend payment where the Company shall give the appropriate reasons and facts to facilitate decision making of the shareholders.
- The Company shall follow the AGM checklist when organizing the general shareholder meeting. The Company shall announce the regulations and procedure for meeting including how to vote and procedure for proxy. The relevant documents and required form for proxy must be sent to shareholders along with the appointment for meeting prior the meeting

- The Company shall nominate at least one independent director to be a choice for shareholders for proxy.
- The Board of Directors shall allow any shareholder to exercise his right to nominate each company director individually as appeared in the proxy form sent to the shareholders.
- During the shareholder meeting, the Chairman of the Board shall introduce independent director(s) and directors including audit committee and accounting auditors. The Company executives shall be invited to join the meeting in case there is questions arised from the shareholders. The Chairman of the Board shall give shareholders chance to ask their question equally. All the questions and comments shall be recorded in the meeting report.
- The Company shall not have any policy to deprive the right of shareholders in accessing the Company information and participation in the shareholder meeting. These activities are for instance such as -not distributing additional important documents in the shareholder meeting abruptly, -not adding agenda of meeting, -not informing shareholders in advance when there is any change of information, –not depriving right of shareholders when he attends the meeting late.
- Board of Directors has set out preventive measures to prevent directors, executives and employees to use inside information of the Company for their own advantages or relevant persons.
- The Company secretary and his/her team is responsible to prepare shareholder meeting report which is complete both content and format. The report has to be sent to the Stock Exchange of Thailand and to be published in the Company website within 14 days from the date of shareholder meeting.
- The Board of Directors has set out the guidelines for disclosure of information for internal stakeholders e.g. directors, managing director etc. and set out the regulation to prevent these stakeholders to join the decision making process on the relevant agenda.
- In the shareholder meeting, the Company has to distribute the document for voting for the shareholder prior meeting session for voting in important agenda. These agenda are relevant transactions, any transaction related to acquiring or disposing of assets for instance. This is to give transparency and traceability in the meeting in case there is any dispute afterwards.

#### Roles of Stakeholders

The Company gives importance and fully preserves stakeholders' rights. Because of different expectations by each group of stakeholders e.g. internal which are employees both in the Company and its subsidiary companies and external which are customers, competitors, creditors, governmental bodies and other institutions. The Company has focused on their rights and benefits fairly and paid prudent attention to the satisfaction of stakeholders and ensured that its treatment do not cause others trouble or unfair actions. This will increase stability and for the Company in long run.

- **Shareholders**

The Company is committed to serving as a good representative of the shareholders by conducting transparent business, taking into account long-term growth in its value, providing good returns, and treating all shareholders fairly; The Company listens to shareholders' views and recommendations.

- **Employees**

The Company realises the importance of human resources as invaluable resources to drive the Company to the bright future, therefore the Company supports competency development for professional job performance, treats them fairly, provides welfare together with safe and sound workplaces, and compensation compatible with similar businesses. The Company makes sure that all the basic benefits are available for all levels of employees e.g. buses, canteen, uniforms, annual physical check-up etc.

Additionally, the employees may participate in setting the Company objectives together with management so that they realise their own importance and know which direction the Company is aiming to.

- **Customers**

The Company satisfies its customers by keeping its promises and delivering quality and punctual services under fair pricing; The Company shares views with their customers to foster maximum mutual interests and does not collude with competitors on prices.

- **Competitors**

The Company observes free-market business competition, promotes free trade, observe rules in line with its code of conduct, and observes the law; The Company refrains from inappropriate behavior that could lead to the detriment of competitors.

- **Communities and Environment**

The Company takes prudent business conduct most seriously while avoiding causing impacts on communities, society, and the environment through taking efficient measures - apart from strict observance of laws and regulations e.g. Department of Industrial Works, Ministry of Industry, pollution Control Department, Ministry of Natural Resources and Environment.

The Company also supports surrounding communities' activities e.g. giving scholarship for good students but financially handicapped, joining children day activities at the school within the community.

The Company has never been involved in such disputes in the year 2016.

#### **Disclosure on Information and Transparency**

The Company give importance to the disclosure of information and company information including financial information and news on the basis of correctness, completeness, consistency, and transparency of information. This is according to regulations set by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Anybody can access to the information easily and equally. Details are as follows:

- The Company information is disclosed in (56-1 form) and annual report (56-2 form) according to the regulation from by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

- The Board of Directors is responsible for the validity and correctness of the financial statement and financial reports of the Company which is prepared according to the generally accepted accounting standard. The accounting policy is selected suitably to the business of the Company with consistency and due diligence. The financial statements must disclose sufficient important information in the annexes to the financial statements. The financial statements have to be certified by accounting auditor where the audit committee is responsible for the quality of the financial statements.
- The Company has to disclose any important information both in Thai and in English on the Company website. The information has to be updated periodically.
- The Company has assigned the following persons to be responsible for communication with shareholders, investors including analysts and other concerning government institutions:

Miss Somsuan Khondon

Secretary Company

Telephone No. (66 2) 119 3935

Fax No. (66 2) 119 3933, 02 420 1827

E-mail : somsuank@hotmail.com, somsuank@thainam.com

#### Responsibilities of the Board of Directors

##### □ Structure of the Board of Director

- The Board of Directors consists of 9 persons. There are 3 directors who are executives and there are 3 directors who are not executives. Additionally, there are 3 independent directors and 3 appointed independent directors to be audit committee. The names are listed on page 98-100 of this annual report.
- The selection process for the directors of the Company does not go through the selection committee because the selection committee has not been set up. However, the Board of Directors gives opportunity for any minority shareholder to nominate any suitable person according to become director as prescribed by regulations and guidelines from the Stock Exchange of Thailand. This information shall be informed to the shareholders through the information channel of the Stock Exchange of Thailand and on the Company website.
- Each member of the Board of Directors is qualified and eligible to become the Company director as required by the Company, the Stock Exchange of Thailand and the law. The Board of Directors consists of group of people who have good education background, experience and abilities where they come from different backgrounds and occupations. This multi-disciplinary team of director is beneficial to the business of the Company.
- There are 3 independent directors in the Company or one-third of the total number of directors in the board as the set out by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).
- The definition of independent director(s) as defined by the Company has met the minimum requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) in term of the number of shares hold by the independent director within the company. An Independent director shall not have more than 5 per cent of the number of shares that can be voted.

- Any high-ranking executive who is going to be elected to be a director in the subsidiary company has to be approved from the Board of Director.
- This position provides advice on laws and regulations that the Board needs to be aware of, supervises Board activities, coordinates compliance with Board resolutions, and performs other responsibilities under the principles defined by securities and exchange laws. Additionally, the company secretary is a full-time employee.

□ The Sub-Committee

- The Company Board of Directors has appointed a sub-committee to work on examination and scrutiny in some assignments as necessary in certain situation. Currently, there is only Audit Committee who is all independent directors.

□ Roles of the Board of Directors

- The Board endorses and approves significant matters dealing with Company business, including vision, missions, strategy, financial goals and budget as well as the corporate governance apart from efficiently and effectively supervising the management's operation against plans.
- The Board also ensures sound internal control system, internal audit system including efficient risk management and always follows up in the Board's meeting.

□ Corporate Governance Policy and Business Ethics

- The Company performs its duty following the defined business ethics in order to communicate every employee to understand its standard performance of the Company as expected by its shareholders. The Board declares the business ethics among the shareholders, clients, employees, suppliers, competitors, society and the environment including the declaration of ethics to its employees so that the employees should follow and practice among themselves, the related persons, the organization and its society.

□ Items that may have conflict of interest

- The Board, the management and its shareholders have considered and thoroughly organized system to get rid of the conflict of interest with trust and independency in the frame of good ethics as well as to completely disclose the information.

□ Internal Control and Risk Management

- The Company has established, revise and develop the internal control system continuously. This includes financial control and monitoring process including the assessment of internal control system.
- The board gives the importance on risk management. Each executive from each departmental function has to assess risk of each function and scope of work in order to make sure that all the risk assessments are all well covered. The organization has preventive measures and mechanism to handle risks.

**❑ Board Meeting**

- Each director may express their view and opinion independently. When the number of votes are equal, chairman of the board may exercise his right to vote arbitrarily.
- Chairman of the board will consider the agenda for the board meeting and each board member may add new agenda to the board meeting.
- The Company secretary will make an appointment for the board meeting where the agenda and meeting paper is enclosed 7 days prior the meeting date so that the directors have enough time to study.
- The board meeting reports which are approved by the board meeting are kept by the Company secretary and are readily investigated by any board member. The reports cannot be modified without the approval from the board meeting.
- In the year 2016, the Company scheduled the board meeting of 7 times. The number of meetings held in advance of the date time and place each year to each director can arrange their schedules to attend simultaneously.

**❑ Directors' Remuneration**

- Directors' remuneration is defined clear and transparent at the suitable rate with the resolution of the Annual Ordinary Shareholders' Meeting. Directors who are assigned as audit committee members also has additional remuneration at proportional rate.
- In the year 2016, the Company paid director's remuneration as declared in the 56-1 form and the Company annual report (56-2 form).
- The Company has no remuneration committee. So, the performance assessment of Chief Executive Officer (CEO) or Managing Director each year is depended on the Board of Directors' duty to make the decision under the condition that CEO or Managing Director is not present in the meeting.

**❑ Training and Development for Directors and Executives**

- The Company has policy to promote and support the Directors to develop knowledge by attending the Directors training course at the Thailand Institute of Directors (IOD) and other training courses to increase awareness of their roles and to give knowledge about the business of the Company.
- Additionally, the Company also promote its executives and related person to develop their knowledge such as the Company secretary, the internal audit officer etc by always supporting them to attain the related courses in order to increase their knowledge and other new technology.

**❑ Succession Plan**

- The company has planned for the succession of work by appointing the personnel who have knowledge, competency and experience to take a position of the top executive that can succeed to the company's management appropriately in the future.

### Corporate Governance in Subsidiaries Company

The Company has the same management policy as the company and the same management team.

### Supervision of Usage of the Internal Information

The company had the policy not to let committees and executives to use the internal information that had the important content that hadn't reveal for the public for own benefit or other persons including trading of securities of the company by having the supervision by committees and executives in using the internal information of the company to use for own benefit or other persons as follows:

1. The Company had notified to executives to understand roles in reporting of holding of securities in the own company, the spouse and child that hadn't still reach to legal ages including reporting of changing of holding of securities according to Article 59 and the penal code according to Article 275 of The Securities and Exchange Act B.E. 2535.
2. The Company had regulations to prohibit to bring the financial information or other informations that would give effects on security prices of the company to reveal for external persons that hadn't participate if this hadn't practice according to mentioned regulations, This would be held as the breaking of disciplines.

### Auditors and Remuneration of Auditors

In the year 2016, auditing fee provided by the Company and its subsidiary companies was as follows:

Companies	Auditors	Fee (Baht)
<input type="checkbox"/> Thai Nam Plastic Public Company Limited	Mr. Thanawut Piboonsawat Dharmniti Auditing Co.,Ltd.	880,000.-
<input type="checkbox"/> Subsidiary Companies:		
- Taweewattana Logistics Company Limited	Mr. Thanawut Piboonsawat Dharmniti Auditing Co.,Ltd.	70,000.-
- Thai Nam Automotive Performance Company Limited	Mr. Thanawut Piboonsawat Dharmniti Auditing Co.,Ltd.	270,000.-
- TNV Plastics Proprietary Company Limited	Mr. Thanawut Piboonsawat Dharmniti Auditing Co.,Ltd.	100,000.-
- T.N.P. Industry Company Limited	Mr. Thanawut Piboonsawat Dharmniti Auditing Co.,Ltd.	310,000.-
Total		1,630,000.-

The aforementioned 3 persons had no relationship or conflict of interest with the company/affiliated companies/executives/major shareholders or any persons related to such persons. Thus, they were independent in auditing and commenting on the company's financial statements.

Other Fee - None -



## Corporate Social Responsibilities (CSR)

The Company had given the importance for Corporate Social Responsibility that would focus to operate activities in the organization and activities for the society continuously and had realized about Corporate Social Responsibility all the times that had operated the business by having brought the corporate governance to determine the management policy of the company efficiency, clearly and could be inspected. Moreover, This would support activities that would be useful for the society thoroughly. The Company has operated according to 8 CSR guidelines as follows:

1. Operating the business with fairness
2. Anti-corruption
3. Respecting human rights
4. Treating labor fairly
5. Being responsible to consumers
6. Caring for the environment
7. Joining in developing communities and society
8. Creating and promoting innovations that were achieved through operations that are responsible to society, the environment and stakeholders

The Company has been using such 8 CSR guidelines as the framework for business operation as well as to support the interested persons which consist of shareholders, employees, customers, communities, society and environment to be developed with sustainable growth as follows:

### Shareholders

The Company has made the written Corporate Governance Policy including handbooks of Business Ethics and Code of Conduct in order that the committees, executives and employees can impel our business to be operated according to the framework of the fair covenant and to guard the legal rights of all interested persons.

### Employees

The Company has the policy of caring and practicing for all employees as if they are members of the same family by treating them equally and fairly as well as providing remuneration and various fringe benefit properly in order to develop for the better quality of lives of all employees.

### Customers

The Company is concentrated in creating the greatest satisfaction for customers by producing the products with the world class standard quality which are in accordance with the customers' demand and provide the delivery service as the specified time and place. The company gives priority to consumers' privilege and stands for the honesty and fairness for both quality and price of products.

### The community, The society and the environment

The Company had given the importance for the life quality and the environment of the community by creating the good relationship with developing of the community and the society. There were activities for the society in nearby communities continuously. In the year 2016, The company had supported in the education in order to contribute the life quality for young peoples by giving scholarships and setting of activities of Children's Day for students in other schools in Omnoi Sub-District, Krathumban District, Samut Sakhon and BanKoh Sub-District, Meuang District, Samut Sakhon. Besides, The Company had set Buddhism activities in order to maintain Buddhism that the company and staffs had participated to the certain annual royal ceremony unity including Buddhism activities with temples in nearby communities regularly every year.

The Company had realized about the importance for conserving and keeping of the environment continuously by considering of Corporate Social Responsibility and the environment to be the important thing with the business operation. The company had adjusted production processes and has used materials that had non toxic components for the environment in order to get products that were friendly with the environment that would be matched with the demand of customers. Besides, The company had cultivated staffs to participate in taking care of the environment and using of energies worthily until having the guideline of the practice to keep the environment with projects for conserving of energies to support and had cultivated staffs in using energies and organization resources safely, efficiency and let staffs to know values.

### Anti-corruption

The Company has been operating business with responsibility, unambiguity, equality and fairness with every interested persons by defining as an important topic in handbooks of Business Ethics and Code of Conduct in order to be the operation guidelines for the company's executives and employees. In addition, the company also prepares for consideration to declare for our intention to join a project of Private Sector Collective Action Coalition Against Corruption further.

### Related Parties Transactions

Details of transactions between the company and subsidiary companies would be appeared in notes of financial statement, No. 21, The subject of business transactions with persons or related businesses. And the company had transactions with related companies by mentioned transactions would be normal business operations of the company by holding of market prices or according to the agreeable contract.

## Internal Control

The Board of Directors had given the importance for the internal control continuously by reviewing and developing of internal control systems for the financial controlling system, operating and supervising of operations including evaluating of the efficiency of the internal control system for 5 main components of the company and subsidiary companies all the times as follows:

1. The controlling environment There was setting of the environment that would help to make the internal control system to operate according to the expectation for setting of the organizational structure, determining of roles and responsibilities, determining of the policy and regulations in written documents and others.
2. Evaluating of the risk There was setting to evaluate the risk from external factors and the risk from internal factors sporadically in order to review and adjust strategies in operating of the business.
3. Controlling activities There was setting of good controlling activities in order to have the confidence that the accounting information, the IT information and reports of the company were correct and completed. There was the determination of the authority to approve and had levels for approving of transactions suitably by there was determining of methods to protect and search for the loss of properties and there were practices according to laws and related regulations correctly and completely.
4. The IT system and the communication of the information There was setting of the IT system and the system for communicating of the information by having developed the IT system and reviewing to be enough for situations all the times.
5. The system of following and evaluating of results There was setting of processes in following and evaluating of the target according to the company that had placed in order to have the confidence that the internal control system would operate continuously and adjust to conform with changing situations including reviewing of reports related to the internal control system from auditors and auditors of the internal business sporadically.

### The chief who had internally audited

The audit committee had appointed Mr. Chairaj Kongsiripanich to take the position of the manager of the office of auditing of the internal business of the company due to he had the degree in accounting and he was the auditor who had been permitted to have experiences in auditing of accounting for a long time and he had understood the business operation of the company well. This should be agreed that he had the capacity to operate this mentioned role suitably. He had the efficiency suitably and completely. In order that, The consideration to approve to appoint, demote and remove of the person who was in the position of the manager of the officer of auditing of the internal business of the company. This might have received the resolution from the audit committee.

## Report of The Audit Committee

The Audit Committee consisted of independent non-executive personnel. They are completely qualified in accordance with the Audit Committee's Charter and also meet all standards as defined by the office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

During the year of 2016 the committee has carried out their duties strictly responsibly as assigned by the Company's Board of Directors.

1. The Audit Committee attended totally 7 meetings.
2. The Audit Committee's members are as follows:

Name	Attendance	Position
1. Mr. Vorathep Vithayaviroj	7/7	Audit Committee Chairman
2. Mr. Peesak Prapaiporn	7/7	Audit Committee Director
3. Mr. Wutipong Vechayanon	5/7	Audit Committee Director

### 3. Operations

The Audit Committee has submitted brief mission report to The Company's Board of Directors quarterly and the main contents are described accordingly:

#### Review of the Company's Financial Statements

The Audit Committee reviewed the quarterly and the annually financial statements of the company and its consolidated financial statements of the company as well as its subsidiaries with the Auditor and the Management. This included the inquiries and provision of suggestions and comments which were useful for ensuring the process of preparing the company's and its subsidiaries' financial statements accurately and complete according to the Generally Accepted Accounting Standards with sufficient and timely disclosure of information. As a result the financial reports were accurate and reliable.

#### Review of the Company's Risk Management

The company has managed risk systematically which the Audit Committee has verified the risk management plan of the company in order to ensure that the plan is suitable to the situation and business condition including risk management and control measures in favorable level. The emphasis is focused on financial liquidity of the company and also increasing stock level including investment in fixed assets. Additionally, the Audit Committee has followed up problem and actions in the business operation of subsidiary company abroad to minimize all the impact to the company.

#### Review of the Company's Compliance with Securities and Exchange Commission Act, The Stock Exchange of Thailand's requirements, and Applicable Laws.

The Audit Committee reviewed the compliance of securities and exchanges Act, the relevant regulations and laws including the observations of the working procedures to comply with the good governance principles consisting of overseeing the operations and the employee's ethic and code of conducts. The Company properly and consistently carried out their work.

### Review of the Company's Business Relations

The Audit Committee reviewed the business transactions of the company and the related parties including all transactions which might cause conflict of interests during the year 2016. This was to ensure that they were conducted according to their normal business. They were reasonable and without any conflict of interest. The information was sufficiently disclosed. Moreover the operations were monitored to ascertain that it worked in accordance with the laws and the regulations stipulated by the Capital Market Supervisory Board.

### Review of the Internal Control System

The Audit Committee reviewed the independency of the Internal Audit department, the scope of works and the internal audit plan and assesses the sufficiency of the internal control system. According to the review of the internal auditing reports and the following up of the results of the suggested improvements of the highlighted issues, the Audit Committee found that the company and its subsidiaries had sufficient and appropriate internal control system. After consideration, the Board of Directors has the same view as the Audit Committee that the internal control system remains satisfactory, adequate and appropriate for the company's business.

### Selection and Appointment of the External Auditor

The Audit Committee reviewed the qualifications of the external auditor, the quality standard of work, the expertise and the independency and the consideration of the comparison between the auditing and reviewing fees of financial statements against the workload, it was proposed to the company's Board of Directors for further approval at the General Meeting of the shareholders appointment of

1. Mr. Thanawut Piboonsawat CPA No. 6699 and/or
2. Miss Sulalit Ardsawang CPA No. 7517 and/or
3. Miss Wannisa Ngambuathong CPA No. 6638

All of these auditors come from Dharmniti Auditing Co.,Ltd. and the total auditing and reviewing fee of 900,000 Baht for the year of 2017 which was deemed reasonable.

The Audit Committee had freedom in carrying out their assigned duties and received good cooperation from the Management. Moreover, there was a non-management meeting with the external auditors to discuss and to learn about their observations of the internal control of accounting to plan by talking into account the transparency, reliability, having appropriate internal control system and carried out their work according to the relevant announcements, regulations and laws.

1<sup>st</sup> March 2017

On behalf of the Audit Committee



Mr. Vorathep Vithayaviraj

Chairman of the Audit Committee

## Report of the Board of Directors' Responsibilities to the Financial Statements

To Shareholders

The Board of directors has prepared financial statements to show the Company and its subsidiary annual financial position in the year 2016, in accordance with generally accepted accounting in Thailand. It is also done under the requirements of the Securities and Stock Exchange Commission on the preparation and presentation of financial reports under the Securities Act and the SET Investigations Securities Act B.E. 2535 and amendment B.E. 2551.

The Board of Directors is responsible for the consolidated financial statement of the Company and subsidiary companies as well as separate financial statements of the company including financial information which is appeared in an annual report. Such financial statements for this year ending at 31<sup>st</sup> December 2016 which is made according to accounting principle certified generally by using appropriate accounting policy as the principle of carefulness and the principle of usually practice by using discretion and estimation according to necessity carefully and reasonably including there is also disclosing of enough data in the notes to financial statements by such financial statements have been audited by independent certified auditors who have given their unqualified opinion.

The Board of Directors supports the practice of good corporate governance in the company and endeavors to improve the structure of the Board of Directors accordingly so that the Company's operations are efficient, transparent and reliable. An internal control system have been established to reasonable ensure that the financial records are accurate and complete. The Board of Directors has appointed an Audit Committee which consists of 3 persons as independent committee members who are responsible for reviewing the financial report and maintaining the adequacy of the internal control and internal auditing systems. The Audit Committee has presented its opinion about the stated matter in the report of the Audit Committee which is presented in this Annual Report.

The Board of Directors believes that the inspection system of the company and information disclosure, that is appeared in the Annual Report 2016, can build confidence that the year end 31<sup>st</sup> December 2016, financial statements of the Company and its subsidiaries is reliable. That is also in accordance with accounting standards generally accepted in Thailand. In addition, the disclosure of such information is accurate enough for good corporate governance, which will benefit the shareholders and investors.

24<sup>th</sup> February 2017



Mrs. Siriphorn Mangkornkarn

Managing Director

## Management Discussion and Analysis (MD&A)

The overall economic condition in Thailand of the year 2016 had started to recover from the last year slightly. While production sectors especially in the automotive industry had still not recovered to the normal condition by considering from sales of the producing of cars for all year 2016 that had the amount of 1.94 million units that were increased from the previous year at 1.64% that were below than the production target that had been set at 1.95 million units especially for the production in order to distribute in Thailand in the amount of 769,000 units that were decreased from the previous year at 3.9% from the condition of the automotive industry that hadn't much been recovered. This would give effects on the overall of the production industry continuously by having effects on the business operation of the company and subsidiary companies for sales of products in the automotive industry and general product groups that had details as follows:

### ■ Revenue from Sales

In the year 2016, The Company had all revenues that were appeared according to the financial statements for the total amount of Baht 1,046.50 million that was increased from the year 2015 that was at Baht 1,028.40 million or increased by 1.75% by this was increasing in the part of the profit from exchange rates in the amount of Baht 18.70 million. Hence, If we had considered especially in the revenue from sales in the year 2016 in the amount of THB 1,019.30 million and this would have revenue close to the year 2015 that was at Baht 1,020 million that was decreased by only at 0.07% by factors that had effects on the main revenue of the company were from the automotive industry sector that wouldn't recovered to the normal condition by having the total yearly production at 1.94 million units that was close to the production amount of the year 2015 that had the amount of 1.91 million units that was increased by 1.64%. This was the result from the car market in the country and exporting markets that were slowed down due to the economic condition in the country had slowed down. This would make the purchasing power in the country dull while exporting markets had decreased for 1.36 % by this was decreased in countries near Middle East, Africa and Central America and South America especially in exporting of 1 ton pick-ups that had been decreased in countries near Middle East.

### ■ Cost of Sales

The Company had total cost of sales at Baht 793.1 million that was decreased slightly from the year 2015 that was at Baht 801.40 million that was calculated to be the ratio of cost of sales per revenue from sales at 77.8% that was decreased slightly from the year 2015 that was at 78.6%. This would give effects on the company to have the gross profit margin ratio in the year 2016 at 22.2% that was increased from the year 2015 that had 21.4%. Main factors were came from the company had given the importance in adjusting of the efficiency in producing, reducing of the loss in production processes that would give effects on the rate of return in producing better thoroughly. return on investment thoroughly.

### ■ Bad Debts and Doubtful Debts

The company had set Allowance for Doubtful accounts in the part of trade account receivables and other receivables- other companies that were appeared according to the consolidated financial statement to be increased for the amount of Baht 107,000. This would make Allowance for Doubtful accounts in the part of trade account receivables for the year 2016 were at Baht 11.2 million from the year 2015 that had the amount of Baht 11.1 million. While in the part of the separated financial statement. The Company had set Allowance for Doubtful accounts by having main factors to be Allowance for Doubtful accounts of trade account receivables of subsidiary companies in the amount of Baht 31.3 million.

## ■ Comprehensive Income/Loss

In the year 2016, The turnover of the company and subsidiary companies before income tax expense had the amount of Baht 64.4 million. When this had deducted income tax in the amount of Baht 39.9 million already. The net profit for the year 2016 had the amount of Baht 24.5 million that when this were adjusted for accounting transactions that might be set or mightn't be set in categories of new transactions to be in income statements such as, Loss from estimating according to Actuarial science principle for the project about staff benefits in the amount of Baht 8.8 million and Loss of differenced of exchange rates from the conversion of financial statements in the amount of Baht 3.7 million. This would give to have comprehensive income for the year 2016 in the amount of Baht 11.9 million.

## Financial Status

### ■ Assets

In the year 2016, The Company had assets that were appeared in the financial statements in the amount of Baht 1,046 million from the previous year that had the amount of Baht 1,134 million by having the significance from decreasing in current assets in the part of cash and bank deposits in the amount of Baht 14.4 million and inventories were decreased in the amount of Baht 36.7 million. In the part of non current assets such as, lands, buildings and equipments had deducted yearly depreciation expense in the amount of Baht 53 million while there were increasing in fixed assets in the amount of Baht 23 million. Besides, There was changing in asset transaction for deferred income tax that were decreased in the amount of Baht 8 million.

### ■ Liabilities

The Company had liabilities that were appeared according to the financial statements in the amount of Baht 442 million that were decreased in the amount of Baht 68 million from the year 2015 that had the amount of Baht 510 million by having the significance from repayment of long-term loans from financial institutions according to Loan Contract in the total amount of Baht 68 million.

### ■ Shareholders' Equity

The Company had shareholders' equity according to the financial statement in the total amount of Baht 604 million that were the part of share capital that were distributed and paid already in the amount of Baht 319 million. There were retained earnings in the part of capital reserves according to the law in the amount of Baht 28 million and retained earnings that had still not be allocated that had the remaining amount at Baht 224 million. There were other components of shareholders' equity in the amount of Baht 31 million.

### ■ Financial Liquidity

In the year 2016, From the economic condition that had still not recovered. This would make revenue from sales of the company and subsidiary companies were in the level of Baht 1,019 million that were close to the year 2015. While there were burdens of necessary expenses such as, Investments in fixed sssets in order to adjust machines and production equipments, burdens of repayment for long-term loans according to loan contract with financial institutions. This would make the financial liquidity have still rather tight. By the net cash flow from operating activities for the year had the amount of Baht 24 million. Adjusted transactions that would give effects on net profit from operating activities to be cash receipt (cash payment) such as, other categories of allowances, depreciation expense, profit or loss from exchange rates that hadn'e been appeared in the real situation, expense for compensations of staffs and expense from income tax that had the total of Baht 124 million. Changing in operating assets and liabilities in the amount of Baht 31 million. By main factors would be come from decreasing in inventories of the company and subsidiary companies, This would make cash receipts from operating activities were in the total of Baht 179 million.



After the payment of income tax for the amount of Baht 24 million. The Company and subsidiary companies had net cash from operating activities in the total amount of Baht 156 million. While activities in investments in fixed assets in order to adjust machines and production equipments approximatedly at Baht 25 million. There were burdens in managing of financing activities in the amount of Baht 129 million such as, Burdens for repayment of long-term loans in the amount of Baht 68 million, The repayment of short-term of working capital loans in the amount of Baht 14 million, dividend payment and interest payment in the total amount of Baht 24 million including the money that had to pay back for repurchasing of stocks of subsidiary companies in the amount of Baht 22 million. This would make net cash and cash equivalents for the year 2016 had the remaining amount only Baht 1.1 million. When there were plus of cash and cash equivalents at the date of the beginning year in the amount of Baht 37 million, cash and cash equivalents should be at Baht 38 million but from adjusting of transactions that would give effects on the conversion of the financial statements that were foreign currencies in the amount of Baht 15 million. This would give effects on cash and cash equivalents at the date of the beginning year to have the amount of Baht 22 million.

For important financial ratios, The Company and subsidiary companies had Quick ratio at 0.59 and Current Ratio at the level of 1.56 that were increased slightly from the previous year that were in the level of 0.54 and 1.47 respectively. This would reflect the financial liquidity of the company that had still tight continuously. For the capacity in the collection and in the payment of commercial debts, This could consider from Account Receivable Turnover were at 5.6 times that should be calculated for the Average Collection Period at 65.2 days that were better from the previous year at 71.4 days. For Inventory Turnover, There were at 2.17 times that should be calculated to be 168 days that were better slightly from the previous year that had 174.7 days while the Average Payable Period were at 7.1 times or should be calculated to be 51.4 days from the past that had the Average Payable Period at 60.8 days. From mentioned important financial ratios, This would reflect that in the year 2016, The Company has still the risk in managing of the liquidity that was rather tight.

#### ■ Source of the Company's Capital

Currently, The Company and subsidiary companies has still lacked of the liquidity in managing of sources of fund especially from other financial institutions in order to use in the business operation due to there were limitations and conditions bound according to Long-Term Loan Contract with one financial institution by having most of assets as collaterals such as, Lands, Buildings and all machines of the company and subsidiary companies. By currently, There were still having remaining burdens of long-term loans at Baht 29.5 million that had the determination of the time period for repayment at the end of the year 2016. While burdens from short-term working capital loans had the amount of Baht 196 million.

#### Factors and main influences that might have effects on the business operation or the financial status of the company in the future

Factors and main influences that might have effects significantly on the business operation of the company such as, The discontinuity of the business that was the result of stopping of production by having no planning before that was from the cause of the damage of main machines in production processes. The company had measures to protect and reduce mentioned risk with the determination of the working plan to have the preventive maintenance for machines, The training to give knowleges and skills for staffs in taking care of machines, Protecting of accidents and accidents in working, Setting of insurances in order to protect the risk in lives and properties of the company for cases that might be causes from external factors that were beyond of controlling of the company especially from flooding. The Company had the readiness to protect mentioned risk and had applied for insurances to cope the damage, The training for staffs in order to be ready to cope with situations, Following of related news and informations, Creating of the good relationship in surrounding communities for the cooperation in protecting and reducing of other effects that might be happened from mentioned situations

## Report of The Auditor and Consolidated Financial Statements

To The Shareholders and Board of Directors of  
Thai Nam Plastic Public Company Limited

### Opinion

I have audited the consolidated financial statements of Thai Nam Plastic Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Thai Nam Plastic Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Thai Nam Plastic Public Company Limited and its subsidiaries as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Thai Nam Plastic Public Company Limited as at December 31, 2016, and its financial performance and its 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 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 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.

### Material Uncertainty Related To Going Concern

I draw attention to Note 1.3 to the financial statements. Two subsidiary companies had incurred continuous operation losses. As at December 31, 2016 and 2015, current liabilities were higher than current assets and deficits were significant amounts. These factors indicate the existence of material uncertainties which cast significant doubt on these subsidiaries' ability to continue as a going concern.

My opinion to the financial statements is not qualify in respect of these matters.

## Key Audit Matters

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

- Allowance for the decline in value of inventory

### Risk

As at December 31, 2016, the Group and Company had inventories in the statement of financial position of Baht 346.67 million and Baht 293.28 million, respectively, or 33.14% of the total assets of the Group and 24.77% of the total assets of the Company. Such inventory includes the obsolete stock which was produced as excess and old raw material, packaging and factory supplies may no longer be used in the production and may have declining value in the present. The accounting policy for inventory and detail of inventory were disclosed in Note 3.4, 3.13 and 8, respectively. Inventory is stated at cost or net realizable value, whichever is lower. The management has to apply considerable judgment in considering the allowance for the decline in value of obsolete inventory by determining the allowance from the percentage of the carrying value of slow-moving or obsolete inventory. The management will set higher percentage according to the aging of inventory and analyze the individual obsolete stock. Therefore, I have identified that the measurement of inventory is a significant risk which requires special attention in the audit.

### Risk response by auditor

According to my audit approach on such matter, I have tested the internal control with respect to the calculation of inventory cost, observed the inventory physical count and verified the inventory aging report, inquired the management and considered the reasonableness of the assumption and approach used by the management to determine the net realizable value. This is by verifying the supporting evidence that represents the management's best estimate, especially determining the percentage used in calculating the allowance for the decline in value of inventory at different ages and testing the calculation of the allowance for the decline in value of inventory. Additionally, I have paid attention to the adequacy of the information disclosure on the accounting policy and amount with respect to the recognition of the allowance for the decline in value of inventory.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the 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 will 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 identified above when it becomes available 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 in order for those charged with governance to correct 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 consolidated financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements 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 and 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 Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with 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 we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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



(Mr. Thanawut Piboonsawat)

Certified Public Accountant

Registration No. 6699

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 24, 2017

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016

		<u>ASSETS</u>			
		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
Current assets					
Cash and cash equivalents	4	22,657,256.46	37,047,696.73	1,524,413.46	1,122,455.63
Trade and other accounts receivable					
Related parties	5, 21	-	-	113,699,891.20	154,950,841.71
Other companies	6	183,865,210.61	180,415,164.69	163,159,837.25	116,687,565.45
		<u>183,865,210.61</u>	<u>180,415,164.69</u>	<u>276,859,728.45</u>	<u>271,638,407.16</u>
Short-term loans to related parties	7, 21	-	-	4,880,166.14	6,484,265.34
Inventories	8	346,667,245.97	383,331,048.37	293,283,419.60	326,623,283.56
Other current assets	9, 21	6,012,945.28	7,147,052.78	3,192,258.48	2,082,781.61
Total current assets		<u>559,202,658.32</u>	<u>607,940,962.57</u>	<u>579,739,986.13</u>	<u>607,951,193.30</u>
Non-current assets					
Investments in subsidiaries	10	-	-	16,884,661.60	24,280,871.58
Other long-term investment	11	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Property, plant and equipment	12	347,210,825.51	377,816,614.64	494,944,852.13	528,367,802.06
Deferred tax assets	13	138,452,098.30	147,220,069.26	91,134,155.96	89,730,146.10
Other non-current assets		154,566.05	306,566.05	96,781.05	96,781.05
Total non-current assets		<u>486,817,489.86</u>	<u>526,343,249.95</u>	<u>604,060,450.74</u>	<u>643,475,600.79</u>
TOTAL ASSETS		<u>1,046,020,148.18</u>	<u>1,134,284,212.52</u>	<u>1,183,800,436.87</u>	<u>1,251,426,794.09</u>

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

*The Leading Company for Plastic Products in Thailand*

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION (CONT.)  
AS AT DECEMBER 31, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
Current liabilities					
Bank overdraft and short-term loans from financial institutions	14	196,799,903.98	211,900,192.37	196,799,903.98	211,894,477.57
Trade and other account payable	15				
Related parties	21	-	-	4,139,381.03	2,091,427.16
Other companies		119,443,227.27	118,289,569.08	110,577,838.78	114,169,046.34
		119,443,227.27	118,289,569.08	114,717,219.81	116,260,473.50
Current portion of long-term liabilities					
Long-term loans from financial institution	16	29,517,718.27	68,000,000.00	29,517,718.27	68,000,000.00
Income tax payable		8,427,700.32	9,804,177.08	8,427,700.32	9,804,177.08
Other account payable		5,093,712.12	4,431,709.71	4,982,432.20	4,260,807.96
Total current liabilities		359,282,261.96	412,425,648.24	354,444,974.58	410,219,936.11
Non-current liabilities					
Long-term loans from financial institution	16	-	29,517,718.27	-	29,517,718.27
Employee benefit obligation	17	82,013,161.35	67,378,902.69	75,161,823.68	60,626,374.49
Non-current liabilities		633,376.20	603,215.44	633,376.20	603,215.44
Total non-current liabilities		82,646,537.55	97,499,836.40	75,795,199.88	90,747,308.20
TOTAL LIABILITIES		441,928,799.51	509,925,484.64	430,240,174.46	500,967,244.31

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

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION (CONT.)  
AS AT DECEMBER 31, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
Shareholders' equity					
Share capital	18				
Authorized share capital					
319,516,441 ordinary shares, Baht 1.00 each		319,516,441.00		319,516,441.00	
319,526,925 ordinary shares, Baht 1.00 each			319,526,925.00		319,526,925.00
Issued and fully paid-up share capital					
319,516,441 ordinary shares, Baht 1.00 each		319,516,441.00	319,516,441.00	319,516,441.00	319,516,441.00
Retained earnings	19				
Appropriated					
Legal reserve		28,324,342.61	27,231,641.00	28,324,342.61	27,231,641.00
Unappropriated		224,624,998.25	219,858,540.93	405,719,478.80	403,711,467.78
Other components of equity		31,625,566.81	34,438,348.89	-	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS					
OF THE PARENT		604,091,348.67	601,044,971.82	753,560,262.41	750,459,549.78
NON-CONTROLLING INTERESTS		-	23,313,756.06	-	-
TOTAL SHAREHOLDERS' EQUITY		604,091,348.67	624,358,727.88	753,560,262.41	750,459,549.78
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,046,020,148.18	1,134,284,212.52	1,183,800,436.87	1,251,426,794.09

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

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2016

		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
<b>Revenues</b>					
Revenue from sales	21	1,019,301,475.15	1,020,009,909.10	956,971,392.99	987,070,754.30
Dividend incomes	21	-	-	-	3,000,001.50
Gain from exchange rate		18,705,921.50	-	1,801,467.78	15,016,938.01
Other incomes	21	8,503,486.22	8,381,442.66	11,609,673.94	11,869,629.87
Total revenues		1,046,510,882.87	1,028,391,351.76	970,382,534.71	1,016,957,323.68
<b>Expenses</b>					
Cost of sales	21	793,090,524.45	801,426,612.15	736,309,956.59	780,289,479.02
Selling expenses		36,616,947.43	36,377,206.13	32,162,944.71	29,382,589.20
Administrative expenses	21	137,404,501.84	132,015,301.60	110,532,251.75	107,934,245.45
Loss from exchange rate		-	24,337,932.95	-	-
Doubtful debt (reversal)		107,867.42	894,637.36	31,220,062.97	84,810,796.28
Finance costs		14,896,273.16	18,231,202.90	14,806,267.39	18,161,955.42
Total expenses		982,116,114.30	1,013,282,893.09	925,031,483.41	1,020,579,065.37
Profit before income tax expense (tax income)		64,394,768.57	15,108,458.67	45,351,051.30	(3,621,741.69)
Tax expense (tax income)	23	39,876,819.20	(18,359,530.51)	23,497,019.04	6,907,402.94
Profit for the period		24,517,949.37	33,467,989.18	21,854,032.26	(10,529,144.63)
<b>Other comprehensive income</b>					
Item that will not be reclassified to profit or loss :					
Actuarial gain (losses) on define					
employee benefit plans	17	(11,010,159.00)	4,535,685.00	(11,459,783.00)	4,656,052.00
Income tax relating to item that will not be reclassified	23	2,154,859.00	(907,137.00)	2,291,956.60	(931,210.40)
		(8,855,300.00)	3,628,548.00	(9,167,826.40)	3,724,841.60
Item that may be reclassified subsequently to profit or loss :					
Currency translation differences of the financial					
statements of foreign subsidiary		(3,740,745.33)	684,054.37	-	-
		(3,740,745.33)	684,054.37	-	-
Other comprehensive income (expense) for the period, net of tax		(12,596,045.33)	4,312,602.37	(9,167,826.40)	3,724,841.60
Total comprehensive income (expense) for the period		11,921,904.04	37,780,591.55	12,686,205.86	(6,804,303.03)

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF COMPREHENSIVE INCOME (CONT.)  
FOR THE YEAR ENDED DECEMBER 31, 2016

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Profit (loss) attributable to					
Owners of the parent		24,299,952.16	34,058,995.50	21,854,032.26	(10,529,144.63)
Non-controlling interests		217,997.21	(591,006.32)	-	-
		<u>24,517,949.37</u>	<u>33,467,989.18</u>	<u>21,854,032.26</u>	<u>(10,529,144.63)</u>
Total comprehensive income (expense) attributable to					
Owners of the parent		11,703,906.83	38,443,497.03	12,686,205.86	(6,804,303.03)
Non-controlling interests		217,997.21	(662,905.48)	-	-
		<u>11,921,904.04</u>	<u>37,780,591.55</u>	<u>12,686,205.86</u>	<u>(6,804,303.03)</u>
Basic earnings (loss) per share	24				
Profit (loss) attributable to owners of the parent		<u>0.08</u>	<u>0.11</u>	<u>0.07</u>	<u>(0.03)</u>

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2016

		Baht								
		Consolidated financial statements								
		Equity attributable to owners of the parent						Non - controlling	Total	
		Ordinary shares, issued and paid-up	Retained earnings		Other components of equity			Total equity attributable to owners of the parent	interests	Shareholders' equity
Note			Appropriated legal reserve	Unappropriated	Currency translation differences of the financial statements of foreign subsidiary	Difference from change in shareholding proportion in subsidiary	Total other components of equity			
	Beginning balance as at January 1, 2015	299,547,065.00	27,231,641.00	205,663,467.20	33,754,294.52	-	33,754,294.52	566,196,467.72	26,976,660.04	593,173,127.76
	Increase in share capital	18 19,969,376.00	-	-	-	-	-	19,969,376.00	-	19,969,376.00
	Dividend	19 -	-	(23,564,368.93)	-	-	-	(23,564,368.93)	(2,999,998.50)	(26,564,367.43)
Total comprehensive income (expense) for the year										
	Profit (loss) for the year	-	-	34,058,995.50	-	-	-	34,058,995.50	(591,006.32)	33,467,989.18
Other comprehensive income (expense) for the year, net of tax										
	Gains from changing actuarial estimates	-	-	3,700,447.16	-	-	-	3,700,447.16	(71,899.16)	3,628,548.00
	Exchange difference on translating financial statements	-	-	-	684,054.37	-	684,054.37	684,054.37	-	684,054.37
	Ending balance as at December 31, 2015	319,516,441.00	27,231,641.00	219,858,540.93	34,438,348.89	-	34,438,348.89	601,044,971.82	23,313,756.06	624,358,727.88
	Legal reserve	19 -	1,092,701.61	(1,092,701.61)	-	-	-	-	-	-
	Dividend	19 -	-	(9,585,493.23)	-	-	-	(9,585,493.23)	-	(9,585,493.23)
Total comprehensive income (expense) for the year										
	Profit (loss) for the year	-	-	24,299,952.16	-	-	-	24,299,952.16	217,997.21	24,517,949.37
Other comprehensive income (expense) for the year, net of tax										
	Gains (loss) from changing actuarial estimates	-	-	(8,855,300.00)	-	-	-	(8,855,300.00)	-	(8,855,300.00)
	Exchange difference on translating financial statements	-	-	-	(3,740,745.33)	-	(3,740,745.33)	(3,740,745.33)	-	(3,740,745.33)
	Change in shareholding proportion in subsidiary	10 -	-	-	-	927,963.25	927,963.25	927,963.25	(23,531,753.27)	(22,603,790.02)
	Ending balance as at December 31, 2016	319,516,441.00	28,324,342.61	224,624,998.25	30,697,603.56	927,963.25	31,625,566.81	604,091,348.67	-	604,091,348.67

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

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)  
FOR THE YEAR ENDED DECEMBER 31, 2016

Baht				
	Note	Separate financial statements		
		Ordinary shares, issued and paid-up	Retained earnings Appropriated legal reserve	Unappropriated Total Shareholders' equity
Beginning balance as at January 1, 2015		299,547,065.00	27,231,641.00	434,080,139.74
Increase in share capital	18	19,969,376.00	-	-
Dividend	19	-	-	(23,564,368.93)
Total comprehensive income (expense) for the year				
Profit (loss) for the year		-	-	(10,529,144.63)
Other comprehensive income for the year, net of tax				
Gains (losses) from changing actuarial estimates		-	-	3,724,841.60
Ending balance as at December 31, 2015		319,516,441.00	27,231,641.00	403,711,467.78
Legal reserve	19	-	1,092,701.61	(1,092,701.61)
Dividend	19	-	-	(9,585,493.23)
Total comprehensive income (expense) for the year				
Profit (loss) for the year		-	-	21,854,032.26
Other comprehensive income (expense) for the year, net of tax				
Gains (losses) from changing actuarial estimates		-	-	(9,167,826.40)
Ending balance as at December 31, 2016		319,516,441.00	28,324,342.61	405,719,478.80

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

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit for the year	24,517,949.37	33,467,989.18	21,854,032.26	(10,529,144.63)
Reconciliations of net income to net cash provided by (used in) operating activities:				
Increase (decrease) in allowance for doubtful accounts	107,867.42	894,637.36	31,220,062.97	84,810,796.28
Increase (decrease) in allowance for obsolete inventories	7,678,205.54	22,968,320.05	21,807,763.90	22,026,697.14
Depreciation and amortization	55,925,021.53	52,338,956.94	54,546,976.67	51,154,394.20
(Gains) loss on disposal of fixed assets	684,598.52	1,717,010.43	466,001.72	2,213,177.98
Unrealized (gain) loss on exchange rate	(404,896.23)	497,945.70	927,042.97	(14,506,324.95)
Dividend income from subsidiary	-	-	-	(3,000,001.50)
Interest income	(476,043.14)	(262,838.99)	(43,870.26)	(43,758.99)
Withholding tax written-off	93,294.55	187,366.63	-	-
Employee benefit expense	5,915,590.00	5,618,945.99	5,289,320.00	4,996,507.00
Finance costs	14,896,273.16	18,231,202.90	14,806,267.39	18,161,955.42
Tax expense (tax income)	39,876,819.20	(18,359,530.51)	23,497,019.04	6,907,402.94
Profit provided by operating activities before changes in operating assets and liabilities	148,814,679.92	117,300,005.68	174,370,616.66	162,191,700.89
(Increase) decrease in operating assets	-	-	-	-
Trade and other account receivable	1,130,549.43	33,665,445.29	(36,802,142.71)	(31,612,407.29)
Inventories	33,198,774.13	(25,597,625.12)	11,532,100.06	(6,705,137.57)
Other receivable and current assets	(2,130,022.76)	728,110.55	(1,109,476.87)	1,460,456.23
Other non-current assets	152,000.00	564,000.00	-	552,000.00
Increase (decrease) in operating liabilities				
Trade and other accounts payable	348,695.28	(46,381,411.89)	(1,899,086.71)	(42,320,798.97)
Other current liabilities	646,002.41	(867,405.37)	721,624.24	(894,470.95)
Employee benefit obligation	(2,291,490.34)	(4,339,353.75)	(2,213,653.81)	(4,223,231.09)
Other non-current liabilities	30,160.76	-	30,160.76	-
Cash received from operations	179,899,348.83	75,071,765.39	144,630,141.62	78,448,111.25
Interest income received	476,043.14	262,838.99	43,870.26	43,758.99
Income tax expense paid	(24,274,489.95)	(24,125,492.58)	(23,985,549.06)	(23,890,134.06)
Net cash provided by operating activities	156,100,902.02	51,209,111.80	120,688,462.82	54,601,736.18

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

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CASH FLOWS (CONT.)  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Dividend received from investment in subsidiary company	-	-	-	3,000,001.50
Increase (decrease) in short-term loan to related company	-	-	864,778.83	3,045,700.00
Cash payments for investment in subsidiary	-	-	(22,603,790.02)	-
Cash receipts from decrease shares capital in the subsidiary	-	-	30,000,000.00	-
Cash receipts from disposal of fixed assets	56,822.65	9,345.79	355,457.31	227,421.68
Cash payments for purchase of fixed assets	(25,357,703.92)	(28,022,829.35)	(21,945,485.77)	(20,393,682.08)
Net cash used in investing activities	(25,300,881.27)	(28,013,483.56)	(13,329,039.65)	(14,120,558.90)
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loan from financial institutions	(14,927,252.54)	61,430,982.22	(14,921,537.74)	61,425,267.42
Cash payments for repayment of long-term loan from financial institutions	(68,000,000.00)	(80,000,000.00)	(68,000,000.00)	(80,000,000.00)
Cash payments for repayment of liabilities under finance lease agreements	-	(238,179.45)	-	(238,179.45)
Cash payments for purchase shares in the subsidiary from non-controlling interest	(22,603,790.02)	-	-	-
Dividend paid	(9,206,817.68)	(3,559,217.19)	(9,206,817.68)	(3,559,217.19)
Dividend paid for non-controlling interest	-	(2,999,998.50)	-	-
Interest expense paid	(14,919,115.69)	(18,251,818.01)	(14,829,109.92)	(18,182,570.53)
Net cash used in financing activities	(129,656,975.93)	(43,618,230.93)	(106,957,465.34)	(40,554,699.75)
Net increase (decrease) in cash and cash equivalents	1,143,044.82	(20,422,602.69)	401,957.83	(73,522.47)
Cash and cash equivalents - beginning of year	37,047,696.73	39,081,085.43	1,122,455.63	1,195,978.10
Effect of translation adjustment on foreign currency financial statements	(15,533,485.09)	18,389,213.99	-	-
Cash and cash equivalents - ending of year	22,657,256.46	37,047,696.73	1,524,413.46	1,122,455.63
Supplement disclosures of cash flows information				
1. Reconciliation of cash paid for acquisition of property, plant and equipment				
Acquisition of plant and equipment for the period	(25,357,703.92)	(27,893,447.99)	(21,945,485.77)	(20,264,300.72)
Increase (decrease) in payable from acquisition of assets	-	(129,381.36)	-	(129,381.36)
Cash payments for acquisition of plant and equipment	(25,357,703.92)	(28,022,829.35)	(21,945,485.77)	(20,393,682.08)

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

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CASH FLOWS (CONT.)  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
2. Reconciliation of dividend paid				
Dividend for the period	(9,585,493.23)	(6,559,215.69)	(9,585,493.23)	(3,559,217.19)
Increase (decrease) in accrued dividend	378,675.55	-	378,675.55	-
Dividend paid	(9,206,817.68)	(6,559,215.69)	(9,206,817.68)	(3,559,217.19)
3. Non-cash transaction				
Stock dividend	-	19,969,376.00	-	19,969,376.00

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

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THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

1. GENERAL INFORMATION

1.1 Legal status and address of the Company and its subsidiaries

The Company had registered to be a limited company on May 25, 1970. The Company's status had been changed to be the public company limited and registered with the Ministry of Commerce on February 7, 1992.

The address of its registered office is as follows :-

Head office is located at 40 Moo 7, Petchkasem Road, KM.2.3, Omnoi, Kratumban, Samutsakorn 74130 Thailand.

The four addresses of its subsidiaries are as follows :-

Direct shareholding

- (1) Taweewattana Logistics Company Limited had registered to be a limited company on November 6, 2007. Its head office is located at 40 Moo 7, Petchkasem Road, KM.23, Omnoi, Kratumban, Samutsakorn 74130 Thailand.
- (2) Thai Nam Automotive Performance Company Limited (Formerly, Thai Nam-Kyowa Company Limited) had registered to be a limited company on January 24, 2002. Its head office is located at 40 Moo 7, Petchkasem Road, KM.23, Omnoi, Kratumban, Samutsakorn 74130 Thailand. The branch office is located at 89/1 Moo 4, Bangpla Road, K.M. 3, Bankoh, Samutsakorn 74000 Thailand.
- (3) T.N.P. Industry Company Limited had registered to be a limited company on November 3, 1983. Its head office is located at 87/9 Bangpla Road, Bankoh, Samutsakorn 74000 Thailand.

Indirect shareholding

- (4) TNV Plastics (Proprietary) Limited had registered in South Africa. Its head office is located at 1106 Courtyard Gants Centre Building, Somerset West 7140, South Africa.

1.2 Nature of the Company's operations

Its main business operations are the production and distribution of flexible plastic, synthetic leather and car mat

Its subsidiaries operate business as follows :-

Direct shareholding

- (1) Taweewattana Logistics Company Limited, its business operation is a distributor all kinds of plastic.
- (2) Thai Nam Automotive Performance Company Limited (Formerly, Thai Nam-Kyowa Company Limited), its business is a manufacturing and distributing of PVC, Foam sheet, PP foam leather and TPO (Thermo plastic olefin).
- (3) T.N.P. Industry Company Limited, its business is a manufacturing and distributing of rigid PVC.

Indirect shareholding

- (4) TNV Plastics (Proprietary) Limited, its business operation is an importer and exporter of polyvinyl chloride products (PVC).

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### 1.3 Going concern of two subsidiary companies

Two subsidiary companies had incurred continuous operation losses, As at December 31, 2016 and December 31, 2015, current liabilities were higher than current assets in the amount of Baht 458.39 million and Baht 427.26 million, respectively and deficits in the amount of Baht 402.56 million and Baht 363.03 million, respectively were significant amounts. These factors indicate the existence of material uncertainties which cast significant doubt over these subsidiaries' ability to operate and continue as a going concern. However, the management has a plan to solve the problem by adjusting the plan and production process to control product manufacturing costs including finding marketing channels to increase sale. The Company will provide financial support to both subsidiaries. The above event has caused the uncertainty situation of going concern to be relieved. Therefore, these financial statements are prepared on the going concern basis. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value of assets and reclassification of liabilities that might be necessary should the subsidiary companies be unable to continue as a going concern.

## 2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E. 2543.

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

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the financial statements in Thai language version.

### 2.2 Basis for the preparation of consolidated financial statements

2.2.1 The consolidated financial statements have included the financial statements of Thai Nam Plastic Public Company Limited and its subsidiaries as follows :-

Company name	Type of business	Percentage of holding		Country of Establishment
		2016	2015	
Direct shareholding				
Taweewattana Logistics Co., Ltd.	Selling of PVC	99.99	99.99	Thailand
Thai Nam Automotive Performance Co., Ltd. (Formerly, Thai Nam-Kyowa Co., Ltd.)	Production of PVC, Foam sheet, PP foam leather and TPO	99.99	50.00	Thailand
TNV Plastics (Proprietary) Limited	Operations of PVC and manufacture of PVC	100.00	100.00	South Africa
Indirect shareholding				
T.N.P. Industry Co., Ltd.	Production and sale of rigid PVC	99.29	99.29	Thailand

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- 2.2.2 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.
- 2.2.3 The financial statements of an overseas subsidiary is translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Currency translation changes of the financial statements of foreign entity" in shareholders' equity.
- 2.2.4 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.2.5 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The new and revised accounting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2016 are as follows :-

Conceptual Framework for Financial Reporting (revised 2015)

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share - Based Payment
TFRS 3 (revised 2015)	Business Combinations

TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non - current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

The management of the Company and its subsidiaries evaluated that these new and revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenue and expenses recognition

The Company and its subsidiaries recognizes the revenues on sales when significant risks and rewards of ownership of the goods are transferred to the buyer. The revenues on sales are recorded on invoicing price net of output tax, rebate and discounts.

The Company recognizes the revenues from rendering services when the services are rendered.

The Company and its subsidiaries recognized the interest income on the period and accrual basis.

The Company and its subsidiaries recognized other income and expenses on the accrual basis.

#### 3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

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### 3.3 Trade accounts receivable and others receivable

Trade and other accounts receivable (including balances with related parties) are initially recognized by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in the income statement as part of administrative expenses.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivable. Bad debts are written off when incurred.

### 3.4 Inventories

Inventories are presented at the lower of cost or net realizable value, cost of inventories is calculated as follow :-

- Raw material has calculated cost by moving average method.
- Finished good, work in process and maintenance and factory supplies have calculated cost by first in - first out method.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion above include an appropriate share of production overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the sale.

Allowance for obsolete stocks is set up based on the outstanding inventories balance at the end of year which estimated from consideration of states and quality of inventories.

### 3.5 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investment in subsidiaries in separate financial statement

Investment in subsidiary is accounted for under the cost method less allowance for impairment loss on the investment, (if any). The Company recognizes impairment loss (if any) on the investment in the statement of comprehensive income.

### 3.6 Property, plant and equipment and depreciation

Land is stated at cost.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Allowance for impairment loss of assets will be made when there is any event or circumstance indicating that the recoverable values of these assets are less than their carrying values.

Expenditure incurred in addition, renewal or betterment are recorded add in involve fixed asset, if it is certainly probable the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Repair and maintenance costs are recognized as an expense when incurred.

Depreciation is calculated by cost less residual value on the straight-line method over the estimated useful life of the assets as follows :-

Land improvement	10 years
Building and building improvement	10 - 20 years
Machinery and equipment	5 - 12 years
Utility system	10 years
Office equipment and equipment and tools	2 - 5 years
Vehicles	5 years

The Company and its subsidiaries has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

### 3.7 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

### 3.8 Impairment of assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

### 3.9 Trade accounts payable and others payable

Trade and other accounts payable (including balances with related parties) are stated at cost.

### 3.10 Finance lease

The contract of leased asset carried the risk and owner remuneration is mainly transferred to lessors will be classified as financial leased contract. The contract of financial lease is recorded as capital expenditure by fair value of leased asset or present value of minimum amount which has to repay in accordance with the leased contract whichever amount is lower. The amount which has to repay in each time is divided as liability portion and financial expenditure so that fixed interest rate over outstanding liability obligation burden in accordance with the financial leased contract will be recorded as long term liability. Interest payable will be recorded in the statement of income throughout the leased contract life.

### 3.11 Provisions

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

### 3.12 Financial instruments

The Company and its subsidiaries have no policy to speculate in and or engage in the trading of any financial derivative instruments.

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in note 25

### 3.13 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows :-

#### Allowance for doubtful accounts

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

#### Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

#### Impairment of investment in subsidiary

The Company reviews the impairment of investment in the subsidiary, which requires management to prepare projections of the cash flows expected to be generated by the investment in the future, and to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

#### Property, plant and equipment/Depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### Deferred tax assets

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

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

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### 3.14 Related parties

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

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

### 3.15 Foreign currency transactions

#### 3.15.1 Currency transactions

Transactions in foreign currencies throughout the years are recorded in Baht at prevailing Bank of Thailand rates at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the prevailing rates at those dates. Gain or loss arising from translation are credited or charged against current operations.

#### 3.15.2 Foreign operations

The financial statements of overseas subsidiary companies is translated into Thai Baht at the closing exchange rate as at statements of financial position date to assets and liabilities, and market exchange rates in which the transaction took place as to revenues and expenses. The resultant differences are recorded in statements of comprehensive income and shown as gain (loss) on exchange rate and convert financial statement in equity until investment are sold out.

### 3.16 Employee benefits

#### Short-term employment benefits

The Company and its subsidiaries recognizes salary, wage, bonus and contributions to social security fund as expenses when incurred.

#### Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments that it must pay to the employees upon retirement under the Company's and its subsidiaries's article and the labor law and other employee benefit plans. The Company and its subsidiaries treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees will be recognized immediately in other comprehensive income as a part of retain earing.

#### 3.17 Operating Lease

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

#### 3.18 Income tax

Income tax comprises current income tax and deferred tax.

##### Current tax

The Company and its subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (20%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

##### Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiaries will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realised or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company and its subsidiaries will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

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## 3.19 Basic earning per share

Basis earnings per share is determined by dividing profit (loss) for the year by the weighted average number of ordinary shares held by outsiders and outstanding during the year.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash and deposits at financial institutions				
Cash on hand	135,551.49	197,300.56	85,000.00	90,000.00
Deposits at financial institutions - current accounts	1,815,540.17	4,840,967.03	1,438,659.56	1,031,702.13
- savings accounts	20,706,164.80	32,009,429.14	753.90	753.50
Total	<u>22,657,256.46</u>	<u>37,047,696.73</u>	<u>1,524,413.46</u>	<u>1,122,455.63</u>

## 5. TRADE AND OTHER ACCOUNTS RECEIVABLE - RELATED PARTIES

Trade and other accounts receivable - related parties consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Account receivable				
Subsidiaries company - domestic	-	-	71,188,492.43	110,773,986.13
Subsidiaries company - oversea	-	-	129,634,272.92	99,415,501.30
Total	-	-	200,822,765.35	210,189,487.43
<u>Less</u> Allowance for doubtful debts	-	-	(87,404,923.43)	(56,101,064.59)
Account receivable, net	-	-	113,417,841.92	154,088,422.84
Other receivable	-	-	282,049.28	862,418.87
Total	-	-	<u>113,699,891.20</u>	<u>154,950,841.71</u>

Movement of the change in the allowance for doubtful accounts for the years ended December 31, 2016 and 2015 were summarized as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance of the year	-	-	56,101,064.59	27,931,100.18
Additional during the year	-	-	37,433,087.13	28,169,964.41
Deduction during the year	-	-	(6,129,228.29)	-
Ending balance at end of year	-	-	<u>87,404,923.43</u>	<u>56,101,064.59</u>

Trade and other accounts receivable - related parties classified by currency consisted of :-

	Separate financial statements			
	Foreign currencies		Baht	
	2016	2015	2016	2015
Trade accounts receivable, domestic;				
Baht	-	-	71,188,492.43	110,773,986.13
Trade accounts receivable, oversea;				
U.S. Dollars	3,661,971.18	2,901,172.32	126,672,245.76	99,415,501.30
Euro	79,242.87	-	2,962,027.16	-
			<u>200,822,765.35</u>	<u>210,189,487.43</u>

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Trade and other accounts receivable - related parties classified by ages of accounts consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Not over due	-	-	9,156,480.28	53,834,579.42
Over due not over 1 months	-	-	5,772,434.49	5,639,624.63
Over due 1 months to 2 months	-	-	4,828,062.77	4,003,261.62
Over due 2 months to 6 months	-	-	42,777,580.84	52,681,649.36
Over due 6 months to 12 months	-	-	43,851,080.04	39,360,091.17
Over due more than 12 months	-	-	94,437,126.93	54,670,281.23
Total	-	-	200,822,765.35	210,189,487.43

#### 6. TRADE AND OTHER ACCOUNTS RECEIVABLE - OTHER COMPANIES

Trade and other accounts receivable - other companies consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts receivable	194,793,687.71	190,873,796.32	174,045,599.72	127,146,197.08
Note receivable	298,818.58	660,796.63	298,818.58	660,796.63
Total	195,092,506.29	191,534,592.95	174,344,418.30	127,806,993.71
<u>Less</u> Allowance for doubtful accounts	(11,227,295.68)	(11,119,428.26)	(11,184,581.05)	(11,119,428.26)
Net	183,865,210.61	180,415,164.69	163,159,837.25	116,687,565.45

Movement of the change in the allowance for doubtful accounts for the years ended December 31, 2016 and 2015 were summarized as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance of the year	11,119,428.26	10,224,790.90	11,119,428.26	10,161,695.14
Additional during the year	326,234.39	957,733.12	283,519.76	957,733.12
Deduction during the year	(218,366.97)	(63,095.76)	(218,366.97)	-
Ending balance at end of year	11,227,295.68	11,119,428.26	11,184,581.05	11,119,428.26

Trade and other accounts receivable - other classified by currency consisted of :-

	Consolidated financial statements			
	Foreign currencies		Baht	
	2016	2015	2016	2015
Trade accounts receivable, domestic;				
Baht	-	-	151,590,613.48	157,891,043.10
Trade accounts receivable, overseas;				
U.S. Dollars	926,852.34	908,517.38	32,343,013.73	31,862,740.92
Rand	4,240,179.00	755,124.00	11,158,879.08	1,780,808.93
			195,092,506.29	191,534,592.95

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	Separate financial statements			
	Foreign currencies		Baht	
	2016	2015	2016	2015
Trade accounts receivable, domestic;				
Baht	-	-	142,001,404.57	95,944,252.79
Trade accounts receivable, oversea;				
U.S. Dollars	926,852.34	908,517.38	32,343,013.73	31,862,740.92
			<u>174,344,418.30</u>	<u>127,806,993.71</u>

Trade and other accounts receivable - other companies classified by ages of accounts consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Not over due	119,958,797.27	128,310,686.09	101,655,826.04	78,518,577.72
Over due not over 1 months	51,193,480.99	45,150,996.96	48,791,078.86	32,526,588.72
Over due 1 months to 2 months	7,678,777.10	5,933,715.24	7,678,777.10	4,647,147.24
Over due 2 months to 6 months	4,936,463.51	1,002,946.25	4,936,463.51	978,431.62
Over due 6 months to 12 months	97,691.74	-	97,691.74	-
Over due more than 12 months	11,227,295.68	11,136,248.41	11,184,581.05	11,136,248.41
Total	<u>195,092,506.29</u>	<u>191,534,592.95</u>	<u>174,344,418.30</u>	<u>127,806,993.71</u>

## 7. SHORT-TERM LOANS TO RELATED PARTIES

Chages in short-term loans to related company for the year ended December 31, 2016 and 2015 are as follows :-

	Baht			
	Separate financial statements			
	As at December	During the period		
	31, 2015	Increase	Decrease	Gain (loss)
				on exchange rate
<u>Subsidiary company</u>				
TNV Plastics (Proprietary) Limited	102,711,713.63	2,492,300.00	(3,357,078.83)	(739,320.37)
<u>Indirect subsidiary company</u>				
T.N.P. Industry Co., Ltd.	99,854,058.58	-	-	-
Total	<u>202,565,772.21</u>	<u>2,492,300.00</u>	<u>(3,357,078.83)</u>	<u>(739,320.37)</u>
<u>Less Allowance for doubtful accounts</u>				
TNV Plastics (Proprietary) Limited	(96,227,448.29)	-	-	-
T.N.P. Industry Co., Ltd.	(99,854,058.58)	-	-	-
Total	<u>(196,081,506.87)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net	<u>6,484,265.34</u>			<u>4,880,166.14</u>

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	Baht				
	Separate financial statements				
	As at December 31, 2014	During the year			As at December 31, 2015
		Increase	Decrease	Gain (loss) on exchange rate	
<u>Subsidiary company</u>					
TNV Plastics (Proprietary) Limited	96,279,148.12	4,803,400.00	(7,849,100.00)	9,478,265.51	102,711,713.63
<u>Indirect subsidiary company</u>					
T.N.P. Industry Co., Ltd.	99,854,058.58	-	-	-	99,854,058.58
Total	196,133,206.70	4,803,400.00	(7,849,100.00)	9,478,265.51	202,565,772.21
<u>Less Allowance for doubtful accounts</u>					
TNV Plastics (Proprietary) Limited	(70,272,943.96)	(25,954,504.33)	-	-	(96,227,448.29)
T.N.P. Industry Co., Ltd.	(71,856,061.41)	(27,997,997.17)	-	-	(99,854,058.58)
Total	(142,129,005.37)	(53,952,501.50)	-	-	(196,081,506.87)
Net	54,004,201.33				6,484,265.34

TNV Plastics (Proprietary) Limited

The Company made loan to TNV Plastics (Proprietary) Limited at the interest rate Prime rate + 2 per annum and due at call.

T.N.P. Industry Co., Ltd.

The Company made loan to T.N.P Industry Co., Ltd. in the form of promissory notes with the interest rate at MLR per annum.

For the year ended December 31, 2016 and 2015, the Company records an allowance for doubtful accounts of the loan and accrued interest to TNV Plastics (Proprietary) Limited in the amount of Baht (0.15) million and Baht 20.91 million and T.N.P. Industry Co., Ltd. in the amount of Baht 0.00 million and Baht 28.00 million, respectively.

The Company has stopped the recognition of interest in the financial statements from July 1, 2014, onwards, as the two subsidiaries will not have the ability to repay the interest in the near future.

## 8. INVENTORIES

Inventories consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Finished goods	351,764,810.26	364,347,448.81	327,031,990.45	327,774,031.95
Work in process	39,332,483.30	60,373,879.65	34,045,782.46	43,090,703.66
Raw materials	173,446,746.19	164,205,311.07	140,726,699.09	137,129,980.66
Packaging and factory supplies	20,545,738.91	21,781,821.29	17,165,408.22	18,751,455.63
Goods in transit	2,287,803.03	5,654,717.73	1,898,909.35	5,654,717.73
Total	587,377,581.69	616,363,178.55	520,868,789.57	532,400,889.63
<u>Less Allowance for obsolete stock</u>	(240,710,335.72)	(233,032,130.18)	(227,585,369.97)	(205,777,606.07)
Net	346,667,245.97	383,331,048.37	293,283,419.60	326,623,283.56

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Movement of the change in the allowance for obsolete stock for the years ended December 31, 2016 and 2015 were as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance of the year	233,032,130.18	210,063,810.13	205,777,606.07	183,750,908.93
Additional during the year	22,197,092.28	22,968,320.05	21,807,763.90	22,026,697.14
Deduction during the year	(14,518,886.74)	-	-	-
Ending balance at end of year	<u>240,710,335.72</u>	<u>233,032,130.18</u>	<u>227,585,369.97</u>	<u>205,777,606.07</u>

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Decline in value of inventory recognized as cost of goods sold for the year	22,197,092.28	22,968,320.05	21,807,763.90	22,026,697.14
Reversal of the decline in value of inventory for the year	(14,518,886.74)	-	-	-

Inventories classified by ages of accounts consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Not over 1 years	268,713,269.13	307,530,615.30	218,248,053.08	254,054,035.15
Over 1 years to 2 years	50,134,996.34	32,720,773.44	47,700,662.32	29,640,821.32
Over 2 years to 3 years	23,546,886.69	36,971,986.88	21,203,263.16	35,511,808.23
Over 3 years to 4 years	33,581,719.18	50,310,202.67	32,363,160.40	48,503,334.40
Over 4 years to 5 years	48,125,982.10	33,830,974.39	46,869,095.81	32,876,531.79
Over more than 5 years	163,274,728.25	154,998,625.87	154,484,554.80	131,814,358.74
Total	<u>587,377,581.69</u>	<u>616,363,178.55</u>	<u>520,868,789.57</u>	<u>532,400,889.63</u>

## 9. OTHER RECEIVABLE AND OTHER CURRENT ASSETS

Other receivable consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Revenue Department receivable	1,904,652.61	3,250,329.89	69,324.99	30,789.02
Advance payment	1,668,407.76	2,145,691.25	1,630,248.11	1,380,422.90
Prepaid expenses	2,439,884.91	1,751,031.64	1,492,685.38	671,569.69
Accrued Interest	-	-	96,850,097.02	96,999,045.68
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>(96,850,097.02)</u>	<u>(96,999,045.68)</u>
Total	<u>6,012,945.28</u>	<u>7,147,052.78</u>	<u>3,192,258.48</u>	<u>2,082,781.61</u>

Movement of the change in the allowance for doubtful accounts - accrued Interest for the years ended December 31, 2016 and 2015 were summarized as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance of the year	-	-	96,999,045.68	95,268,448.43
Additional during the year	-	-	-	1,730,597.25
Deduction during the year	-	-	(148,948.66)	-
Ending balance at end of year	-	-	96,850,097.02	96,999,045.68

#### 10. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consisted of :-

Subsidiary Company name	Type of Business	Paid up shares	Percentage of ownership (%)		Separated financial statements At cost method (Baht)	
			2016	2015	2016	2015
Taweewattana Logistics Co., Ltd.	Selling of PVC	Baht 3 million	99.99	99.99	2,999,700.00	2,999,700.00
Thai Nam Automotive Performance Co., Ltd. (Formerly, Thai Nam-Kyowa Co., Ltd.)	Production of PVC, foam sheet and TPO	Baht 40 million	99.99	50.00	12,603,800.02	20,000,010.00
TNV Plastics (Proprietary) Limited	Production and sale of polyvinyl chloride products	Rand 1 million	100.00	100.00	4,280,861.58	4,280,861.58
<u>Less</u> Allowance for impairment of investments					(2,999,700.00)	(2,999,700.00)
Net					16,884,661.60	24,280,871.58

Dividend income from subsidiaries for the year ended December 31, 2016 and 2015 are presented as follow :-

Subsidiary Companies name	Baht	
	Separated financial statements	
	2016	2015
Thai Nam Automotive Performance Co., Ltd.	-	3,000,001.50

At the Board of Director' Meeting No. 3/2016 held on March 24, 2016, the directors approved to purchase the common shares of Thai Nam Automotive Performance Co.,Ltd. (formerly, Thai Nam-Kyowa Co., Ltd.) according to the book value as at December 31, 2015, totalling 1,999,999 shares at the price of Baht 11.3019 per share in the amount of Baht 22.60 million from the former shareholder, Kyowa Leather Cloth Co.,Ltd. (Japan), resulting in the Company's shareholding proportion in that company to increase from 50% to 99.99%. The common shares were paid on April 4, 2016.

As for the change in the parent company's shareholding proportion in the subsidiary that does not cause to lose control of the subsidiary, the difference between the decreasing amount by which the non-controlling interests was adjusted and consideration paid was recognized directly in shareholders' equity. Such differences can be calculated as follow :-

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	Baht
Consideration paid from purchase of subsidiary shares	22,603,790.02
(Less) Carrying amount of any non-controlling interest	(23,531,753.27)
Difference as gain of the change in shareholding proportion in the subsidiary	927,963.25

At the Extraordinary General Meeting of Shareholders No.1/2016 of Thai Nam Automotive Performance Co., Ltd. held on 21<sup>st</sup> June 2016 has resolved a special resolution to decrease the authorized capital for the amount of Baht 30,000,000 from the former authorized capital of Baht 40,000,000 to Baht 10,000,000 by reducing the number of share for 3,000,000 shares at the par value of Baht 10 per share. After a reduction of the authorized capital, the Company still hold shares of subsidiary company for 999,995 shares at the per value of Baht 10 per share or 99.99% proportionately of authorized capital and has already registered with the Department of Business Development, Ministry of Commerce on August 1, 2016.

The subsidiaries that have material non-controlling interests

The Company has consolidated Thai Nam Automotive Performance Co., Ltd. that have material non-controlling interest:

Name of Company	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Bath			
		2016	2015	Profit(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
				2016	2015	2016	2015
Thai Nam Automotive Performance Co., Ltd.	Thailand	99.99	50.00	217,997.21	(662,905.48)	-	23,278,816.25
Other				-	-	-	34,939.81
Total				217,997.21	(662,905.48)	-	23,313,756.06

Summarized financial information in respect of Thai Nam Automotive Performance Co., Ltd. of the subsidiaries that has material non-controlling interests. The summarized financial information represents amounts before intragroup eliminations.

	<u>Baht</u>	
	<u>2016</u>	<u>2015</u>
Current assets	17,738,076.09	87,139,926.62
Non-current assets	3,529,869.38	4,134,082.51
Current liabilities	839,183.60	41,679,478.25
Non-current liabilities	2,501,216.77	3,036,928.23
Non-Controlling interests	-	23,278,816.25
Revenue	100,926,154.00	266,436,228.87
Profit(loss) attributable to the non-controlling interests	1,369,942.45	(591,006.32)
Other comprehensive income to the non-controlling interests	-	(71,899.16)

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	<i>Baht</i>	
	<i>2016</i>	<i>2015</i>
Dividends paid to non-controlling interests	-	(2,999,998.50)
Net cash inflow (outflow) from operating activities	14,854,404.51	744,352.26
Net cash inflow (outflow) from investing activities	(49,500.00)	(100,590.00)
Net cash inflow (outflow) from financing activities	(30,005,714.80)	(5,994,285.20)
Net cash inflow (outflow)	(15,200,810.29)	(5,350,522.94)

## 11. OTHER LONG-TERM INVESTMENTS

Other long-term investment consisted of :-

	<i>Baht</i>	
	Consolidated/separate financial statement	
	Cost method	
	<i>2016</i>	<i>2015</i>
Investments in debt securities held to maturity :		
Subordinated debentures of Bangkok Bank Public Company Limited No.1/2012 (Interest rate of 4.375% per annum, maturity date, December 7, 2022)	1,000,000.00	1,000,000.00
Total	1,000,000.00	1,000,000.00

## 12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of :-

	<i>Baht</i>				
	Consolidated financial statements				
	Balance per book as at Dec. 31, 2015	Additions	Deduction	Transferred in (out)	Balance per book as at Dec. 31, 2016
				Exchange difference on transtating financial statement	
<u>At cost</u>					
Land	19,682,012.70	-	-	-	19,682,012.70
<u>Land improvement</u>	8,498,751.01	544,042.00	-	-	9,042,793.01
Building and building improvement	365,096,859.44	944,548.52	-	1,114,797.29	367,156,205.25
Machines and equipment	1,311,984,637.35	2,499,003.05	-	11,634,018.83	1,327,245,790.47
Utility system	28,116,190.86	-	-	-	28,116,190.86
Vehicles	12,063,869.11	-	-	25,973.00	12,089,842.11
Office equipment	49,594,182.21	1,818,366.68	(79,000.00)	124,989.08	51,458,537.97
Equipment and tools	224,965,281.90	4,945,356.01	(3,891,065.80)	1,350,366.15	227,369,938.26
Assets in progress	23,727,649.57	14,606,387.66	-	(14,099,182.27)	24,234,854.96
Total	2,043,729,434.15	25,357,703.92	(3,970,065.80)	1,279,093.32	2,066,396,165.59
<u>Accumulated depreciation</u>					
<u>Land improvement</u>	(7,179,136.26)	(196,506.11)	-	-	(7,375,642.37)
Building and building improvement	(207,718,122.67)	(11,364,396.27)	-	-	(219,082,518.94)
Machines and equipment	(1,193,744,621.86)	(24,028,497.72)	-	(527,695.76)	(1,218,300,815.34)
Utility system	(22,536,389.97)	(834,974.10)	-	-	(23,371,364.07)
Vehicles	(9,666,751.76)	(696,921.54)	-	(11,196.16)	(10,374,869.46)
Office equipment	(44,166,314.59)	(2,045,583.74)	78,999.00	(37,251.75)	(46,170,151.08)
Equipment and tools	(180,901,482.40)	(16,758,142.05)	3,149,645.63	-	(194,509,978.82)
Total	(1,665,912,819.51)	(55,925,021.53)	3,228,644.63	(576,143.67)	(1,719,185,340.08)
Property, plant and equipment, net	377,816,614.64				347,210,825.51

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Baht						
Consolidated financial statements						
	Balance per book as at Dec. 31, 2014	Movement during the year				Balance per book as at Dec. 31, 2015
		Additions	Deduction	Transferred  in (out)	Exchange difference on transtating financial statement	
<u>At cost</u>						
Land	19,682,012.70	-	-	-	-	19,682,012.70
<i>Land improvement</i>	8,012,923.51	485,827.50	-	-	-	8,498,751.01
Building and building improvement	363,814,970.96	412,884.07	-	869,004.41	-	365,096,859.44
Machines and equipment	1,305,322,128.15	1,552,184.53	-	11,864,422.16	(6,754,097.49)	1,311,984,637.35
Utility system	26,316,255.96	90,484.00	-	1,709,450.90	-	28,116,190.86
Vehicles	10,165,974.61	1,951,000.00	-	-	(53,105.50)	12,063,869.11
Office equipment	48,177,788.58	1,622,274.96	(59,000.00)	-	(146,881.33)	49,594,182.21
Equipment and tools	197,989,261.22	6,357,632.69	-	20,618,387.99	-	224,965,281.90
Assets in progress	45,089,035.30	15,421,160.24	(1,721,280.51)	(35,061,265.46)	-	23,727,649.57
Total	2,024,570,350.99	27,893,447.99	(1,780,280.51)	-	(6,954,084.32)	2,043,729,434.15
<u>Accumulated depreciation</u>						
<i>Land improvement</i>	(7,069,660.33)	(109,475.93)	-	-	-	(7,179,136.26)
Building and building improvement	(196,440,877.00)	(11,277,245.67)	-	-	-	(207,718,122.67)
Machines and equipment	(1,172,249,338.12)	(24,394,724.53)	-	-	2,899,440.79	(1,193,744,621.86)
Utility system	(21,683,705.31)	(852,684.66)	-	-	-	(22,536,389.97)
Vehicles	(9,293,241.34)	(383,408.38)	-	-	9,897.96	(9,666,751.76)
Office equipment	(42,254,092.51)	(2,032,545.15)	53,924.29	-	66,398.78	(44,166,314.59)
Equipment and tools	(167,612,609.78)	(13,288,872.62)	-	-	-	(180,901,482.40)
Total	(1,616,603,524.39)	(52,338,956.94)	53,924.29	-	2,975,737.53	(1,665,912,819.51)
Property, plant and equipment, net	407,966,826.60					377,816,614.64

	Baht				
	Separate financial statements				
	Balance per book	Movement during the year			Balance per book
	as at Dec. 31,	Additions	Deduction	Transferred	as at Dec. 31,
	2015			in (out)	2016
At cost					
Land	160,601,077.70	-	-	-	160,601,077.70
Land improvement	8,498,751.01	544,042.00	-	-	9,042,793.01
Building and building improvement	350,938,115.53	944,548.52	-	1,114,797.29	352,997,461.34
Machines and equipment	868,881,510.19	1,551,000.00	(383,670.00)	4,426,364.63	874,475,204.82
Utility system	21,678,616.14	-	-	-	21,678,616.14
Vehicles	9,574,079.66	-	-	-	9,574,079.66
Office equipment	39,151,306.05	1,050,050.00	(79,000.00)	-	40,122,356.05
Equipment and tools	201,427,855.93	4,820,856.01	(4,937,532.87)	1,350,366.15	202,661,545.22
Assets in progress	21,957,597.74	13,034,989.24	-	(6,891,528.07)	28,101,058.91
Total	1,682,708,909.95	21,945,485.77	(5,400,202.87)	-	1,699,254,192.85
Accumulated depreciation					
Land improvement	(7,179,136.26)	(196,506.11)	-	-	(7,375,642.37)
Building and building improvement	(175,163,868.03)	(12,461,845.91)	-	-	(187,625,713.94)
Machines and equipment	(756,418,843.62)	(22,361,802.33)	383,669.00	-	(778,396,976.95)
Utility system	(16,234,269.34)	(786,974.10)	-	-	(17,021,243.44)
Vehicles	(7,341,265.00)	(651,189.35)	-	-	(7,992,454.35)
Office equipment	(34,686,947.81)	(1,738,659.20)	78,999.00	-	(36,346,608.01)
Equipment and tools	(157,316,777.83)	(16,349,999.67)	4,116,075.84	-	(169,550,701.66)
Total	(1,154,341,107.89)	(54,546,976.67)	4,578,743.84	-	(1,204,309,340.72)
Property, plant and equipment, net	528,367,802.06				494,944,852.13

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	Baht			
	Separate financial statements			
	Balance per book	Movement during the year		
	as at Dec. 31, 2014	Additions	Deduction	Balance per book as at Dec. 31, 2015
<u>At cost</u>				
Land	160,601,077.70	-	-	160,601,077.70
<i>Land improvement</i>	8,012,923.51	485,827.50	-	8,498,751.01
Building and building improvement	349,656,227.05	412,884.07	-	350,938,115.53
Machines and equipment	856,917,088.03	100,000.00	-	868,881,510.19
Utility system	19,878,681.24	90,484.00	-	21,678,616.14
Vehicles	7,623,079.66	1,951,000.00	-	9,574,079.66
Office equipment	37,817,618.05	1,392,688.00	(59,000.00)	39,151,306.05
Equipment and tools	174,762,955.25	6,046,512.69	-	201,427,855.93
Assets in progress	49,669,482.69	9,784,904.46	(2,435,523.95)	21,957,597.74
Total	1,664,939,133.18	20,264,300.72	(2,494,523.95)	1,682,708,909.95
<u>Accumulated depreciation</u>				
<i>Land improvement</i>	(7,069,660.33)	(109,475.93)	-	(7,179,136.26)
Building and building improvement	(162,789,172.72)	(12,374,695.31)	-	(175,163,868.03)
Machines and equipment	(733,944,566.21)	(22,474,277.41)	-	(756,418,843.62)
Utility system	(15,429,584.68)	(804,684.66)	-	(16,234,269.34)
Vehicles	(7,009,021.39)	(332,243.61)	-	(7,341,265.00)
Office equipment	(32,965,025.04)	(1,775,847.06)	53,924.29	(34,686,947.81)
Equipment and tools	(144,033,607.61)	(13,283,170.22)	-	(157,316,777.83)
Total	(1,103,240,637.98)	(51,154,394.20)	53,924.29	(1,154,341,107.89)
Property, plant and equipment, net	561,698,495.20			528,367,802.06

	Baht			
	Consolidated financial statement		Separate financial statement	
	2016	2015	2016	2015
Depreciation for the year				
Cost of sales	52,406,843.51	49,083,380.18	52,174,604.87	49,019,849.73
Selling and administrative expenses	3,518,178.02	3,255,576.76	2,372,371.80	2,134,544.47
Total	55,925,021.53	52,338,956.94	54,546,976.67	51,154,394.20
Gain (loss) from sale of assets	(684,598.52)	(1,717,010.43)	(466,001.72)	(2,213,177.98)

The whole amount of land and building, some part of machineries and equipment of the Company and its subsidiaries were pledged as collaterals against short-term and long-term loans from financial institutions. (see note 14 and 16)

As at December 31, 2016 and 2015, the Company and its subsidiaries had building and equipment, which were fully depreciated but they are still in use with value of Baht 1,412.21 million and Baht 1,391.73 million (for the Company's only amounting to Baht 937.58 million and Baht 926.30 million), respectively.

## 13. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the year ended December 31, 2016 and 2015, were summarized as follows:-

	Baht				
	Consolidated financial statements				
	As at December 31, 2015	Income (expense) during the period		Exchange difference on translating financial statment	As at December 31, 2016
		In profit or loss	In other comprehensi ve income		
Deferred tax assets :					
Allowance for doubtful accounts	36,449,349.99	(5,856,089.84)	-	-	30,593,260.15
Allowance for decline in value of obsolete stocks	42,996,102.99	4,425,319.79	-	-	47,421,422.78
Employee benefit obligation	12,720,784.33	656,964.76	2,154,859.00	-	15,532,608.09
Loss carried forward on tax bases	56,082,758.24	(16,368,693.15)	-	6,502,507.79	46,216,572.88
Total	148,248,995.55	(17,142,498.44)	2,154,859.00	6,502,507.79	139,763,863.90
Deferred tax liabilities :					
Accelerated capital allowances for tax purposes	(1,028,926.29)	97,903.00	-	(380,742.31)	(1,311,765.60)
Total	(1,028,926.29)	97,903.00	-	(380,742.31)	(1,311,765.60)
Deferred tax assets (liabilities) , net	147,220,069.26				138,452,098.30

As at December 31, 2016, the Company and its subsidiaries have reduced the carrying amount of deferred tax assets in the amount of Baht 22.48 million (Note 23.2)

	Baht				
	Consolidated financial statements				
	As at December 31, 2014	Income (expense) during the year			As at December 31, 2015
		In profit or loss	In other comprehensive income	Exchange difference on translating financial statment	
Deferred tax assets :					
Allowance for doubtful accounts	25,385,565.98	11,063,784.01	-	-	36,449,349.99
Allowance for decline in value of obsolete stocks	38,050,371.70	4,945,731.29	-	-	42,996,102.99
Employee benefit obligation	13,364,637.96	263,283.37	(907,137.00)	-	12,720,784.33
Loss carried forward on tax bases	41,229,662.00	24,495,209.81	-	(9,642,113.57)	56,082,758.24
Total	118,030,237.64	40,768,008.48	(907,137.00)	(9,642,113.57)	148,248,995.55
Deferred tax liabilities :					
Accelerated capital allowances for tax purposes	(1,383,316.00)	135,322.74	-	219,066.97	(1,028,926.29)
Total	(1,383,316.00)	135,322.74	-	219,066.97	(1,028,926.29)
Deferred tax assets (liabilities) , net	116,646,921.64				147,220,069.26

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	Baht		
	Separate financial statements		
	As at December	Income (expense) during the period	As at December
	31, 2015	In profit or loss	31, 2016
		In other comprehensive income	
Deferred tax assets :			
Allowance for doubtful accounts	36,449,349.99	(5,864,632.77)	30,584,717.22
Allowance for decline in value of obsolete stocks	41,155,521.22	4,361,552.78	45,517,074.00
Employee benefit obligation	12,125,274.89	615,133.25	15,032,364.74
Total	89,730,146.10	(887,946.74)	91,134,155.96

As at December 31, 2016, the Company has reduced the carrying amount of deferred tax assets in the amount of Baht 9.00 million (Note 23.2)

	Baht		
	Separate financial statements		
	As at December	Income (expense) during the year	As at December
	31, 2014	In profit or loss	31, 2015
		In other comprehensive income	
Deferred tax assets :			
Allowance for doubtful accounts	25,372,946.84	11,076,403.15	36,449,349.99
Allowance for decline in value of obsolete stocks	36,750,181.79	4,405,339.43	41,155,521.22
Employee benefit obligation	12,901,830.10	154,655.19	12,125,274.89
Total	75,024,958.73	15,636,397.77	89,730,146.10

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

Bank overdrafts and short-term loans from financial institutions consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Bank overdrafts	22,723,834.42	26,684,852.48	22,723,834.42	26,679,137.68
Trust receipts	30,400,606.20	32,139,714.94	30,400,606.20	32,139,714.94
Promissory note	4,955,463.36	8,075,624.95	4,955,463.36	8,075,624.95
Short-term loans	138,720,000.00	145,000,000.00	138,720,000.00	145,000,000.00
Total	196,799,903.98	211,900,192.37	196,799,903.98	211,894,477.57

As at December 31, 2016 and 2015, short-term loans were in the form of a promissory note less than 6 months with interest rate at MLR and MLR-1.50 per annum, respectively.

As at December 31, 2016 and 2015, the Company had short-term credit facilities with a bank comprised with bank overdrafts at the amount of Baht 30 million with interest rate at MOR per annum, letter of credit and/or trust receipt at the amount of Baht 60 million with interest rate at MLR and MLR-1.50 per annum, respectively, and selling-promissory note at the amount of Baht 150 million with interest rate at MLR and MLR-1.50 per annum, respectively.

Above short-term credit facilities were secured by mortgage land, building and some part of machineries of the Company and its subsidiaries, and jointly guaranteed by director of the company and its subsidiaries.

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## 15. TRADE ACCOUNT PAYABLE

Trade account payable classified by currency consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounts payable	111,679,457.69	110,881,619.28	108,940,758.39	110,497,680.25
Accrued expenses	7,763,769.58	7,407,949.80	5,776,461.42	5,762,793.25
Total	<u>119,443,227.27</u>	<u>118,289,569.08</u>	<u>114,717,219.81</u>	<u>116,260,473.50</u>

Trade account payable classified by currency consisted of :-

	Consolidated financial statements			
	Foreign currencies		Baht	
	2016	2015	2016	2015
Trade accounts payable, domestic; Baht	-	-	110,691,283.37	107,235,119.81
Trade accounts payable, oversea; U.S. Dollars	-	138,457.15	-	5,019,597.81
Euro	90,605.04	134,863.20	3,466,579.74	5,367,487.93
Rand	2,008,346.00	282,985.00	5,285,364.16	667,363.53
Total			<u>119,443,227.27</u>	<u>118,289,569.08</u>

	Separate financial statements			
	Foreign currencies		Baht	
	2016	2015	2016	2015
Trade accounts payable, domestic; Baht	-	-	111,250,640.07	105,873,387.76
Trade accounts payable, oversea; U.S. Dollars	-	138,457.15	-	5,019,597.81
Euro	90,605.04	134,863.20	3,466,579.74	5,367,487.93
Total			<u>114,717,219.81</u>	<u>116,260,473.50</u>

## 16. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long-term loans from financial institution consisted of:-

	Baht	
	Consolidated /Separate financial statements	
	2016	2015
Long-term loans from financial institution	29,517,718.27	97,517,718.27
<u>Less</u> Current portion due within one year	<u>(29,517,718.27)</u>	<u>(68,000,000.00)</u>
Long-term loans, net	<u>-</u>	<u>29,517,718.27</u>

The Company entered into 4 loan agreements with a local commercial bank at the amount of Baht 518.80 million and the Company had withdrawn the full amount of the loan. Such loans were scheduled to pay interest on a monthly basis at MLR per annum. Later on September 29, 2015, the Company entered into the amendment on credit agreement No. 8, the loan has interest at the rate of MLR-1.50 for the installment payment only from July 1, 2015 to June 30, 2016. From July 1, 2016 onwards, the interest rate will be MLR per annum as previously specified and the details of the principal repayment of each credit facility were as follows:-

Installment period	Date of repayment (the last business day of the month)	Repayment amount per period (Baht)			
		Credit limit	Credit limit	Credit limit	Credit limit
		Baht 36.5	Baht 17.8	Baht 329.8	Baht 134.7
		million	million	million	million
17 and 18	March and June 2015	1,696,000	820,000	15,262,000	6,222,000
19 and 20	September and December 2015	1,130,000	547,000	10,175,000	4,148,000
21 and 22	March and June 2016	1,130,000	547,000	10,175,000	4,148,000
23, 24 and 25	September, December 2016 and March 2017	1,272,000	615,000	11,447,000	4,666,000
26	June 2017	Pay the rest	Pay the rest	Pay the rest	Pay the rest

Under the terms of the loan agreement, the Company is required to maintain certain financial ratios of total liabilities ratio to shareholders' equity not exceeding 2 times.

Such loans were secured by the mortgage of land, buildings and structures and some part of the Company and its subsidiaries' machineries, including to provide joint guarantee by the directors of the Company and its subsidiaries.

## 17. EMPLOYEE BENEFIT OBLIGATIONS

The statements of financial position

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance	67,378,902.69	70,634,997.45	60,626,374.49	64,509,150.58
Benefits paid by the plan during the year	(2,291,490.34)	(4,339,353.75)	(2,213,653.81)	(4,223,231.09)
Current service costs and interest during the year	5,915,590.00	5,618,945.99	5,289,320.00	4,996,507.00
Actuarial (gains) losses	11,010,159.00	(4,535,687.00)	11,459,783.00	(4,656,052.00)
Ending balance	82,013,161.35	67,378,902.69	75,161,823.68	60,626,374.49

Expense recognized in the statements of comprehensive income:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current service costs				
Cost of sales	2,233,136.00	1,745,308.96	1,933,943.00	1,525,632.00
Selling expense	178,758.00	138,357.00	178,758.00	107,040.00
Administrative expenses	1,099,762.00	913,701.03	994,145.00	768,299.00
Interest on obligation	2,403,934.00	2,821,579.00	2,182,474.00	2,595,536.00
Total	5,915,590.00	5,618,945.99	5,289,320.00	4,996,507.00

Actuarial losses for the year ended December 31, 2016

	Baht	
	Consolidated financial statements	Separate financial statements
Actuarial losses arising from		
Changes in demographic assumptions	5,734,879.00	5,614,521.00
Changes in financial assumptions	2,955,144.00	2,719,438.00
Experience adjustments	2,320,136.00	3,125,824.00
Total	11,010,159.00	11,459,783.00

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## Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2016 are summarized below:

	Baht			
	Consolidate financial statements		Separate financial statements	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(5,201,457.00)	6,000,522.00	(4,545,811.00)	5,223,787.00
Salary increase rate	5,370,804.00	(4,744,834.00)	4,683,691.00	(4,154,057.00)
Turnover rate	(5,939,470.00)	6,517,165.00	(5,224,532.00)	5,955,867.00

## Principal actuarial assumptions at the reporting date

	2016		2015	
	Percentage		Percentage	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Discount rate	3.50	3.50	4.00	4.00
Salary increase rate	5.20 - 6.35	5.20	5.11 - 5.65	5.11
Employee turnover rate	0.00 - 3.40	3.40	0.50 - 4.48	4.48
Disability rate	15.00 of mortality rate	15.00 of mortality rate	15.00 of mortality rate	15.00 of mortality rate
Mortality rate	100.00 of Thai mortality table 2008	100.00 of Thai mortality table 2008	100.00 of Thai mortality table 2008	100.00 of Thai mortality table 2008

## 18. SHARE CAPITAL

## Year 2016

At the Annual General Meeting of Shareholders of the Company for the year 2016, held on April 29, 2016, the shareholders approved as follows :-

## 18.1 Decrease of registered capital of the Company

To approve the decrease of registered capital of the Company from the existing amount of Baht 319,526,925 to Baht 319,516,441, by Cutting-off 10,484 outstanding ordinary shares from dividend payment of the company, at par value of Baht 1 per share in the total amount of Baht 10,484. The Company registered decrease of capital with Department of Business Development, Ministry of Commerce on May 10, 2016.

## 18.2 The issue of warrants to purchase the newly issued ordinary shares of the Company

To approve the issuance of warrants for rights to purchase ordinary shares of the Company No.1 (TNPC-W1) by allocating to the Company's existing shareholders according to ratio of shareholding (Rights Offering Warrant) for the rate of 6 existing ordinary shares per 1 unit of warrant with free of charge which the total number is not exceeding 53,252,740 units.

The exercise ratio as 1 unit of warrant will be entitled to purchase 1 newly ordinary share and price of warrant exercise for buying ordinary shares will be Baht 2.25 per share and the warrant holders shall be able to exercise the warrant every 6 month. The shareholders shall be able to exercise the warrants on the last business day of May and November of each year. The first exercise date is May 31, 2017 and the last exercise date is the date that the warrants are 3 years from the issuance date.

## 18.3 Increase in the Company's registered capital

To approve the increase of registered capital of the Company in order to accommodate the exercise of the TNPC Warrants No. 1 (TNPC-W1) in note 18.2, amount of Baht 319,516,441 to Baht 372,769,181 by issuing 53,252,740 ordinary shares at Baht 1 per share in the total amount of Baht 53,252,740. The Company registered increase of capital with Department of Business Development, Ministry of Commerce on May 11, 2016.

Year 2015

At the Annual General Meeting of Shareholders of the Company for the year 2015, held on April 24, 2015, the shareholders approved as follows:

## 18.4 Decrease of registered capital of the Company

To approve the decrease of registered capital of the Company from the existing amount of Baht 299,548,060 to Baht 299,547,065, by Cutting-off 199 outstanding ordinary shares from dividend payment of the company, at par value of Baht 5 per share in the total amount of Baht 995. The Company registered decrease of capital with Department of Business Development, Ministry of commerce on April 27, 2015.

## 18.5 Change of the par value of the Company's shares

To approve the change of the par value of the Company's shares from the existing par value of 5 Baht per share to 1 Baht per share by splitting 1 ordinary share with the par value of 5 Baht per share, into 5 ordinary shares with the par value of 1 Baht per share and the change of the Company's registered share capital and issue and paid-up share capital being in the amount of baht 299,547,065 which divided into 299,547,065 shares with a par value of 1 Baht. The Company registered the change of the par value and the registered share capital of the Company's shares with the Department of Business Development, Ministry of Commerce on April 28, 2015.

## 18.6 Increase of registered capital of the Company

To approve the increase of registered capital of the Company in order of support the dividends payment from the existing amount of Baht 299,547,065 to Baht 319,526,925 by issuing 19,979,860 ordinary shares at Baht 1 per share in the total amount of Baht 19,979,860. The Company registered increase of capital with Department of Business Development, Ministry of Commerce on April 29, 2015.

## 19. APPROPRIATION OF RETAINED EARNINGS

Legal reserve

Under the provision to the Public Limited Companies, the Company is required to set aside as statutory reserve at least 5% of its net income after deduction accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

For the year ended December 31, 2016, the Company appropriate of profits as a legal reserve in the total amount of Baht 1.09 million.

DividendYear 2016

At the Annual General Meeting of Shareholders of the Company for the year 2016, held on April 29, 2016, the shareholders approved the payment of dividends to the shareholders of the Company for the performance result of the fiscal year 2015, at the rate of Baht 0.03 per share, totaling Baht 9.59 million by the ordinary shares paid as dividends at the cash paid. The shareholders whose names appear in the Share Register as at May 13, 2016 shall be entitled to receive the dividends. The Company will pay the dividends to the shareholders on May 27, 2016.



Year 2015

At the Annual General Meeting of Shareholders of the Company for the year 2015, held on April 24, 2015, the shareholders approved the payment of dividends to the shareholders of the Company for the performance result of the fiscal year 2014, at the rate of Baht 0.0787 per share, totaling Baht 23.57 million by the ordinary shares paid as dividends at the rate of 15 original share to 1 share dividend and the cash paid at Baht 0.0120 per share. The shareholders whose names appear in the Share Register as at May 13, 2015 shall be entitled to receive the dividends. The Company will pay the dividends to the shareholders on May 22, 2015.

## 20. OPERATING SEGMENT

The Company and its subsidiaries operate in 2 main report by products operating segments in main geographical area, Thailand as follows :-

Type of operating segment	Nature of operating segment
- Manufacturing of plastic parts of automobile industry group	Artificial leather and automobile rubber flooring
- Others-plastic parts of other industry group such as packaging manufacture industry and pharmaceutical, etc.	Various types of plastics both soft and rigid, rolls and plate

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company and its subsidiaries assess the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

Details of financial information by segment operations for the year ended December 31, 2016 and 2015 were as follows :-

	Baht					
	Consolidated financial statements					
	Automobile industry group		Others		Total	
	2016	2015	2016	2015	2016	2015
Revenue from sales	932,722,412.55	944,234,847.59	86,579,062.60	75,775,061.51	1,019,301,475.15	1,020,009,909.10
Cost of sales	(705,199,550.02)	(723,129,056.21)	(87,890,974.43)	(78,297,555.94)	(793,090,524.45)	(801,426,612.15)
Gross profit (loss)	227,522,862.53	221,105,791.38	(1,311,911.83)	(2,522,494.43)	226,210,950.70	218,583,296.95
Selling expenses	(33,906,343.71)	(33,862,570.30)	(2,710,603.72)	(2,514,635.83)	(36,616,947.43)	(36,377,206.13)
Administrative expenses	(128,655,966.62)	(146,020,451.82)	(8,748,535.22)	(10,332,782.73)	(137,404,501.84)	(156,353,234.55)
Operating profit (loss)	64,960,552.20	41,222,769.26	(12,771,050.77)	(15,369,912.99)	52,189,501.43	25,852,856.27
Other income (other expenses)					27,101,540.30	7,486,805.30
Finance cost					(14,896,273.16)	(18,231,202.90)
Income tax expenses					(39,876,819.20)	18,359,530.51
Profit (loss) for the year					24,517,949.37	33,467,989.18

Information about geographical areas

The Company and its subsidiaries' revenue from sales separated by geographical area, were summarized as follows :-

	Baht	
	Consolidated financial statements	
	2016	2015
Domestic	811,138,010.74	863,549,311.24
Export	208,163,464.41	156,460,597.86
Total	1,019,301,475.15	1,020,009,909.10

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Non-current assets of the Company and its subsidiaries separated by geographical area as at December 31, 2016 and December 31, 2015 were as follows :-

	Baht			
	Consolidated financial statements			
	Automobile industry group		Others	
	2016	2015	2016	2015
Property, plant and equipment				
- Thailand	331,989,922.80	364,977,499.34	8,309,400.58	7,375,891.67
- South Africa	6,911,502.13	5,463,223.63	-	-
	<u>338,901,424.93</u>	<u>370,440,722.97</u>	<u>8,309,400.58</u>	<u>7,375,891.67</u>

#### Information about major customers

The Company and its subsidiaries' revenue from sales and services from their major customers for the year ended December 31, 2016 and 2015, were summarized as follows :-

Type of customers	Baht	
	Consolidated financial statements	
	2016	2015
Domestic automobile parts manufacturing	712,822,905.68	718,302,391.72
Export automobile parts manufacturing	163,697,316.05	107,462,126.88

## 21. RELATED PARTIES TRANSACTION

The Company and its subsidiaries have certain transactions with its related parties. A portion of the Company's assets, liabilities, revenues and expenses are represented by transactions with its related parties.

The nature of relationship with related parties were summarized as follows :-

Related parties	Relationship
<u>Subsidiary companies</u>	
Taweewattana Logistics Co., Ltd.	Shareholder and have common shareholder and director
Thai Nam Automotive Performance Co., Ltd. (Formerly, Thai Nam-Kyowa Co., Ltd.)	Shareholder and have common shareholder and director
TNV Plastics (Proprietary) Limited	Shareholder and have common shareholder and director
<u>Indirect subsidiary company</u>	
T.N.P. Industry Co., Ltd.	Indirect shareholding by Taweewattana Logistics Co., Ltd and have common shareholder and director
<u>Related person</u>	
Key management personnel	Persons having authority and responsibility for management

The Company and its subsidiaries have pricing policy for transaction with related parties as follows :-

Transactions	Pricing policies
Revenue from sales	- Thainam-Kyowa Co., Ltd. and Taweewattana Logistics Co.,Ltd. : Market price - TNV Plastics (Proprietary) Limited : Cost plus 5 - 30 % profit - TNP Industry Co.,Ltd. : Cost
Rental income and service	- Agreed price according to agreement
Others income	- Agreed price
Purchase products	- Market price
Loan	- TNV Plastics (Proprietary) Limited : Prime rate plus 2% per annum - TNP Industry Co.,Ltd. : MLR per annum
Transfer of asset	- The appraisal value by an independent appraiser
Compensation to management	- According to be approved by director and/or shareholders

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Balances as at December 31, 2016 and 2015 with the related parties consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Assets</u>				
Trade and other account receivable				
Subsidiaries				
Taweewattana Logistics Co., Ltd.	-	-	51,338.60	269,850.83
Thai Nam Automotive Performance Co., Ltd.	-	-	496,220.48	40,711,123.21
TNV Plastics (Proprietary) Limited	-	-	129,634,272.92	99,415,501.30
T.N.P. Industry Co., Ltd.	-	-	70,922,982.63	70,655,430.96
Total	-	-	201,104,814.63	211,051,906.30
<u>Less</u> Allowance for doubtful debts	-	-	(87,404,923.43)	(56,101,064.59)
Net	-	-	113,699,891.20	154,950,841.71
Short-term loans to				
Subsidiaries				
T.N.P. Industry Co., Ltd.	-	-	99,854,058.58	99,854,058.58
TNV Plastics (Proprietary) Limited	-	-	101,107,614.43	102,711,713.63
Total	-	-	200,961,673.01	202,565,772.21
<u>Less</u> Allowance for doubtful accounts	-	-	(196,081,506.87)	(196,081,506.87)
Net	-	-	4,880,166.14	6,484,265.34
Accrued Interest				
Subsidiaries				
T.N.P. Industry Co., Ltd.	-	-	76,769,453.57	76,769,453.57
TNV Plastics (Proprietary) Limited	-	-	20,080,643.45	20,229,592.11
Total	-	-	96,850,097.02	96,999,045.68
<u>Less</u> Allowance for doubtful accounts	-	-	(96,850,097.02)	(96,999,045.68)
Net	-	-	-	-
<u>Liabilities</u>				
Trade and other account payable				
Subsidiaries				
Thai Nam Automotive Performance Co., Ltd.	-	-	3,923,584.33	1,640,051.59
T.N.P. Industry Co., Ltd.	-	-	215,796.70	451,375.57
Total	-	-	4,139,381.03	2,091,427.16

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Significant business transactions for the year ended December 31, 2016 and 2015 were, as follows :-

- Revenue and expenses between the Company and its subsidiaries which have been eliminated from consolidated financial statements.

	Baht			
	Separate financial statements,			
	2016	2015	2016	2015
Sale of goods				
Subsidiaries				
Taweewattana Logistics Co., Ltd.	-	-	344,472.21	540,642.66
Thai Nam Automotive Performance Co., Ltd.	-	-	85,336,549.98	244,848,728.29
TNV Plastics (Proprietary) Limited	-	-	36,727,668.25	42,558,311.87
T.N.P. Industry Co., Ltd.	-	-	52,109,219.30	58,751,766.67
Total	-	-	174,517,909.74	346,699,449.49
Dividend income				
Subsidiary				
Thai Nam Automotive Performance Co., Ltd.	-	-	-	3,000,001.50
Rental income				
Subsidiary				
Thai Nam Automotive Performance Co., Ltd.	-	-	1,992,700.00	2,160,000.00
T.N.P. Industry Co., Ltd.	-	-	2,456,400.00	2,456,400.00
Total	-	-	4,449,100.00	4,616,400.00
Other incomes				
Subsidiaries				
Thai Nam Automotive Performance Co., Ltd.	-	-	2,068,131.61	2,513,740.87
T.N.P. Industry Co., Ltd.	-	-	305,702.75	704,269.02
Total	-	-	2,373,834.36	3,218,009.89
Sale of assets				
Subsidiaries				
TNV Plastics (Proprietary) Limited	-	-	298,634.66	809,943.44
Cost of sale (purchase of goods)				
Subsidiaries				
Thai Nam Automotive Performance Co., Ltd.	-	-	17,860.00	17,800.00
T.N.P. Industry Co., Ltd.	-	-	41,250.00	858,401.52
Total	-	-	59,110.00	876,201.52
Cost of sale (Manufacturing expenses)				
Subsidiaries				
Thai Nam Automotive Performance Co., Ltd.	-	-	11,102,980.95	8,225,988.25
T.N.P. Industry Co., Ltd.	-	-	3,633,604.12	4,331,639.27
Total	-	-	14,736,585.07	12,557,627.52

- Expenses for director and key management personal

Expenses for director and key management personal for the year ended December 31, 2016 and 2015 were, as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Director remuneration	1,920,000.00	1,560,000.00	1,920,000.00	1,560,000.00
Management's benefits				
Short-term employee benefit	19,340,437.00	17,992,698.00	19,146,337.00	17,200,398.00
Post-retirement benefits	234,559.00	494,580.00	234,559.00	451,832.00
Total	21,494,996.00	20,047,278.00	21,300,896.00	19,212,230.00

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Management benefit expenses represents the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the managements who have the top position at the management level from the four lists following by the manager level.

## 22. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2016 and 2015 were as follows :-

	Baht			
	Consolidated financial statement		Separate financial statement	
	2016	2015	2016	2015
Changed in inventories of finished goods and work in process	33,624,034.90	(12,467,520.38)	9,786,962.70	(3,226,325.63)
Raw materials and consumables used	489,883,976.36	545,403,513.74	482,409,041.28	537,431,535.56
Staff expenses	224,165,005.71	216,137,757.26	190,649,153.46	186,062,730.53
Depreciation and amortization charges	55,925,021.53	52,338,956.94	54,546,976.67	51,154,394.20
Electricity - Water supply	34,708,136.38	39,664,165.80	26,834,507.13	30,403,197.22
Directors and managements' remuneration	21,494,996.00	20,047,278.00	21,300,896.00	19,212,230.00
Bad debts and doubtful debts	107,867.42	894,637.36	31,220,062.97	84,810,796.28
Maintenance expense	22,605,473.28	23,168,215.41	13,945,360.23	17,543,627.89

## 23. TAX EXPENSE (TAX INCOME)

### 23.1 Major component of tax expense (income)

Major components of tax expense (income) for the years ended December 31, 2016 and 2015 included :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Income tax expense (income) shown in profit or loss :				
Current tax expense:				
Income tax expense for the period	22,832,223.76	22,543,800.71	22,609,072.30	22,543,800.71
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	17,044,595.44	(40,903,331.22)	887,946.74	(15,636,397.77)
Total	<u>39,876,819.20</u>	<u>(18,359,530.51)</u>	<u>23,497,019.04</u>	<u>6,907,402.94</u>
Income tax relating to components of other comprehensive income:				
Actuarial gain (loss)	(2,154,859.00)	907,137.00	(2,291,956.60)	931,210.40
Total	<u>(2,154,859.00)</u>	<u>907,137.00</u>	<u>(2,291,956.60)</u>	<u>931,210.40</u>

23.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate

A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2016 and 2015 which were summarized as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit (loss) for the year	64,394,768.57	15,108,458.67	45,351,051.30	(3,621,741.69)
The applicable tax rate (%)	20%	20%	20%	20%
Tax expense (income) at the applicable tax rate	12,878,953.71	3,021,691.73	9,070,210.26	(724,348.34)
Baht				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
Expenses not allowed as expenses in determining taxable profit	1,077,854.04	5,720,161.58	3,196,384.12	5,984,456.55
Tax effect of income that are required in determining taxable profit:				
Interest income	2,230,424.66	2,247,295.03	2,230,424.66	2,247,295.03
Tax effect of income that are not required in determining taxable profit:				
Exemption of non - taxable dividend income	-	(600,000.30)	-	(600,000.30)
The amount of previously unrecognized tax losses for a prior period that is used to reduce current tax expense	(103,022.88)	-	-	-
Unrecognized tax losses on deferred tax assets	5,808,831.41	3,534,343.90	-	-
Effect on deferred tax from progressive tax rate	8,893.03	(11,619.26)	-	-
Effect on deferred tax from elimination	(5,107,824.99)	(25,181,115.70)	-	-
Revaluation of the deferred tax resulting from difference in tax rates	603,747.76	(7,036,002.09)	-	-
Deferred tax expense arising from the write-down of deferred tax asset	22,478,962.46	-	9,000,000.00	-
Others	-	(54,285.40)	-	-
Total reconciliation items	26,997,865.49	(21,381,222.24)	14,426,808.78	7,631,751.28
Total tax expense (income)	39,876,819.20	(18,359,530.51)	23,497,019.04	6,907,402.94

As at December 31, 2016, two subsidiary had an accumulated loss (in tax) that was still unused of approximately Baht 86.59 million. The subsidiary above did not record deferred tax assets from such loss because there was an uncertainty whether the subsidiary would have enough profit to utilize the benefits from deferred tax assets or not.

## 23.3 A numerical reconciliation between tax average effective tax rate and the application tax rate

A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2016 and 2015 were summarized as follows :-

	Consolidated financial statements			
	2016		2015	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	64,394,768.57		15,108,458.67	
Tax expense (income) at the applicable tax rate	12,878,953.71	20.00	3,021,691.73	20.00
Reconciliation items	26,997,865.49	41.93	(21,381,222.24)	(141.52)
Tax expense (income) at the average effective tax rate	39,876,819.20	61.93	(18,359,530.51)	(121.52)
	Separate financial statement			
	2016		2015	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	45,351,051.30		(3,621,741.69)	
Tax expense (income) at the applicable tax rate	9,070,210.26	20.00	(724,348.34)	(20.00)
Reconciliation items	14,426,808.78	31.81	7,631,751.28	210.72
Tax expense (income) at the average effective tax rate	23,497,019.04	51.81	6,907,402.94	190.72

## 24. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares which are issued and paid-up during the period.

However, the Company did not include the warrant TNPC-W1 (Note 18.2) in calculating the diluted earnings per shares from warrant because the average share price during this period was lower than the exercise price.

	Consolidated financial statement		Separate financial statement	
	2016	2015	2016	2015
Profit (loss) for the period of parent company (Baht)	24,299,952.16	34,058,995.50	21,854,032.26	(10,529,144.63)
Weighted average number of ordinary shares (Shares)	319,516,441	319,516,441	319,516,441	319,516,441
Basic earnings (loss) per share (Baht per share)				
Profit (loss) attributable to owners of the parent	0.08	0.11	0.07	(0.03)

## 25. FINANCIAL INSTRUMENTS

## 25.1 Risk management

The Company and its subsidiaries manage their financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company and its subsidiaries do not hold or issue derivative financial instruments for speculative or trading purposes.

## 25.2 Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans and long-term and machine payable. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not provided significant effect to their operations and cash flows, therefore; no financial derivative was adopted to manage such risks.

As at December 2016, the significant financial assets and financial liabilities classified by types of interest rates were as follows :-

Baht				
Consolidated financial statements				
As at December 31, 2016				
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	20,706,164.80	-	1,951,091.66	22,657,256.46
Trade and other accounts receivable	-	-	183,865,210.61	183,865,210.61
Other long-term investment	-	1,000,000.00	-	1,000,000.00
<u>Financial liabilities</u>				
Bank overdraft and short-term loans from financial institutions	196,799,903.98	-	-	196,799,903.98
Trade and other accounts payable	-	-	119,443,227.27	119,443,227.27
Long-term loan from financial institutions	29,517,718.27	-	-	29,517,718.27
Baht				
Separate financial statements				
As at December 31, 2016				
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	753.90	-	1,523,659.56	1,524,413.46
Trade and other accounts receivable	-	-	276,859,728.45	276,859,728.45
Other long-term investment	-	-	4,880,166.14	4,880,166.14
<u>Financial liabilities</u>				
Bank overdraft and short-term loans from financial institutions	196,799,903.98	-	-	196,799,903.98
Trade and other accounts payable	-	-	114,717,219.81	114,717,219.81
Long-term loan from financial institutions	29,517,718.27	-	-	29,517,718.27

### 25.3 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily relating to trade accounts receivable. The management of the Company and its subsidiaries manage this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

### 25.4 Foreign currency risk

The Company and its subsidiary companies incurred risk foreign currencies exchange due to the Company and its subsidiary companies constitutes cash at banks, trade accounts receivable, trust receipts and trade accounts payable in foreign currencies which the Company had hedged as they believed appropriate the foreign currencies risk using forward contract against risk on exchange rates. As of December 31, 2016 and 2015, the Company and its subsidiary has no outstanding foreign exchange contracts and constitutes foreign currencies assets and liabilities which mainly due within one year as follows :-

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

*The Leading Company for Plastic Products in Thailand*



	Baht			
	Consolidated financial statements			
	As at December 31, 2016		As at December 31, 2015	
	Asset	Liabilities	Asset	Liabilities
Foreign currency				
US Dollar	926,852.34	173,295.63	908,517.38	355,182.24
Euro	-	110,985.08	-	205,565.44
Singapore dollar	-	932,556.20	-	832,426.40
Rand	7,560,999.00	2,008,346.00	3,411,113.00	282,985.00

	Baht			
	Separate financial statements			
	As at December 31, 2016		As at December 31, 2015	
	Asset	Liabilities	Asset	Liabilities
Foreign currency				
US Dollar	7,987,374.73	173,295.63	7,232,017.43	355,182.24
Euro	79,242.87	110,985.08	-	205,565.44
Singapore dollar	-	932,556.20	-	832,426.40

## 25.5 Liquidity risk

The Company manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

## 25.6 Fair value

The carrying amount of financial assets and financial liabilities as presented in the statement of financial position are mostly bear floating interest rates or fixed interest rates which are close to market rate. The management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying amount.

## 26. COMMITMENTS AND CONTINGENT LIABILITIES

### 26.1 Outstanding letters of credit

As at December 31, 2016 and 2015, the Company and its subsidiaries had commitments for the outstanding letters of credit amounting equivalent to Baht 10.92 million and equivalent to Baht 2.53 million (Separate financial statement amounting equivalent to Baht 10.92 million and equivalent to Baht 2.53 million), respectively.

### 26.2 Letter of guarantee

As at December 31, 2016 and 2015, the Company and its subsidiaries had contingent liabilities for the letter of guarantees issued by the bank in the total amount of Baht 5.24 million and Baht 5.24 million (Separate financial statement amount of Baht 4.04 million and Baht 4.04 million), respectively.

## 27. CAPITAL MANAGEMENT

The primary objective of capital management of the Company and its subsidiaries is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statement of financial position as at December 31, 2016, the Group's debt-to-equity ratio was 0.73 : 1 (as at December 31, 2015 was 0.82 : 1) and the Company's was 0.57 : 1 (as at December 31, 2014 was 0.67 : 1).

## 28. THE REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are revised.

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2017 are as follows :-

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are revised will not have any significant impact on the financial statements for the year when they are initially applied.

## 29. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's board of directors on February 24, 2017.



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