



ANNUAL REPORT

รายงานประจำปี 2560

2017





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1. Summary of Financial Information

Description	2017 Million Baht	2016 Million baht [Adjustments]	2015 Million Baht
Total assets	2,067	2,016	1,544
Total liabilities	992	845	549
Total shareholders' equity	1,075	1,171	995
Revenue from sales	2,276	2,342	2,316
Total revenue	2,379	2,397	2,323
Gross profit	(103)	23	35
Comprehensive income	(96)	26	35
Earnings per share (Baht)	(0.25)	0.05	1.33
Book value per share (Baht)	49.34	76.35	37.67

Financial Ratios		31 December 2017	31 December 200 [Adjustments]	31 December 2015
Liquidity ratio	(Times)	1.55	0.72	2.36
Net profit margin	(%)	(4.54)	0.97	1.52
Return on equities	(%)	(9.60)	1.93	3.54
Return on assets	(%)	(4.99)	1.12	2.28
Debt to equity ratio		0.92	0.72	0.55
Dividend	(Baht)	0.05*	-	1.50

- *1. Dividend paid by common shares to the Company's shareholders at ratio 20 existing common shares per 1 share dividend at par value 1.00 THB total not exceeding 20,944,970 shares; calculated to be dividend ratio at 0.05000 THB per shares, or not exceeding 20,944,970 THB In addition, In case any shareholder obtains fraction of shares from calculation in accordance with such shares allocation, the Company shall eliminate the said fraction.
2. Dividend payment made by cash at ratio 0.00556 THB, or equivalent to not exceeding 2,329,081 Baht.

2. General Information and Other information

Company Name	CPL Group Public Company Limited
Nickname	CPL
Company Registered No.	0107537000289
Type of Business	Leather Manufacturing, Manufacturer and distributor of safety equipment. Personal protective equipment unified international standards

Registered Capital	418,899,370 Baht
Contain	Common stock 418,899,370 shares, 1.- Baht per share
Head office	700 moo 6, Sukhumvit Road, Tambol Bangpoomai, Ampour Muang, Samutprakarn 10280 Tel. 02 709 5633 – 8 Fax 02 709 6033, 02 709 6044
Website	www.cpl.co.th
Secretary Section	Tel. 02 709 5633 – 8 Ext: 401 Email: secretary@cpl.co.th
Investor Relationship	Tel. 02 709 5633 – 8 Ext. 103 Email: ir@cpl.co.th

Other References	
Custodian	Thailand Securities Depository Co.Ltd. 93 Ratchadapisek Road, Din Deng, Bangkok 10400 Tel 02 009 9000 Fax 02 009 9991
Certified Public Accountant	CWWP Company Limited Mr. Cherdsakul Onmongkol CPA No.7195 Ms.Wanraya Puttasatien CPA No. 4387 Ms. Chantira Wongsriudomporn CPA 4996 Ms. Waraporn Intraprasit CPA 7881 17th.fl.PayataiPlaz Building No. 128/180 – 181 Tel. 02 216 2268 – 9, Fax 02 216 2286
Lawyer Consultant	Payab Kamart Lawyer Office 45/15 Moo 1 Bangrateak Sampran Nakornpatom 73210 Tel. 081 814 0793

3. Message from Chairman and Chief Executive Officer



Year **2017** was the year of change for CPL Group. From the beginning of the year, we acquired Pangolin Safety Products Co., Ltd. which is the market leader in the Safety Product Industry thru Entire Business Transfer (EBT) process. This strategic move brings us into the safety product market and make CPL business more comprehensive; as a result, we had to restructure our organization for compact and transparent operations.

Another major change is that we changed the par value from THB 10.00 per share to THB 1.00 per share. This change results to the change in the number of shares from 41,889,937 to 418,899,937 shares, which will help increase the liquidity of CPL shares and provide more opportunities for broader investor base. These moves are the first significant changes that CPL has done during the past 23 years after being listed in the Stock Exchange of Thailand since 1994.

In addition, we sold the 15% investment in CPL International Co., Ltd., which was registered at British Virgin Islands with registered capital of USD 8.00 million to Guang Dong Zhong Rui Hua Yan Enterprise Co., Ltd. from China. From this investment, we received 72% of the original investment amount or approximately USD 864,000.00.

For tannery business, we have developed variety of articles in order to provide flexibility to our clients. In addition to cow hide tanning capacity expansion, we also expand into pig skin tanning by importing pig raw hides from South Korea, Japan, Canada and USA. Our customer will process it and supply finished leather to top footwear brand in Australia. We have invested in new machineries and new factory which amounts to approximately THB 120.0 million. This new investment will increase our revenue by THB 800.0 million. In addition, we have developed hand bag leather which we are proudly supplying to the world renowned Michael Kors.

During the past year, we have restructured the management, production strategy and marketing strategy. Year 2017 is not only the year of change but the year of major investment for us also. The investment is not only for the pig skin and tanning expansion project, but also for new production technology and R&D, which is the heart of leather making passion. Everything we have been doing is for making the solid ground for value adding creation in the future.

However, we must admit that in the past few years, leather industry sentiment has been much slower than everyone in the industry expected. Slow market and constant stronger Baht had impacted us and resulted that we could not perform as targeted. In addition, we also had to reserve for our inventory impairment in order to comply with current market value and sales opportunities. All these aforementioned issues result to our 2017 performance.

On the contrary, it reflects our sustainable growth which will arise from our strong grounds and it is the preparation for new opportunities and new customers. In 2018, we plan to increase our production capacity

for finished leather from 2.5 million sq. ft. to 3.5 million sq. ft. within 2 years in order to keep up with our future customer order patterns. For tanning capacity expansion, we will triple our capacity from 40,000 hides per month to 120,000 hides per month. For pig skin, the full capacity will be around 100,000 hides per month.

In this year, in addition to our existing “Brand” customers, we have also added a new one which is a world leading footwear Brand. As for our proud safety product business venture, PANGOLIN still keeps pleasant growth according to the country’s growth. Coupling with PANGOLIN’s distribution channels including online channel in accordance with changing customer behavior, we believe that everything will help CPL to thrive endlessly and sustainably.

Lastly, on behalf of CPL’s management and all employees, I would like to thank you for all your supports. And with all your supports, it proves that CPL can still stand proudly and strongly even under current turbulence in the market and will be ready for the soon-to return of the market; in order that we can continue to grow strongly and sustainably.



Mr. Suwatchai Wongcharoensin
Chairman



Mr. Puvasith Wongcharoensin
Chief Executive Officer

4. Business Overview

On 27 January 1994, C.P.L Group Company Limited registered the Company with the capital of Baht 180 million by Charoensin Family, Pan Oversea Cooperation, and Lien Dah Ltd. The Company operates the fully integrated tannery. Its process starts from the salting fermentation of raw cowhide to the tanning through production procedures required high skills and experiences so that all finished leathers have the high quality. This is because finished leather is the major raw material for manufacturing leather shoes, leather bags, and all types of leather products which real cowhide is used as the element. On 19 December 1994, the Company transformed to public company limited named “C.P.L Group Public Company Limited”. Now, the official name was modified to “CPL Group Public Company Limited”.

In 2001, the Company expanded business by joint venture with 3 companies in China which involved in tannery industry and shoe factory. The tannery named “C.P.L. International Company Limited” was opened in Guangzhou, China to support the purchase order of customers in China. Currently, this factory is terminated and it is in the process of business restructuring. Currently, there was a business discussion with the new potential investor in China.

In 2016, the Company invested with a business partner in Hong Kong established a company named “Integrated Leather Business Company Limited” that engages in import and sales of leathers. The Company held 40% of total registered shares because the Company saw the potential opportunities in leather business and reduced the restrictions on the grade of leather that will be used in the production process.

On 23 February 2017, the Extraordinary General Shareholder’s Meeting of the Company No. 1/2017 has passed the special resolutions to accept the entire business transfer of Pangolin Safety Products Company Limited and the entering into of the relevant agreements for the purposes of the Group restructuring by the acceptance of the entire business transfer of Pangolin Safety Products Company Limited with the totaling value in amount of Baht 530,995,211.76, which will issue 15,489,942 new ordinary shares of the Company, with the par value of Baht 10.00 per share in lieu of cash and specify the price of the increase authorized share capital at Baht 34.28 per share and to dissolve Pangolin Safety Products Company Limited after the entire business transfer, which Pangolin Safety Products Company Limited has registered the dissolution with the Department of Business Development, Ministry of Commerce on 6 March 2017 and been notified the tax exemption by the Revenue Code from entire business transfer from the Revenue Department on 3 April 2017. Presently, it is in the process to transfer of assets under the entire business transfer agreement.



4.1 Vision and Mission

Vision

The Company is committed to develop for the unity in the global leading leather tanning industry with the management competency and qualified production process, timely delivery, creation of friendship and reliability to customers, and paying attention to the environment.

Mission

- To develop businesses in the fields of tannery in pursuit of Asian leadership position.
- To diversify and invest in strategic businesses to enhance competitiveness.
- To provide a variety of quality products and services with commitment, reliability and flexibility.
- To conduct business in a socially, ethically and environmentally responsible manner.
- To build sustainable value for shareholders, customers, business partners, employees, local communities, and to be a good citizen to host governments.

Objectives and targets

For business operations during 2016-2021, the Company regularly monitors the economic situation in Thailand and the world economy in order to analyze the situation of using leather and to be used in planing for maximum efficiency. The main purpose is to balance three aspects which are procurement and reserve, production and quality, and sales. There are the targets as follow:

- Procurement and reserve: The Company has a policy to maintain the level of rawhide and semi-finished leather at least 4 months because a purchase of raw or semi-finished leather from overseas takes time for transportation. However, this reserve will decrease in the future since the Company can buy leather through the associated company resulted in the lead time shortened including the Company can match the characteristics of the leather with order from customers.
- Production and quality: From the current plan, the Company focused on production levels and strategies for future growth. Since the economic downturn and decrease in demand in the past year, the Company considered reducing production target from 24 million square feet to 21-22 million square feet. However, in 2021, the company expects the capacity to return to the same point at approximately 24-25 million square feet in order to improve the operating system for maximum efficiency. This will bring sustainable and stable growth of the organization.
- Sales: The Company aims to continuously expand overseas market, especially those from China who uses a lot of leather. However, the Company is still focusing on brand which is expecting to be able to increase sales based on a better economic outlook. The price is not a concern because the Company can bargain with customers to adjust price in accordance with the price of rawhide in the world market.

For the strategy, the Company has strategies in order to meet target as follows;

- Increase the supply of rawhide and semi-finished leather and procedures for screening the qualified leather in according to the needs customers
- Sustainable growth and value-added strategies include sustainable growth, managerial balance all stakeholders, corporate social responsibility and environment, corporate governance, and Investment expansion by focusing on strategically important businesses

- Creating value added business, reducing cost, and increase return on investment by developing the capabilities of the organization since the ability of the organization is crucial to the effectively company's strategic plan by accelerating the development of the organization's capabilities in the following areas;
 - » Financing and financial risk management: The Company plans to provide source of fund to be in line with investment plan by considering the financial management, investment, and financial ratios such as debt to equity in order to maintain a high level of creditworthiness and manage the financial risk of exchange rate, interest rate, and liquidity as well as developing the treasury and accounting to be global.
 - » Accelerating the learning curve, technology, and research capabilities of the organization to be in line with the Company's growth plan by developing a maximum capacity plan and technology to support critical tasks that impact on growth, strategic plans, and R&D as a source of organizational research including the development of information technology and Enterprise Resource Planning (ERP) to keep up with changes quickly.
 - » System development, work in progress, and organizational structure to be in line with the business strategies and plans for oversea investment and operations such as structuring and modeling for offshore operations.
 - » Human resource management and corporate development to be internationally competitive by preparing adequate personnel, human resource development, and leadership including retaining employees to work with organization by building relationship with them. To define and structure the organization to the same standard to support business growth and sustainability of the organization as well as cultivating the value and culture of the organization to be consistent with the values. This is an important foundation for effective development and growth.
 - » Sustainable management by realizing the role of organization towards social, community, and environmental through social responsibility and quality of life. Sustainable use of natural resources, health and safety, occupational health, and environmental impacts of water use, waste disposal, and pollution to the air and soil which is recognized and protected from the social in every operating area by measuring the sustainability of the organization internationally.

4.2 Important Changes and Development

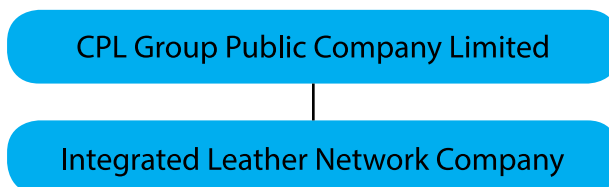
- On 10 January 2017, the Board of Directors of the Company considered the business transfer of Pangolin Safety Product Co., Ltd. as well as the signing of related agreements. This is considered as the acquisition of assets and connected transactions of the Company. Also, the meeting considered approving the allotment of 15,489,942 newly issued ordinary shares of the Company at the par value of Baht 10 per share at the price of Baht 34.28 per share, totaling Baht 530 million as a private placement by paying to Pangolin Safety Products Co., Ltd., in lieu of cash payment.



- On 23 February 2017, the Extraordinary General Meeting of the Company had a resolution to approve the business transfer of Pangolin Safety Products Co., Ltd.*, including the signing of the relevant agreement. This is considered as the acquisition of assets and connected transactions of the Company. Also, the meeting considered approving the allotment of 15,489,942 newly issued ordinary shares of the Company at a par value of Baht 10 each at an approximate price of Baht 34.28 per share, totaling Baht 530,995,211.76 as a private placement by paying to Pangolin Safety Products Co., Ltd., in lieu of cash payment.
- On February 11, 2017 the Extraordinary General Meeting of Shareholders No. 2/2017 of the Associate Company has approved the capital increase of the amount from Baht 40,000,000 to Baht 100,000,000.00 paid by the issuance of 6,000,000 common shares. shares with par value of Baht 10.00 per share, which was registered with the Department of Business development. Ministry of Commerce on February 17, 2017, the Company increased its investment in associated companies in proportion to their existing shareholding of 2,400,000 shares at Baht 10.00 , representing investments amounting to 24,000,000.00 Baht The Company has now paid up share capital. the whole amount
- On 24 October 2017, the Company has informed the disposal of investments in CPL International Company Limited which the Company holds 15.00% in amount of 1,200,000 shares to Guang Dong Zhong Rui Hua Yan Enterprise Company Limited in amount of USD 864,000.00, in accordance with the resolution of the Board of Directors Meeting of the Company No. 2/2015 on 14 May 2015, which has passed the resolution to approve disposal of investments in CPL International Company Limited.
- On January 25, 2018 at the Company's Extraordinary General Meeting of Shareholders No. 1/2018 has approved the change in par value of the Company. The original par value of Baht 10.00 per share of par value to Baht 1.00 per share by increasing the number of shares of the same amount of 41,899,937 shares in the amount of 418,899,370 shares, the Company has registered the change of par value and shares amount with the Department of Business development. Ministry of Commerce on January 31, 2018
- On February 26, 2018 at the Board of Director Meeting No 1/2018 had approve the important as follow:
 - 1) Approved to pay dividend form retain earning.
 - 2) Dividend paid by common shares to the Company's shareholders at ratio 20 existing common shares per 1 share dividend at par value 1.00 THB total not exceeding 20,944,970 shares; calculated to be dividend ratio at 0.05000 THB per shares, or not exceeding 20,944,970 THB In addition, In case any shareholder obtains fraction of shares from calculation in accordance with such shares allocation, the Company shall eliminate the said fraction.
 - 3) Dividend payment made by cash at ratio 0.00556 THB, or equivalent to not exceeding 2,329,081 Baht. Now with standing, the entitlement to receive such dividend remains uncertain. It depends on the consideration and approval of AGM 2018 on April 26, 2018.
 - 4) Now with standing, the entitlement to receive such dividend remains uncertain. It depends on the consideration and approval of AGM 2018 on April 26, 2018.
 - 5). Resolved to propose to the AGM 2018 to consider and approve an increase of the Company's registered capital from 418,899,370 THB divided into 418,899,370 common shares to 439,877,340 THB divided into 439,877,340 shares by increasing the registered capital for support the share dividend.

4.3 Shareholding Structure of Company's Group

The major shareholders are Charoensin Group and Chen Family which holds 53.60% and 11.11% respectively (Information from Thailand Securities Depository as of closing book 2016). The holding structure of the Company is as follows;



No.	Company Name	Share Proportion	Relationship
1.	Integrated Leather Network Company Limited	40%	Associate Company
2.	CPL International Company Limited*	15%	General Investment

* On October 24, 2017, the Company announced the sale of the investment in CPL International Company Limited held by the Company in the proportion of 15.00 percent of the 1,200,000 shares to Guang Dong Zhong Rui Hua Yan Enterprise Company Limited in the amount of 864,000.00 dollars. At the Board of Directors of the Company No. 2/2015 held on May 14, 2015, which approved to sales the investment in CPL International Company Limited

4.4 Relationship with Business Groups of Major Shareholders

In 2017, the Company had significant business transactions with related parties. Such transactions are based on commercial terms and bases agreed upon between the Company. With those parties which are typically based business. The company has complied with the rules relating to the transactions strictly for clarity and transparency with the related companies. Tanning business is part of Charoensin Group which is a major shareholder who invested in all upstream and downstream business. It consists of direct investment and indirect investment through other businesses under Charoensin Group.

In 2017, the Company provided raw materials to the related companies which are Pangolin Safety Products Co., Ltd. and Manwood Intertrade Co., Ltd., with reasonable terms and prices, and/or arm's length basis. For the procurement of raw materials used in the production process with related companies, from Integrated Leather Network Co.Ltd, Eagle chemical Industry Co., Ltd. the Company strictly adheres to the rules governing connected transactions in order to be clarity and transparency. The related companies include:

No.	Company Name	Relationship	Nature of Business
1.	Integrated Leather Network Co., Ltd	Associated company that the Company holds 40% shares and to have the same director and/or management	Importer and distributor all leathers
2.	Eagle Chemical Industries Co., Ltd.	To have the same director and/or management	Distributor of chemical for industries
3.	Applied DB Industrial Co., Ltd.	To have director and/or management as shareholder	Manufacturer and distributor of silicone for surface mounting
4.	Manwood Intertrade Co., Ltd.	To have the same director and/or management	Manufacturer and distributor of fashion shoes
5.	Thai Wiring System Company Limited	To have the same director and/or management	Manufacturer and distributor construction part
6.	Thai Technical Nonwoven Co.,Ltd	To have the same director and/or management	Manufacturer and distributor of synthetic fiber and nonwoven fabric
7.	Jingdong CS Rubber Company Limited	Related party with ultimate shareholder of associated company	Manufacturer and distributor rubber part
8.	CS Rubber Industry Company Limited	Related party with ultimate shareholder of associated company	Manufacturer and distributor rubber part
9.	Charoensin Asset Company Limited	To have the same director and/or management	Property
10.	Charoensin Holding Company Limited	To have the same director and/or management	Holding Company
11.	Charoensin Thanee Company Limited	To have the same director and/or management	Property
12.	Charoensin Condotown Company Limited	To have the same director and/or management	Property
13.	VT Brother Company Limited	To have the same director and/or management	Manufacture Concrete
14.	Furano Air Company Limited	To have the same director and/or management	Distributor Air Condition and service
15.	Tanning Industry Charoensin Company Limited	To have the same director and/or management	Holding Company

5. Nature of Business and Business Performance

CPL Group is a world-class leather tannery providing finished cow leather to customers' needs. Initially, the processes of manufacture are the selection and the import of quality rawhides – are mainly from USA; and tanning chemicals are also the main raw material of operations imported from Europe and USA.

With the experienced and expert staffs to tanning the leather and modern technology of the sufficient machines and devices to perform potential operations, CPL's products are granted with high quality by reputed customers. Most 90 percent of all products are supplied for sell to reputable shoe manufacturers like Adidas, Timberland, Mark & Spenser, Lacoste, and other brand shoes manufacturers. The production capacity is approximately 2,500,000 square feet per month and the Company maintains these volumes to retain and improve the quality of products in the future.

Currently, the company has expanded its business to the tanning service. The contract foresees that the market is becoming more popular tanning in the Company's foreign. The company has invested more equipment to expand production. Make a fine paste machines. The machines that are currently not working hard too, however, the administration predicted that if the update is installed machinery is completed, it can continue to produce more than capacity currently to 2 times, in the tanning pig skin too. Built up a new plant near the existing plant to full power tanneries pig skin . It is expected that the business will be fully implemented within the 2nd quarter of 2018.

In addition, this year the company has been transferring all of Pangolin Safety Products Co., Ltd., including the signing of a relevant agreement of s Pangolin Safety Products Co., Ltd. is a subsidiary of Charoensin Group . Has expanded its network to businesses, products, safety shoes on behalf of "Safety Shoes Company Limited" on June 1, 1983 with a registered capital of 10 million baht on a business response to the rapid growth have increased. manufacture With a registered capital of 80 million baht on October 2,2002 in the year 2006, has expanded its product line into the helmet of Pangolin expensive branded (PANGOLIN) by Standard TIS. .368-2538 with a commitment to work with an experienced management team and staff, all coupled with the strong support of our customers in various industry sectors. As a result, the company has grown continuously and steadily for a long time. And on September 1, 2011 expanded by establishing the company "Pangolin Safety Products Co., Ltd" with a registered capital of 20 million baht to become the "manufacturer and distributor of safety equipment. Personal protective equipment unified international standards. The safety footwear accessory brand PANGOLIN s was the first company to be certified standard TIS. 523-2558 Standard Quality Management System ISO 9001: 2008 by Bureau Veritas, a leading enterprise and a member of the SATRA Technology Center demonstrating the importance of the quality of products PANGOLIN it is also the market leader in manufacturing and distribution in Thailand. The Goliath is a manufacturer of safety shoes and a helmet then. Goliath is also believed to be an official distributor of safety equipment from manufacturers such as global Sundstrom, Singing Rock,. 3M is currently Goliath has been sold to various industrial segments and enterprises nationwide. The company is also the official distributor in Indochina as well as exports to Asia and the South East.

The performance of CPL Group Public Company Limited fully intends to the quality of products and employees training. They become the overwhelming supports of the Company's growth to get the certification from many institutions with a reputation for quality management systems; for example, a certificate from URS offers ISO9001: 2008, ISO: TS16949: 2009, ISO14001: 2004. In addition, CPL Group has been certified a gold coin from a world-class institution – BLC, on environmental management as well as from SATRA institution on research and development of leathers isolation. Such above standards are the systems that CPL Group continually strives, develops, and operates each year to retain and better improve the system for the international standard of further operations.

The revenue structure in the past 3 years could be summarized as followed;

Item	2017 Million Baht	%	2016 Million Baht (Adjustments)	%	2015 Million Baht	%
Revenue from sales	2,275.80	96.59	2,342.07	97.69	2,315.50	100.32
Others						
Gain (Loss) on FX	34.26	1.45	-	-	(15.02)	(0.65)
Interest income	2.20	0.10	2.61	0.11	0.05	0.00
Tax refund	12.68	0.56	-	-	6.13	0.27
Others	54.46	1.30	52.75	2.20	1.34	0.06
Total	2,379.40	100	2,397.43	100	2,308.00	100

Global exporting market that CPL Group has supplied to is mostly China, Vietnam, Indonesia, India, Cambodia, and Bangladesh etc.

In addition, the Company earns in the sale of safety shoes and safety equipment. The market share is at the top of the country. However, the Company's sales channels for foreign countries already there. In the near future, management expect to be able to deliver products, safety shoes and safety device to compete with neighbor countries

5.1 Products and Services

The Company's products are finished leather; such as Full Grain Leather and Suede Split Leather. The distinctive qualities of finished cow leather distributed to both domestic and international shoes manufacturers are Nubuck Leather, Oil&Wax Leather and Water Proof Leather. The Company can manufacture as customers' needs.

The feature of all finished leather is a sheet that will initially be measured in feet before distribution. The unit of measurement is a square feet. Production lead time, manufacturing process to finished leather, is approximately 23 days and the process of delivery to both domestic and international customers then will be the next procedure

The company is a manufacturer and distributor of products for safety, health and environment in the workplace. The company is divided into two main product categories, as detailed below.

1. **Products Safety shoes (Safety Shoe)**, a product manufactured by the company's factory is Pangolin and Safety Products is divided into 3 groups.

1.1 Premium is the safety shoes that are durable and comfortable to wear and use, it also has beautiful shapes and colors as well as materials that increase the quality. The price is higher than Medium, and Low include the Harrier, Soft Plus.

1.2 Medium is the safety shoes that provide durable and comfortable to wear. For customers who want to motivate employees to wear. Prices are moderate version include Lady Sizzler, Heavy, Sport.

1.3 Low safety shoes that are durable. For customers who want to save statement. There is a lot of traffic At its lowest level in three groups: Model Standard, Safety Plus, Classic, Safelight.light

2. Equipment PPE (Personal Protective Equipment - PPE) is the product of the Company. Produced and purchased - sold. Both imported from abroad and domestic. As well as product manufacturing outsourcing (OEM: original equipment manufacturer) brand was expensive and Pangolin.

This product group is the people, the workers used to wear on any part of the body organs or parts together while working. To prevent potential environmental work recognized hazards such as heat, light, sound, toxins, chemicals, etc. used in this personal protective equipment. You can use a device that protects the body from head to toe in 11 categories.

- 2.1 Head & Face Protection*
- 2.2 Hearing Protection*
- 2.3 Eye Protection*
- 2.4 Hand Protection*
- 2.5 Respiratory Protection*
- 2.6 Safety Clothing*
- 2.7 Foot Protection*
- 2.8 Fall Protection*
- 2.9 (Gas Detector)*
- 2.10 (Workplace Safety)*
- 2.11 (Safety Sign & Traffic)*



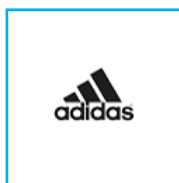
5.2 Marketing and Competition

The overview of leather manufacture, the market demand decreased due to economic situation and decrease in rawhide price comparing to prior year, so the selling price was adjusted down although customers turned to use more full grain leather and split leather. Also, the cold weather was another factor of the use of shoes, especially thick and water proof leather conditions which demand from customers was high, but the overall orders still less than the normal year.

For foreign competitors, most of them were located in China and their capacity also decreased because of world economy. Also, the cost of production was higher or the same level that varied in each country. There were some customers who moved the production plant to other countries. For example, some of Chinese factory moved their plant to Vietnam, Cambodia, and Myanmar. As a result, there were many factories that closed down due to the high cost of sales and administrative expenses. However, most of premium brands, who ordered big lot, required the quality of products including product development which means that if the Company could maintain this high standard, the Company can be competent and compete with others. Anyway, the location is one of the key factors that are the current advantage of the Company because most of company located in China which stability is less than Thailand.

For domestic competitors, there was less impact to the Company as in the past. This is because the capacity of factory was small and their main business is to focus local customers. Therefore, the raw material were provided by local or purchase from Asian countries. However, the quality of products was not met the standard criteria and the selling price was low, so the product was appropriate to small order. Then, CPL Group did not pay attention to local sales much.

According to the above, the group of customers that the Company focuses is the factories manufactured for well-known brands such as Adidas, Timberland, Marks & Spencer, and etc. which are the high quality brand. Due to the decrease in demand for this group, the Company is trying to find the new reliable major customers. The ratio of oversea to local sales is 80:20.



The industry trend and competitive conditions in the future remain high since most shoe brands pay attention to the use of fabric because of the cheaper cost. As a result, the usage of leather consumption may be moving down. However, the Company plans to handle the incident by procuring raw materials from reliable sources that meet the needs of customers including the focus on efficient production to reduce production costs which lead to the better quality of products and prices to compete with competitors.

For business products, safety shoes and safety equipment has a merit of the recovery of the domestic economy. The overall sales were higher than the year before. The Goliath is divided into 4 channel sales channel, which accounted for as sales.

1. Domestic Sales
2. Store Sales Showroom
3. International Sales and Retail Sales
4. Modern (Modern trade) by sales channel that can make the rate of sales growth was highest in sales to foreign groups Safety Shoe from Myanmar into the channel. country the growth of such the goal is to focus on finding new customers. And to maintain and increase sales from existing customers

5 customers with sales, but this year the industrial area, Bang Bang Rd. Chon Buri, Rayong and Trat Road, which sales increased due to increased sales focus to reach more customers in the area. Customers split by business type, number one.

The group purchased and sold to dealers. The order followed by another order of 4 to automotive manufacturing construction materials. Food and Agriculture and Metal Products Safety Shoe from groups such as the Premium version 0283UZG, 2001C, 2012C, 0282UG etc. Medium, which is still the most popular model is the 9501U.

Products PPE growing emphasis from sales other than sales of a device is presented with the sales-service solutions (Solution & Service) include sales and survey fitted Safety Shower, renting equipment Gas Detector term 4 year (INET), the exploration for and install equipment that fell on the stairs and plane, equipped with a gas detection system (fixed system) demonstration Training both before and after. Sales Associate and seminars Raises awareness among even more trade. Customer confidence in our products and services at more afford able Pangolin. Another product highlight is OEM products marketed under brand Pangolin which has stressed the need to focus on sales team offering a product featured in this year is 2 types of gloves that can do well in the market segments automotive assembly. General PLPU gloves and other types of gloves.



6. Management Discussion and Analysis

Description / Year	2017 (Million Baht)	2016 (Million Baht)	Increase (Decrease) Million Baht
Revenue from sales	2,276	2,342	(66)
Cost of goods sold	(2,135)	(2,014)	(121)
Gross profit	141	328	(187)

Revenue

The main revenue of the Company consists of finished leather business that was accounted for 68% of the total revenue of the Company. The product category can be divided into two groups which are skin leather and split leather. Unit of sales is area which is called “square foot”. The second source is revenue from tanning service which was accounted for 5% of total revenue. Last but not least, the revenue from safety shoes and safety products were accounted for 27% of the total revenue of the Company.

In 2017, the Company’s sales amounted to Baht 1,556 million (2016: Baht 1,769 million) decreased by comparing to the prior year. The main reason was the decrease in sales order from customers due to economic situation and exchange rate), so the total revenue was significantly decrease although the Company did the forward contract to minimize the exchange rate risk.

For the tanning service, the Company had vision that the current tanning business in Thailand is popular. As a result, the Company decided to increase capacity of machinery, so the change in layout might lead to the short-term inefficiency of tanning business. However, management believed that if the new machines are complete and fully operate, the capacity will be double. On the other hand, the new tanning pig skin factory also built in order to increase the normal capacity to the next level. Both of activities expected to be fully operate around Q2’2018.

However, the Company could generate more revenue from safety shoes and other safety products. For the year-ended 31 December 2017, the revenue increased from Baht 600 million to Baht 630 million. The major increase came from the increase in sale volume of safety shoes and protective equipment including the rental equipment services.

Type of revenue	2017 (Million Baht)	2016 (Million Baht) Adjustments
Gain (Loss) from exchange rate	34	-
Other incomes	70	55
Total other incomes	104	55

Additionally, the Company also had other incomes that were interest from investment in bond, compensation for tax 19 bis, and gain (loss) on foreign currency translation. The company imported raw materials and exported finished products using US dollar under the credit system, so either import raw materials or export finished goods, it has a difference in the time of repayment which the Company was effected from daily foreign exchange rate. Therefore, the Company has to recognize gains or losses on this kind of transaction. However, the Company has already hedged by doing the forward contracts with financial institutions. As a result, the Company had other incomes Baht 103 million (2016: Baht 55 million) which included the revenue from disposal of general investment in CPL International Co., Ltd. And reversed the impairment on this general investment amounted to Baht 43 million.

Cost of sales

The cost of sales of finished leather business consists of the cost of rawhide, chemicals, and other costs such as compensation of employees in the factory, and depreciation of plant, equipment and machinery used in manufacturing. An approximately proportion of the above cost of sales was 70:20:10, respectively. On the other hand, the cost of sales of safety shoes consists of leather cost, outsole cost, and other costs as finished leather business. An approximately proportion of the above cost of sales was 55:20:25, respectively. For the safety products, the Company is authorized distributor from the top safety product manufacture around the world such as 3M, Sundstrom, Drager, Singing Rock, and Industrial Scientific. In 2017, the total cost of sales increased from Baht 2,014 million to Baht 2,135 million that was increased by 6%. This was because the Company had devaluation of inventory amounted to Baht 139 million. Additionally, the structure of cost of goods sold was normal comparing to the prior year. However, management has a plan to purchase the proper raw material in terms of quantity and quality to meet the expectation of customers, so the overall cost might decrease.

Gross profit margin

The gross profit margin decreased from 14% to 6% because the Company had an impairment of inventory amounted to Baht 139 million in this period (Only in Q4'2018 = Baht 115 million). The reason was that the Company was impacted from exchange rate and the reduction in selling price which management has already negotiated with customers. As a result, management team has a plan to decrease the production by promoting an efficient plan including change in machines for long-term result.

Description	2017 (Million Baht)	%	2016 (Million Baht) Adjustments	%	Increase (Decrease)
Selling expenses	143	41	150	45	(7)
Administrative expenses	181	52	161	48	20
Financial cost	23	7	22	7	1

Expenditures

Selling and administrative expenses consists of 1) export expenses that the Company negotiates with customers to eliminate double expenses which include transportation. The Company has punctuality policy for delivery goods to customers to avoid expressed delivery by plane because it is very expensive. 2) agent fee 3) travelling expenses to meet customers, find new customers, and business trip to study new technology to improve efficiency 4) compensation to employee and management and related payroll expenses, and other expenses i.e. depreciation and amortization, and repair and maintenance. Thus, selling expenses were accounted for 6.28% (2016: 6.38%) and administrative expenses were accounted for 7.96% (2016: 6.88%) to sales. An increase came from the hiring of oversea staff as a consultant for developing efficient sales and production system. Apart from this, the Company also had an expenses regarding Entire Business Transfer at the beginning of this year.

In 2015, the Company did joint venture agreement with business partner in Hong Kong established Integrated Leather Network Company Limited (ILN) that engages in import and distribute all leathers. The Company holds 40% of total shares since the Company realizes an opportunity for trading leather business and reduces restrictions on the grade of leather using in the production process. Now, the installation of machinery is completed, so ILN can move forward with full capacity around end of 2016. During 2017, ILN could make profit in the first quarter, but the ultimate shareholder would like ILN to be only serviced company, so they decided to sell all inventories and also the Company changed the method of calculation for services that started in quarter 4. As a result, there was a loss sharing in this year amounted to Baht 20 million (2016: Baht 15 million).

The Company's financial costs include interest from the trust receipts which are short-term loans with terms of repayment from financial institutions for purchase of raw materials imported from abroad, bank fees for Open PLC, and transferred fees between banks. The Company's finance costs increased slightly from the volume of raw materials imported from abroad. In 2017, the financial cost was Baht 23 million (2016: Baht 22 million).

Description	2017 / Million Baht	2016 / Million Baht (Adjustments)
Revenue from sales	2,276	2,342
Cost of goods sold	(2,135)	(2,014)
Gross profit	141	328
Other incomes	104	55
Total revenue	245	383
Selling and administrative expenses	(324)	(311)
Loss for Subsidiary	(19)	(15)
Cost of finance	(23)	(22)
Operating profits	(123)	36
Income tax expenses	20	(13)
Net profit (loss)	(103)	23

Earnings Before Interests and Taxes (EBIT) and Net Profit (Loss)

The Company's net loss for the year ended 31 December 2017 was Baht 103 million (2016: Net profit Baht 23 million), or equivalent to net loss margin at 0.45% (2016: net profit margin 0.97%) which decreased by Baht 126 million comparing to the prior year. In summary, the factors that impacted to the financial performance in this year came from 3 factors which were the decrease in overall selling price due to an exchange rate, provision for impairment of inventory, and loss sharing from associate company. Although the Company had gain from sales of general investment and gain on exchange rate from purchase, it could not cover the above factors.

Analysis of statement of financial position as of 31 December 2017

Assets

Assets	2017 / Million Baht	2016 / Million Baht (Adjustments)
Cash and cash equivalent	109	51
Accounts receivable - net	257	172
Inventory – net	1,023	1,244
Investment in associate	4	-
Long term investments	-	31
Investment properties – net	125	125
Property, plants, and equipment – net	458	318
Other assets	90	75
Total assets	2,067	2,016

Total assets of the Company as at 31 December 2017 were Baht 2,067 million (31 December 2016: Baht 2,016 million). The major increase came from cash and cash equivalent amounted to Baht 58 million, short-term investment amounted to Baht 16 million, deferred tax assets amounted to Baht 30 million, trade receivables and other receivables amounted to Baht 85 million, but the Company could subsequently collect cash from debtors, and properties, plants and equipment amounted to Baht 140 million due to the change in machineries to support the productivity in the future. On the other hand, the Company had a decrease in inventories amounted to Baht 221 million, short-term loan amounted to Baht 24 million, and general investment amounted to Baht 31 million.

To consider the liquidity, the Company's current ratio slightly declined from 1.90 times to 1.55 times as at the end of the year. Although the Company's liquidity reduced, the operating cash flow was alright because the Company could sell and collect cash from customers. The working capital was not a problem. However, the Company had a backup plan by requesting a new facility contract with financial institutions in the form of overdraft facilities and short-term loans over the past 2-3 years to support liquidity if the Company obliged to spend while the cash was not enough at any of time.

Liabilities and shareholders' equity

Liabilities and shareholders' equity	2017 / Million Baht	2016 / Million Baht (Adjustments)
Borrowing from financial institutions	649	584
Accounts payable	250	178
Other liabilities	11	23
Non-current liabilities	82	60
Total liabilities	992	845
Shareholders' equity	1,075	1,171
Total liabilities and shareholders' equity	2,066	2,016
Total Debts to total assets (times)	0.48	0.42
Debt to equity ratio (times)	0.92	0.58

Total liabilities of the Company as at 31 December 2017 were Baht 992 million (31 December 2016: Baht 845 million). The major items are trust receipts which are short-term loans with a repayment condition with financial institutions for purchasing raw materials from foreign funds. Normally, when the Company received payment from the debtor, the Company will choose to pay trust receipts prior to maturity date in order to reduce the interest burden. Thus, the ratio of total liabilities to total assets of the Company slightly decreased from 0.42 times to 0.48 times. The reason for this decrease primarily came from the normal operation which was the purchase of raw materials.



7. Related Transactions

The Board of Directors emphasizes the need for careful review and consideration before granting approval for connected transactions, related transactions or transactions that may cause conflict of interest. The Company's Code of Conduct has set forth a policy regarding such transactions as follows:

Connected Transactions between the Company and its Subsidiaries of Charoensin Group comprises a large number of companies whose businesses are bound to conduct transactions with one another such as providing services, purchasing or selling raw materials and products, or providing financial support, technical assistance, or human resources, etc. In doing business or performing duties related to such matters, all employees and parties concerned are required to comply with the law, the rules and regulations of government agencies, as well as the rules and operational authority of the Company in addition to any criteria or conditions prescribed by local communities.

Transactions with outside entities in undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the procedures as prescribed by law and the government agencies' rules and regulations, and the Company's policies. To carry out transactions with outside entities, in addition, the Company is required to have an approval strictly in line with the operational authority of the Company, and act in accordance with the terms and conditions as agreed upon with honesty, transparency and accountability. The Company shall also avoid making transactions that may cause trouble or damage to the Company or outside parties. The Company has designated the stakeholder engagement policy and practice guidelines towards stakeholders by specifying that the Company conduct itself according to the framework of trading and competing honestly, consider a proper and fair purchase price taking into account the appropriateness in terms of price, quality and service obtained. The Company shall also be able to give reasonable explanation upon examination. Furthermore, the Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure the Company's best interests and in accordance with the rules and regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any stakes involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in cases where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders' Meetings, and shall disclose the information to investors in a transparent manner. Under no circumstances shall the directors or management concerned be allowed to participate in the process of considering approval.

Policy or Trend of Future Connected Transactions Connected transactions in the future will continue to be based on traditional business practices and will follow the policy of the market determining prices in negotiated transactions, as in the past. No special benefit will accrue either to companies or relevant individuals from connected transactions. The Company strictly follows the policy to comply with the Notification of Capital Market Supervisory Board regarding Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, as well as the laws, regulations, notifications or orders relating to the execution of related transactions.

In 2017, there were disclosures of the intercompany transaction within the Group as in the note to financial statements no. 34.

8. Risk Factors

Risk management is the important procedures that the Company pays attention as operation management in order to support the sustainable growth of the Company. Risk management is under manager in every level and under Risk Management Committee. Risk Management Committee has a meeting every quarter in order that they can monitor and follow up the result of operation including plan for strategy and report to Board of Directors and Audit Committee every quarter.

Moreover, the Company follows up, analyzes, and manages its operation in order to proceed as plan and to ensure that all internal and external risk factors are efficiently managed within the acceptable level and in line with policy of the Company to match with the complexity and rapidly change in business.

8.1 Strategic risk

a) Inappropriate strategy risk

The Company set up procedure and system for checking strategy of the Company regularly in order to ensure that there is no inappropriate strategy for each circumstance such as monthly meeting, data analytic, and forecasting economic.

b) Reputation risk

The Company cares about reputation and image of organization that could be rapidly change both short-term and long-term and cannot be valued. The Company focuses on implementing sustainability policy by having the proper, transparent, safety, and responsible strategic plan which accepted by society. Importantly, the development on potential staff would be the key factor that the Company can sustainably provide valuable services to all stakeholders.

c) Quality of raw material risk

The Company has a risk in quality of raw materials that remains a key problem of each order of finished leather. Due to time limited, CPL cannot immediately and completely check the quality of raw hides, thus a company has to bear the risk of uncontrollable quality of raw materials.

d) Returns and delay delivery risk

All products of finished leather are made to an order from a customer who defines all special qualities of products like color and pattern; a company somehow takes long time to manufacture. As all this simply means that a company is taking an increase in a possible risk of delay delivery that likely related to the cancellation and returns of goods.

e) Employee skill risk

The Company has set this problem by practical training for inexperience employees because it is not only a machine or raw materials but it also needs skilled and experienced persons to run all processes properly. If employees, in contrast, are lack of knowledge to operate works, it is one of risks that a company needs to find an effective solution.

8.2 Financial risk

a) Financing risk

The Company managed financing risk to ensure that the Company has enough liquidity and to align with investment plan. Also, the financial strategy would be aligned with business plan to cope with internal and external scenario. Moreover, the Company builds relationship with financial institutions in order to have strong financial back-up and this will help continuously managing cash flow.

b) Foreign currency exchange risk

Mostly, raw materials and chemicals are imported from overseas. CPL needs to carry out the foreign currency transaction and 90 percent of trades are major exports. By this way, a company actually entails the risk of income statement on currency exchange. Therefore, CPL has used financial instruments to intervene appropriate currency exchange to prevent enormously varying.

c) Interest rate risk

The Company manages interest rate risk by monitoring the trend of interest in the world market and Thailand and managing fixed and floating interest rate of long-term and short-term loan appropriately. Also, the Company develops the financial instrument to manage debt structuring including interest rate swap to reduce the fluctuation of interest rate.

d) Price risk

After 2013, the price of raw hides has been raised dramatically and continually until 2014, the price had been slightly increased but overall it is still high. Since CPL has been founded, the price of raw hides, currently; is highest to ceiling approximately 110-120 US dollars as it had never been. However, the price of raw hides decreased gradually in this year. With this situation, it proved that the Company could manage this fluctuation well, but the Company still closely monitor and be extremely careful about how to control such a situation.



9. Securities Details and Shareholding Structure

The Company has a paid-up capital of Baht 418,899,370 which consists of 418,899,370 shares with Baht 1.- per share.

Group of Top Ten Shareholders as of March 12, 2018

Name of Shareholders	Total Shares	%
1. Chareonsin Holding Co.,Ltd.*	139,044,860	33.193
2. Mr. Wiwat Wongcharoensin	34,037,200	8.125
3. Mr. Chen Jui Ying	28,347,000	6.767
4. Mr.Issara Wongcharoensin	24,875,150	5.938
5. Mr.Suwatchai Wongcharoensin	20,194,960	4.821
6. Mr. Puvasith Wongchaorensin	18,878,370	4.507
7. Thai NVDR Co.,Ltd	15,141,300	3.615
8. Mr. Natakitt Wongcharoensin	8,953,680	2.137
9. Mr. Chen Rui Teng **	8,415,000	2.009
10. Mrs. Payao Wongcharoensin	7,006,460	1.673

Note: * 1. Charoensin Holding Co., Ltd engages in property business that all shareholders are Chareonsin family.

** 2. Number of shares of MR.Chen Rui Teng has on Thai NVDR limited 14,422,100 share

10. Dividend Policy

The Company have dividend policy to shareholder around 60 % of net profit from each year. Below table is dividend history from the past 5 years.

Year	Net profit per share	Dividend payment per share	Payment ratio of net profit	Total dividend payment (Million Baht)
2013	2.50	2.00	80	52.80
2014	3.37	2.50	74	66.00
2015	1.33	1.50	113	39.60
2016	(2.14)	-	-	-
2017*	(0.25)	0.05	-	20.94

* On February 26, 2018 at the Board of Director Meeting No 1/2018 had approve the important as follow:

- 1) Approved to pay dividend form retain earning.
- 2) Dividend paid by common shares to the Company's shareholders at ratio 20 existing common shares per 1 share dividend at par value 1.00 THB total not exceeding 20,944,970 shares; calculated to be dividend ratio at 0.05000 THB per shares, or not exceeding 20,944,970 THB In addition, In case any shareholder obtains fraction of shares from calculation in accordance with such shares allocation, the Company shall eliminate the said fraction.
- 3) Dividend payment made by cash at ratio 0.00556 THB, or equivalent to not exceeding 2,329,081 Baht. Now with standing, the entitlement to receive such dividend remains uncertain. It depends on the consideration and approval of AGM 2018 on April 26, 2018. 4) Resolved to propose to the AGM 2018 to consider and approve an increase of the company's registered capital from 418,899,370 THB divided into 418,899,370 common shares to 39,877,340 THB divided into 439,877,340 shares by increasing the registered capital for support the share dividend.

However, the actual dividend payment may be less than above and depends on cash flow, investment plan of the Company, terms and condition of the agreements entered by the Company together will all other necessary and suitability in the future.

11. Management Structure



Mr. Suwatchai Wongcharoensin
Chairman



Mr. Puvasith Wongcharoensin
Chief Executive Officer



Mr. Lai Chi Hsiang
Director



Mr. Kuo Shih Lun
Director



Mr. Kitichai Wongcharoensin
Director



Mr. Wiwat Wongcharoensin
Director



Assoc. Prof. Dr. Ruth Banomyong
Chairman of Audit committee / Independent Director



Mr. Supapat Ongsangkung
Audit committee / Independent Director



Mr. Mongkon Laoworapong
Audit committee / Independent Director

Board of Directors' Structure

Board of Directors consists of persons with knowledge and experience, which have important role in policy making and organization's overview, including important role in regulating, inspecting, evaluating performance of the company to ensure that it is according to the plan, as well as operate the company's business according to the law, regulation, and shareholders meeting's resolution, including regulating management's administration to be according to the target and guideline determined, and lead to best interest of the company and shareholders.

Board of Directors' structure consists of independent directors of more than 1 in 3 of directors in the whole board, which would maintain the voting balance in the consideration of various matters, and there is an Audit Committee, which consists of 3 independent directors. Currently, Board of Directors has 9 directors, which consists of 6 directors who are major shareholders' representatives, and 3 independent directors who are also directors in the Audit Committee. Number of the company's independent directors is according to the rule of SEC, which determines that one third of total number of directors must be independent directors.

According to the company's regulation, in every Annual General Meeting, at least one third of the directors must retire. If number of directors cannot be divided into three parts, number of closest to one third shall apply. Director that must resign in the first year and the second year after the company's registration, a draw must be made to select who will be resigning. For the subsequent years, directors in the position the longest shall retire. However, retired director may be reelected as director.

Furthermore, Board of Directors has appointed subcommittees, which consists of Executive Committee and Audit Committee to have specific function and make proposal to Board of Directors for consideration or acknowledgement, which such subcommittees have the right as determined in the authority of each subcommittee.

List of members of Board of Directors

As at 1 March 2018, Board of Directors includes 9 people as follow;

Name-Surname	Position
1. Mr. Suwatchai Wongcharoensin	Chairman
2. Mr. Puvasith Wongcharoensin	Chief Executive Officer
3. Mr. Lai Chi Hsiang	Director
4. Mr. Kuo Shih Lun	Director
5. Mr. Kitichai Wongcharoensin	Director
6. Mr. Wiwat Wongcharoensin	Director
7. Assoc. Prof. Dr. Ruth Banomyong	Independent director
8. Mr. Supapat Ongsangkoon	Independent director
9. Dr. Mongkon Laoworapong	Independent director

Term of holding in director position

In every Annual General Meeting, at least one third of the directors must retire. If number of directors cannot be divided into three parts, number of closest to one third shall apply. Director that must resign in the first year and the second year after the company's registration, a draw must be made to select who will be resigning. For the subsequent years, directors in the position the longest shall retire. However, retired director may be reelected as director.

Scope of Duty and Responsibility of Board of Directors:

1. Must perform duty in compliance with the law, objective, regulation of the company, as well as shareholders meeting's resolution, except for the matter that requires approval from shareholders meeting before operation such as the matter that the law requires shareholders meeting's resolution, connected transaction, and buying or selling significant asset according to the rule of SET, or as determined by other state agencies, etc.
2. Determine or change the name of authorized director.
3. Determine policy, strategy, and direction of the company's business operation, and regulate management's operation to ensure that it is according to the determined policy, strategy, and direction efficiently and effectively to add maximum economic value for shareholders and sustainable growth.
4. Consider making decision on significant matters such as business plan, budget, large investment project, management power, and other items as determined by the law.
5. Evaluate performance and determine consideration for the management.
6. Responsible for performance and operation of management with determination and care in the operation.
7. Provide reliable accounting system, financial report and accounting audit, as well as provide a process for assessing suitability of internal control, and internal audit to ensure efficiency and effectiveness, risk management, financial report, and result monitoring.
8. Prevent conflicting interest between stakeholders and the company.
9. Regulate business to ensure ethical operation.
10. Determine internal regulation or rule of the company in various matters.
11. Report responsibility of the Board of Directors in preparing financial report by presenting it together with the auditor's report in the annual report, and cover important matters according to the policy of good practice for directors of listed company in SET.

List of members of the Audit Committee

As at 1 March 2018, Audit Committee includes 3 people as follow;

Name-Surname	Position
1. Assoc. Prof. Dr. Ruth Banomyong	Chairman of Audit Committee
2. Mr. Supapat Ongsangkoon	Committee
3. Dr. Mongkon Laoworapong	Committee

All three directors are independent directors with sufficient knowledge and experience to review the reliability of financial statements and Miss Walairat Silapachavakijja as the secretary of the Audit Committee. Term of office of the Audit Committee Chairman of Audit Committee and Member of Audit Committee is 3 years.

Board of directors appointed at least 3 audit committee members. Each audit committee members must be an independent director and must not be a subsidiary, joint company, subsidiary at the same level, major shareholder, or person with controlling power of the company, and not being a director of the company, head office, subsidiary, joint company, subsidiary at the same level, especially listed company, with the committee member must be qualified according to Securities and Exchange Act, as notification, regulation, and/or rule of SET, which determine qualification and scope of operation of Audit Committee.

Scope of duty and responsibility of Audit Committee

1. Reviewed financial reports to ensure that. is accurate and reliable. Including adequate disclosure by coordinating with the external auditors. And the executive responsible for preparing financial reports, quarterly and annual basis.
2. To review the Company's internal control system (Internal Control) and internal audit (Internal Audit) to be appropriate and effective. And consider the independence of internal audit. As well as to approve the appointment, transfer and dismissal of the head of internal audit. or any other agency responsible for internal audit. And may suggest To review or inspect any items that are necessary and important. Along with the recommendation regarding the revised system of internal control is important and necessary to the Board of Directors. By the review with the external auditor. And Internal Systems Audit Manager.
3. To review compliance with the Securities and Exchange Law the requirements of the Stock Exchange of Thailand regulations and other laws relating to the Company's business.
4. Consider and nominate the person who is to act as an independent auditor as well the remuneration of the auditor. The Board of Directors including attendance with the external auditors without management in attendance at least 1 time per year.
5. To review the Company's internal audit plan. According to generally accepted standards.
6. Consider Transactions or items that may have a conflict of interest as provided by law. And the requirements of the Stock Exchange of Thailand as well as the disclosure of information on such matters there. The accuracy and completeness This is to ensure that such transactions are reasonable and in the best interests of the Company.
7. review the Company's risk management systems are appropriate and effective.
8. Report on the work of the Audit Committee to The Board of Directors at least 4 times a year.
9. to prepare a report of the Audit Committee to be disclosed in the annual report of the Company must be signed by the Chairman of the Audit Committee and must contain at least the following.
 - (A) an opinion on the accuracy, completeness and reliability of financial reporting of the Company.
 - (B) an opinion on the adequacy of the internal control of the company.
 - (C) an opinion on the lawfulness of the Securities and Exchange Commission. Terms of the Stock Exchange or the laws relating to the Company's business.
 - (D) an opinion on the suitability of an auditor.
 - (E) an opinion on the transaction. Or transactions that may have conflicts of interest.
 - (F) Number of meetings of the Audit Committee and attendance of each member of the Audit Committee.
 - (G) an opinion or observation by the Audit Committee receives from performing its duties under the Charter.
 - (H) Other matters that shareholders and investors should know. Under the scope of duties and responsibilities assigned by the Board of Directors.
10. Contribute to the evaluation of the appointment and removal of officials of the departments of internal audit.
11. In the performance of duties. The Audit Committee has the authority to invite the management executives, employees of the company concerned to make comments attend or send a document that relevant or necessary.
12. Authority to hire a consultant or third parties by the Company to provide opinions or advice if needed.
13. The Audit Committee shall evaluate the performance by self-assessment. And Assessment Report the problems in the operations that may cause a performance not achieved. Objectives of the Audit Committee, the Board of Directors every year.
14. Review and update the Charter of the Audit Committee.
15. Preform other duties as assigned by the Board of Director within the scope of duties and responsibly of the Audit Committee.

List of members of Executive Director

Name-Surname	Position
1. Mr.Puvasith Wongcharoensin	Chief Executive Officer
2. Mr .Kitichai Wongcharoensin	Executive Director
3. Mr. Kuo Shih Lun	Executive Director
4. Mr. Singha Wongrujipairoj	Executive Director
5. Mrs. Sripa Suriyapantamlai	Executive Director

Term of holding in executive director position

The Executive Director shall hold position for a term of three years, leaving the Executive Director vacated by rotation and may be re-elected. The Executive Director is directly responsible to the Board of Directors and has the authority as assigned by the Board of Directors.

Scope of duty of Executive Director

1. Determine policy, direction, strategy, and structure of main work management in the company's business operation that is determined to be consistent and supportive of economic condition and competition determined and stated to shareholders to propose for Board of Directors' approval.
2. Determine business plan, budget, and management powers of the company to propose to Board of Directors for approval.
3. Determine organizational structure and determine manpower policy, which shall cover the overview in selecting, training, hiring, creating replacement executive, as well as result evaluation and rule for determining consideration of employee at all level.
4. Verify and monitor policy and guideline for management in various aspects of the company determined to be efficient and facilitative to business operation condition.
5. Verify and monitor the company's performance determined to be in according to approved business plan.
6. Prepare financial transaction with financial institution in opening account, loan, pledge, mortgage, guarantee and other actions including trading and registering any land ownership according to the objective for the interest of the company business operation under determined amount.
7. Monitor result of management system development and other operations as assigned by the Board of Directors from time to time.

Company Secretary

According to the Board meeting No. 7/2017 dated 11 August 2017, the Board of Directors resolved to appoint Ms. Arjaree Suphasinwongchai as the Company Secretary under Section 15/89 of the Securities and Exchange Act B.E. 2535, as amended by the Securities and Exchange Act BE 2535 No.4 B.E. 2551 which stated the scope of authority and responsibility as follows;

1. Providing basic advice to the Board of Directors and Management who have to follow the Company's Article of Association, rules of SEC and SET, and any new regulation that may be relevant to the Company.
2. Being responsible for disclosing the Company's information in line with SET's and SEC's regulation and other regulatory bodies.
3. Preparing and storing the following important documents
 - 3.1 Registration of the Company's director
 - 3.2 Invitation letter and minute of the Board of Directors Meeting
 - 3.3 Invitation letter and minute of the Shareholders' Meeting
 - 3.4 Annual report
 - 3.5 Conflicts of interest report filed by Directors and the management.

Management team

As at 1 March 2018, Management team includes 10 people as follows;

Name-Surname	Position
1. Mr. Puvasith Wongcharoensin	Chief Executive Officer
2. Mr. Kuo Shih Lun	Executive Vice President – Sales & Marketing
3. Mr. Kitichai Wongcharoensin	Executive Vice President – Chief Operating Officer
4. Mrs. Sripa Suriyapantamlai	Executive Vice President – Safety Product
5. Mr. Singha Wongrujipairoj	Executive Vice President - Chief Financial Officer
6. Ms. Chutima Kititarakul	Vice President - Oversea
7. Mr.Theerawat Wongcharoensin	Assistant Vice President - Marketing & Development
8. Mr. Niteepong Techamontrikul	Deputy Chief Financial Officer and Acting Accounting Manager
9. Mr. Attapon Kaewsomboon	Finance Manager
10. Ms. Arjaree Suphasinwongchai	Company Secretary

Director and Executive Recruitment

For recruiting person to be the company's director, the company allows shareholders to nominate qualified person who has experience and suitable potential to be the company's director in the annual general meeting of shareholders. Each shareholder may cast available vote to select one person or many persons to be directors. However, votes may not be divided unequally, which those with skill and experience necessary for the company's business operation will be prioritized, which the following qualities;

1. Having quality according to Limited Public Company Act, Security and Exchange Act, Rule of SEC, rule of SET, and the company's good corporate governance.
2. Having variety of knowledge, ability, and experience in various fields of occupation that will be useful and add value for the company.
3. Having attributes the supports and encourages business regulation to create value to the company, perform duty with Accountability, Care and Loyalty, and fully dedicated.

Election and appointment Board of Directors in accordance with the methods specified in the Articles of Association of the Company and the directors appointed must be approved by the shareholders' meeting and resolution of holding a majority of the shareholders present at the meeting and entitle to vote as following;

1. The Board of Directors of the Company not less than five directors and not less than one-half of the directors must be resident in the country and the directors must be qualified under the law governing public companies and the law with the Securities and Exchange Act determined.
2. The shareholders meeting shall appoint the directors by a majority vote under the rules and how to follow it.
 - (1) Each shareholder has votes equal to the number of shares held
 - (2) Each shareholder must use all his votes under (1) to elect one or more directors, but voter are split among the candidates is not much
 - (3) The person receiving the highest votes in descending order is elected as a Director of the Board of Directors and shall have a casting vote at the meeting. If the person elected in descending order of votes equal to the number of directors appointed or elected on that occasion, the chairperson has the final vote.

3. In every Annual General Meeting, at least one third of the directors must retire. If number of directors cannot be divided into three parts, number of closest to one third shall apply. Director that must resign in the first year and the second year after the company's registration, a draw must be made to select who will be resigning. For the subsequent years, directors in the position the longest shall retire. However, retired director may be reelected as director.
4. The Committee shall be entitled to compensation from the Company in the form of prize money, bonuses, attendance fees gratuities, or other benefit in other ways. Regulations or by the shareholders meeting will consider. This could be defined as an amount or a predetermined criteria and will from time to time, or give or take effect until it is changed. In addition, they could receive various allowances and benefits according to the Company.
5. Any directors who will resign by submitting his resignation to the Company, it will be effective from the date of his resignation to the Company.
6. In cases where the position is vacant due to other reasons than retirement by rotation. The Board of Director may choose someone who is qualified and not disqualified under the Public Limited Company Act and the Securities and Exchange Commission as a representative to the committee at the next meeting. If the term of directors is less than two months, the new director can stay in the position only for the remaining term and the Board of Directors shall consist of not less than 3 in 4 of the remaining directors.
7. At the shareholders' meeting, it may vote for any directors who retire from positions before expiration of the term but the vote is not less than three-fourths of the shareholders who attended the meeting and entitled to vote and holding shares amounting to not less than one-half of the shares held by the shareholders present at the meeting and entitle to vote.

Independent Director

Independent Director of the Company determines components for Board of Directors to be consisting of at least 1/3 of independent of total number of the company's directors.

Board of Directors determines qualities of independent director as follows;

1. Hold shares no more than 1.0% of total number of share with voting right of the company, head office, subsidiary, joint company, major shareholder, or person with power to control the company, which shall also include shareholding of related person of that independent director.
2. Not being or never been a director involved in management, employee, consultant who receives regular salary, or person with controlling power of the company, head office, subsidiary, joint company, subsidiary at the same level, major shareholder, or of person with controlling power of the company, except being freed from such characteristic for at least 2 years before being appoint as independent director.
3. No blood relationship or by registration according to the law in the manner of father, mother, spouse, sibling, and child, including spouse of the child, of executive, major shareholder, person with controlling power, or person to be nominated as executive or person with controlling power of the company or subsidiary.
4. Not having or never have business relationship with the company, head office, subsidiary, joint company, major shareholder, or person with controlling power of the company in the manner that is preventing one's independent judgment, including not being or never been implied shareholder or person with controlling power of the company, except being freed from such characteristic for at least 2 years before being appoint as independent director.

5. Not being or never been an auditor of the company, head office, subsidiary, joint company, major shareholder, or person with controlling power of the company, and not being implied shareholder, person with controlling power, or partner of audit firm that has auditor of the company, head office, subsidiary, joint company, major shareholder, or person with controlling power of the company, except being freed from such characteristic for at least 2 years before being appoint as independent director.
6. Not being or never been service provider in any profession, including providing service of legal advisor or financial advisor who receive service fee of more than THB 2 million per year from the company, head office, subsidiary, joint company, major shareholder, or person with controlling power of the company, and not being implied shareholder, person with controlling power, or shareholder of service provider in that profession, except being freed from such characteristic for at least 2 years before being appoint as independent director.
7. Not being a director that was appointed as director's representative of the company, major shareholder, or shareholder who is related to major shareholder.
8. Not operating a business that has the same condition, and is an implied competition with business of the company or subsidiary, or not being an implied partner in a partnership, or is a director involved in management, employee, employee, consultant who receives regular monthly salary, or hold share more than 1.0% of total shares with voting right of other company, which operate a business that has the same condition, and is an implied competition with business of the company or subsidiary.
9. Not having any other characteristic that cannot provide independent comment regarding the company's operation. Audit Committee Board of Directors appoints at least 3 audit committee members to be the company's audit committee members. Each audit committee member must be an independent director and must not be a director assigned by Board of Directors to make decision in business operation of the company, head office, subsidiary, joint company, subsidiary at the same level, major shareholder, or person with controlling power of the company, and not being a director of the company, head office, subsidiary, joint company, subsidiary at the same level, especially listed company, which the audit committee member must be qualified according to the Securities and Exchange Act, as well as notification, regulation, and/or rule of SET, which determine qualification and scope of operation of Audit Committee.



12. Corporate Governance and Supervision on the Use of Internal Information

The company realizes and focuses on efficient, transparent, and traceable management system, which leads to confidence in all relevant divisions, and results in sustainable business growth under ethical conduct and compliance with relevant law. Therefore, the company has determined a good corporate governance policy to raise existing level of operation to be a clear standard, and spread the practice to the company's staffs in all level, which creates genuine corporate governance culture. The company has adopted 2006 Good Corporate Governance for listed company as determined by SET.

Corporate governance

Good Corporate Governance is a system that provides the structure and process of relationships with stakeholders. All stakeholder groups of the organization which are Board of Directors, Management, Shareholders and Stakeholders must be treated fairly (fairness) and equality.

In addition, corporate governance also includes the administration system and controls the internal operations of the company. In order for the company to achieve its goals for the best benefit of its shareholders in the long run, we believe that all stakeholders are the cornerstone of sustainable business growth including transparency, integrity, responsibility for Performance, accountability and competitiveness. The guidelines are divided into five categories as follows;

1. Right of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
- v5. Board Responsibilities

12.1 Right of Shareholders

The shareholders have a right of ownership, so they are able to participate in a policy and direction of managing the company, via the board of directors. The board of directors is a group of people who are appointed by the shareholder to act on behalf of them. Moreover, the board of directors has a right to make a decision on any of the company's significant transition. Then, the directors encourage the shareholders to exercise their fundamental rights.

1. Fundamental right

- 1.1 The company's Board of Directors defines the Company's good corporate governance policy with regard to shareholders' rights as defined by law which comprise of;
 - 1.1.1 Rights to receive, transfer shares and share repurchase by the Company and rights to receive sufficient information on time via the communication channel provided by the company to enable the shareholders to consider the impact which may occur both of the Company and shareholders.
 - 1.1.2 Rights to attend the shareholders' meeting, express opinions, recommendations and jointly consider the company's agenda items during the shareholders' meeting.
 - 1.1.3 Rights to elect and deprive directors and approve the appointment of independent auditors.
 - 1.1.4 Rights to the equally divided profits.

2. Entitle to receive information and express opinion in shareholders' meeting
 - 2.1 The company aware of Thai and foreigners' shareholders, the company shall prepare the related documents of shareholders' meeting and memorandum in both of Thai and English.
 - 2.2 The company gives an opportunity to shareholders for propose agenda item or submit questions in advance before the end of fiscal year via www.cpl.co.th
 - 2.3 In the general meeting of shareholders' meeting, the Directors and financial executives, including the company's independent auditors will attend the meeting. The Chairman will allow all shareholders to question with enough time. The directors who involve in questions will explain all questions completely. The minutes of annual general meeting of shareholder is published within 14 days count from the meeting day via www.cpl.co.th.
 - 2.4 All compensation of the Board of Director is approved by the shareholders annually. The company will propose the criteria and methods with compared the compensation of the year before.
 - 2.5 During the agenda of directors' appointment, the voting shall be conducted individually.
 - 2.6 The company shall not add any agenda items which have not originally been included in such meeting without prior notification to the shareholders.

12.2 Equitable Treatment of Shareholders

The company's board of directors concern to every shareholder, whether they are major, minor, Thai or foreigner shareholders. The company adheres to bring an equal treatment, and prevent the fundamental right for all of the shareholders.

Attending the shareholders' meeting

1. The company publishes documents 30 days in advance in company's web site at www.cpl.co.th before meeting and before sending documents to shareholders. For sending process, the company granted Thailand Securities Depository Co., Ltd. which is the registrar of company. All the documents are delivered to the shareholders meeting 30 days in advance before meeting.
2. The Company aware of the convenience of all shareholders and investor to attend the AGM Meeting such as the place of meeting and access to information through the company website. The Company details to shareholders bring necessary document to completeness in meeting for maintains rights to attendees by company's articles in the part of shareholder meeting. The company has attach proxies to shareholder who objectives and may authorize others to attend the meeting instead or authorize to company's independent directors. The shareholders can download the proxies via company's website at www.cpl.co.th
3. The company provides a chance for the shareholders to propose a person to position the company's director. For more information, the shareholders are able to visit the company's website at www.cpl.co.th
4. During every shareholder's meeting, the chairman shall inform the shareholders of the voting method and the number of the quorum and enable the shareholders to equally exercise the rights in expressing their opinions and recommendations. In addition, the chairman shall be entitled to use the voting ballot for the important agenda items and inform the meeting of the result of voting.
5. The company grants shareholders to vote in the agenda that is in pending and undetermined by vote.

12.3 Role of Stakeholders

The Company will take care of stakeholders as their right that defined by law. The company promotes the process of cooperation between company and stakeholders to create wealth, financial stability and the sustainable.

The company is aware of the role of stakeholders and defines in the Ethic and Code of business conduct as follow;

The practices with Staff

The staff of the Company is the most valuable assets and is the core of business that could drive this business to meet target. The Company has appropriate payroll system, remuneration, and welfare such as uniform, annual medical check-up, clinic, insurance, and provident fund. Moreover, the Company has a plan to develop knowledge of staff continuously. Also, the Company considers the quality of life and family including the education. Furthermore, the security is also the key priority by provides the session of fire execution protocol and five core standards. The objectives are shown as below.

1. The Company treats all staff with respect and honor.
2. The Company selects the candidates for each position with fairness by considering qualification, education, experience, and other relevant criteria and not considering gender, age, race, and religious.
3. The Company specifies the remuneration and welfare to all staff with fairness by considering type of work, performance, and competency.
4. The Company encourages all staff to develop by attending training courses in order to increase efficiency and be opportunity for the growth in their career.
5. The Company realizes that the good communication will be reflected to good relationship and efficiency in work, so the Company encourages all staff to receive relevant information.
6. The Company opens channels for all staff to give recommendation or complain regarding to their work, so the Company can solve those problems and to create good relationship for working.

The practices with Customers

1. Deliver products that have quality standards under fairer conditions and on the basis of the obtained yield fairer to both parties.
2. All of employee must be dedicated, strive to develop quality products, service at a reasonable price in current situation, fair terms and conditions without any restriction of consumers' fundamental rights.
3. Contract compliance or conditions that agree strictly in case of unable to comply one of the criteria, must notify the partner and/or creditors in advance to joint consideration for solutions.
4. Keep customers confidentiality seriously unless the customer agrees to disclosure of written or legal including not use for the own benefit and the persons involved.

The practices with Trade Competitors

1. All of employee operates its business by free and fair competition. Untruthful accusations libel, unreasonable or doubtful information to discredit competitors shall not be tolerated.
2. Not to seek the confidential information of trade competitors by the way is not honest or inappropriate such bribe to employees of competitors etc.
3. Do not damage the reputation of trade competitors by the accusation untrue and not to blame without information reasonably.

The practices with trade partner

1. Purchasing supply must have the audited procedure to provide transparency and maximum benefit.
2. The Company must conduct to trader partner with equality on the basis of fairer competition.
3. The company employee must procure products and services by consideration of needs, value, prices and quality. The employee must give accurate and equal information to trade partner without bias and no discrimination against trade partner including purchasing and supply concisely consistent with suited to the circumstances.

4. When contracting with trade partners, employee shall retain documents relevant to negotiations, drafting, contract making and contract monitoring as supporting evidence for a specific period.
5. The company employee must not to take advantage from purchasing supply. The employee must place neutral, not closely to trade partner if it cause influence decision with company's employee.
6. The employee shall strictly adhere to contractual agreements. If either the company or the trade partner should fail to comply with the agreed terms and conditions, or circumstances arise that render compliance impossible. The company employee shall report to their supervisor to seek corrective action.

The Practices with shareholders

The company is committed to creating sustainable business growth and ability to competitive to generate value added to shareholders in the long term by;

1. The Company has the dividend policy to pay the shareholders at the rate of no less than 40 percent of the net profit. The company currently reserves 10 percent the company's capital by law. In order that, such dividend payment can be changed, depending on the Company's performance, financial status and the company investment's plan.
2. To establish the Board of Director and sub-committee to approves the business direction, planning, objectives and budget. As well as to review the operation of the company, in accordance with the laws and relate regulations with consideration the highest interests of the company, shareholders including stakeholders.
3. Shareholders and stakeholders can report or complain to the director in anything that may cause damage to the company via;

Secretary Section

700 Moo 6, Sukhumvit road, Bangpoomai
 Muang, Samutprakarn 10280
 Tel. 662 709 5633 -8 Fax. 662 709 6044
 Email : secretary@cpl.co.th

Secretary will collect reports or a complaint by shareholders to the Remuneration Nomination Corporate Directors who take the responsible in issue or complaint to investigate and report to the Board of Directors.

12.4 Disclosure and Transparency

The company discloses important information which involve with company both of financial information and non-financial information in accuracy, complete transparency and equitable via the Stock Exchange of Thailand website and company website.

Information and report

1. The Company ensures that all important information related to the Company, both financial and non-financial is disclosed correctly, accurately, equitably, on a timely by the regulation of the Securities and Exchange Commission Thailand (SEC) and regulation of the Stock Exchange of Thailand. By addition disclose information through annual statement (56-1 Form), Annual report (56-2 Form) and company website. This allows shareholders, customers, and others who are interested can easy access information with an equitable and reliable.

2. The Board of Directors assigned to have investor relations as the company representative to communicate information to shareholders, broker analysis and others and they also get the information equitably with the Board of Directors. To contact investor relations department at;

Investor Relationship

700 Moo 6, Sukhumvit road, Bangpoomai

Muang, Samutprakarn 10280

Tel. 662 709 5633 -8 Fax. 662 709 6044

Email : ir.@cpl.co.th

3. The company reports the responsibility of the Board of Directors for the Financial Report and discloses the performance of the board of director and sub-committee.

Supervision on the Use of Internal Information

According to the above information, the Company recognizes the importance of information disclosure and transparency. The policy on information disclosure, transparency in financial statements and implementation has been stated in the Corporate Governance Policy where financial and other information as well as its operation results will be accurately and adequately disclosed in a comprehensive and trustful manner and in a timely fashion on a regular basis to shareholders, investors, securities analysts and the public. The Board of Directors is committed to oversee strict compliance with rules and regulations concerning disclosure of information and transparency. Changes in any sale or purchase of shares held by directors or executives based on to the SEC's requirements are always reported to the supervisory authorities. Securities holding of directors and executives are reported on a monthly basis at the Board of Directors' meeting.

To supervise the use of internal information, preventive measures are detailed in the Code of Conduct under the topic of conflict of interest and keeping confidential information with emphasis placed on the use of internal information. The Company considers a responsibility of directors, executives and employees to strict keep corporate information confidential especially with regard to internal information not yet disclosed to the public or information that could affect business or share price. For directors, practices have been put in place in the 2009 Board of Director's Guidelines as well as in the Code of Conduct as follows;

1. Directors, executives or employees shall not use an opportunity or information obtained from their position for personal benefit or to conduct a business that competes with the Company or its related business.
2. Internal information shall neither be used for personal benefit to sell or buy company shares; nor be given to other parties for such benefit.
3. Confidential information belonged to the Company shall not be disclosed to the third party especially competitor even after director, executive or employee has already left the firm.
4. Disclosure must be made by authorized employees. General staff do not disclose information. When asked to disclose information that they do not have a duty to disclose, it is recommended to ask the person who discloses the information so that the information is accurate and in the same direction.
5. Do not give advice on trading securities of companies unless it is related to the duties assigned by the Company.
6. The Company will issue a Notification of Prohibited Securities Buy / Sell during the quarterly and annual financial statements through internal communication channels to all directors, executives and employees until the second announcement about the date of purchase/sale as by written.
7. Executives and other employees from manager level up have to report a trading report within 3 business days and send a summary of trading report on holding his/her securities or related persons under Securities and Exchange Act by quarterly to the Company Secretary.

In addition, the Corporate Governance Policy also prohibits directors, executives and employees to take advantage of opportunity obtained in their positions for personal benefit whereby directors are prohibited to conduct a business that competes with the Company and they are to avoid any connected transaction that could cause a conflict of interest with the Company. If required, the Company will oversee that the transaction be carried out with transparency and fairness at arm's length. Besides, directors, executives or employees with interest in the transaction will not be part of the approval process. If the transaction is considered a connected transaction under the SET's notification, all rules, regulations and disclosure of connected transaction information applied to listed companies shall be strictly complied. Besides, the Board of Directors' Guideline also states practices that directors are required to do if they learn any information not yet disclosed to the public. Directors or executives whose securities holdings are changed are to report such changes to the Board of Directors' meeting on a monthly basis.

The Company has applied the Information Technology (IT) system to prevent access to information from the third party and to control employee's access to information based on their responsibilities in the line of command. Supervision of the use of internal information has been addressed in the work regulations applied to all levels of employees that any employee who fails to comply therewith or who violates the pre-determined discipline will be considered breaching the work regulations and thereby be subject to a disciplinary action and punishment according to the nature of offence. Details are as follows: Anyone "who discloses the Company's secrets with an intention to destroy its reputation, credibility, or products, resulting in a financial loss or a loss in business opportunity to CPL" may be subject to severe punishment up to dismissal.

12.5 Board Responsibilities

1. Board of directors Structure

- 1.1 Board of Directors consists of persons with knowledge and experience, which have important role in policy making and organization's overview, including important role in regulating, inspecting, evaluating performance of the company to ensure that it is according to the plan, as well as operate the company's business according to the law, regulation, and shareholders meeting's resolution, including regulating management's administration to be according to the target and guideline determined, and lead to best interest of the company and shareholders.
- 1.2 Board of Directors' structure consists of independent directors of more than 1 in 3 of directors in the whole board, which would maintain the voting balance in the consideration of various matters, and there is an Audit Committee, which consists of 3 independent directors.
- 1.3 Currently, Board of Directors has 9 directors, which consists of 6 directors who are major shareholders' representatives, and 3 independent directors who are also directors in the Audit Committee. Number of the company's independent directors is according to the rule of SEC, which determines that one third of total number of directors must be independent directors.
- 1.4 According to the company's regulation, in every Annual General Meeting, at least one third of the directors must retire. If number of directors cannot be divided into three parts, number of closest to one third shall apply. Director that must resign in the first year and the second year after the company's registration, a draw must be made to select who will be resigning. For the subsequent years, directors in the position the longest shall retire. However, retired director may be reelected as director.
- 1.5 Board of Directors has appointed subcommittees, which consists of Executive Committee and Audit Committee to have specific function and make proposal to Board of Directors for consideration or acknowledgement, which such subcommittees have the right as determined in the authority of each subcommittee.

- 1.6 Board of Directors has appointed the company's secretary to perform duty and responsibility according to Securities and Exchange Act.

2. Qualification of directors

- 2.1 Be knowledgeable, abilities and ethical with dedicate their time, knowledge and abilities including an attempt to perform duties and independence in making decisions.
- 2.2 The directors shall not have any forbidden qualifications set forth by the Public Company Limited law and applicable legislation.
- 2.3 The Company's qualification for Independent Directors is in compliance with the qualifications specified by the SEC and the SET.

3. Sub-committee

Apart from the Board of Directors, the Company also has three-sub committees: Audit Committee, Remuneration Nomination Committee. The scope of duties and responsibilities of the sub-committees are stipulated as following:

3.1 Audit committee

The Audit committee consists of 3 independent directors who are also the company's directors. At least one of them must have an expertise in accounting/finance. The term limit of the committee is 3 years.

3.2 Remuneration Nomination and Corporate Committee

The Remuneration Nomination and Corporate Committee consist of 3 members, with the term limits of 3 years.

4. The Meetings

In each year, the Board of Director will have to schedule meetings in advance annually. The company secretary will send the invitation and distribute the materials including information and data that are important to the Board of Directors at least 7 days prior to such meeting. Every director is free to suggest the inclusion of agenda items for that meeting. Each director is required to inform the Company at least 1 to 2 days prior to the meeting if they cannot attend such meeting. During the meeting, the Board of Directors shall allocate sufficient time for the participants to express their opinions and debate the issues. Senior executives shall respond to the inquiries in their capacities as the accountably persons through the executive directors. The minutes of the meeting shall be recorded in writing. In addition, the Board of Directors has the policy setting the meeting between non-executive directors at least once a year

5. Compensation

The Remuneration Nomination shall set forth the compensation for the Board of Directors by making the recommendation to the Board of Directors and the shareholders for approval. The Company's policy is to compensate the directors based on the Company's performance and the benefits expected to gain from the Board of Directors. Such compensation should be competitively relative to comparable companies and high enough to attract exceptional talent to its board. The compensation thereof is divided into the directors' meeting allowances and gratuity.



6. The Board of Directors' report

The Board of Directors is responsible for the consolidated balance sheets of the Company and its subsidiaries. Such balance sheets shall be executed according to the accounting standard. The applicable accounting method shall be appropriate and consistent. The method selection shall be done with cautions with best assessment. They must ensure that the Company has effective disclosure in the financial statements. The Board of Directors shall be accountable for the financial information in the financial statement appeared on the annual report. Audit committee consists of independent directors who shall be accountable to the quality of the financial statements and adequate systems of internal control. The comments from the Audit Committee shall be made available in the annual report.

7. Succession Planning

The Board of Directors shall establish the succession plan of the management and knowledge among the directors and management, and to transfer responsibilities systematically. Therefore, investors can be sure that the Company's succession plan is well managed.

8. Training and education for directors

Newly-appointed directors shall be informed of the important rules and regulations applicable to the Board of Directors, sub-committees as well as the Company's policy and important information. The company encourages every director to participate in seminar courses by the organization of State regulatory agencies or independent organizations which are beneficial to newly-directors to better perform duties such as Directors Accreditation Program (DAP) by the Thai Institute of Director.

9. Evaluation of the Board of Directors' performance.

The Board of Directors

To perform duties efficiently and the most effectively, the company defines to evaluate all of committees' performance. Moreover evaluation can review, develop and improve the committees' performance better according to the good corporate governance policy. All evaluation will be summarized and add the agenda in the board of director meeting number 1 in every year to apply the results of the evaluation to analysis and opinions on each issue together.

In 2017, Directors attended the Meeting as follow :

Type of Meeting/ Attended	Board of Director	Audit Committee	Nomination and Remuneration Committee	Shareholder Meeting
1. Mr. Suwatchai Wongcharoensin	9/9			2/2
2. Mr. Kitichai Wongcharoensin	8/9			2/2
3. Mr. Puvasith Wongcharoensin	9/9		1/1	2/2
4. Mr. Lai Chi Hsiang	9/9			2/2
5. Mr. Kuo Shih Lun	7/9			2/2
6. Mr. Wiwat Wongcharoensin*	4/9		1/1	1/2
7. Assoc. Prof. Dr. Ruth Banomyong	9/9	6/6		2/2
8. Mr. Supapat Ongsangkoon	9/9	6/6		1/2
9. Mr. Mongkon Laowarapong	9/9	6/6	1/1	2/2
10. Mr. Manoch Wongcharoensin*	3/9			-

* In-Out during year 2017

Corporate Social Responsibilities: CSR

CPL Group implements a policy of Corporate Social Responsibilities (CSR) and generates profitable business under principles. According to corporate governance, CPL has full responsibilities for society and environment. All staffs will be encouraged to participate actively in social movements and be responsible for society in relation to overall public performances as well as considering the negative effect on involved people such as stakeholders, employees, communities, customers, partners, and governors as well as a social and a country.

CSR Reporting

CPL Group has reported the responsibilities in accordance with social activities as a way of SET policy. A company focuses on “doing what you written” and “writing what you done”, and has properly vision of “full development to be a top world-class leather tannery with high potential of management and operations, scheduled delivery, building a great rapport and trust for customers as well as environments.” Thus, CPL intends to operate business according to the eight principles of social responsibilities as following;

1. **Fairness:** a company has concentrated intently on the trying to be a great master of leather tannery in Thailand. The Company have built up the implicit trust for our stakeholders and made a considerable commitment to develop and manage a business successfully. CPL has been done to international standard that come with the guarantee of work and with potential of a company that is totally reliable and accepted in social widely. CPL aims to ensure the fairness and transparent honesty, and provides clear and accurate disclosures significantly.
2. **Anti-corruption policy:** Corruption has been a major problem in Thailand for long times. CPL Group fully realizes such problem of a country, then, CPL has formulated a policy and practical guideline as part of corporate governance.
- 3 – 4. **Human rights respecting and labors fairness treating:** CPL Group greatly respects the dignity of all employees. A company has precisely defined in terms of participation of committee, executives, and employees to respect human rights and works. The organization operates a policy to control a strict adherence to the rule of law and establishes a basic principle of human rights as universal criteria-without discrimination on the groups of native habitat, race, gender, age, complexion, religion, disability, status, ancestor, and education, and with equality encouragement and no child labor. All conditions are detailed as follows;
 1. Not support forced labor or penal colony, not take physical disciplinary action or no threat or other abuses like physical, emotional, sexual, or verbal.
 2. Resist child labor by not hiring a person less than 15 years of age in all cases – full time and part time as well as working with wages and unpaid.
 3. Hiring foreign workers, CPL Group has fully agreed on a legal action under the labor law.
 4. In all fairness, CPL Group will hire selective persons by taking into account the properties of each qualification, experience, and requirement that are required for works. All employees will be observed equally without discrimination on the groups of genders, age, race, religion, education, or other status that not involved working.

5. CPL Group realizes the importance of employees have skills to work with stability, so the Company will:
 - 5.1 give an appropriate compensation right as their responsibilities
 - 5.2 organize the orientation and hand the manual to all employees to perceive and understand their rights on hiring in all fairness, and adhere strictly to the labor law.
 - 5.3 continue to improve and coach all employees in order to have more sufficient potential on works and to encourage employees in considerable progress that a company will consider promoting each year.
 - 5.4 establish a fund to encourage employees save their long-terms money for themselves and their family. Employee will get all saving money when resigning, retirement, or disability, or death.
6. CPL group has assigned board to maintain properly working on safe environments for life and properties of employees.
7. CPL group will preserve an individual privacy of all employees; such as biography, work history, and others. Disclosures or data transfers to public could be revealed only in the permission of each employee. All this, violation is the disciplinary offense excepting legal action.
5. **Consumer responsibilities:** It assumes the total responsibilities towards a quality and a property of products manufactured by CPL Group, that all products must not be dangerous for consumers or users. The manufacturing process should not adversely affect social, environment, and nature as well. CPL Group has made a very certain that all of manufactured products have been done as international standard and have been thoroughly checked by some international institutes. All this clearly shows that CPL Group has always strictly take the responsibilities for social and committed all conditions defined by partners and customers.
6. **Environmental Responsibilities:** CPL Group has safely installed the environmental system and formally introduced a policy of environment in public. A company has assigned a team to be mainly responsible for supporting and operating internal and external environmental movements. As all this, employees are very important to realize on the range of environment issues, who seriously are willing to cooperate and attend to such issues.

CPL has been granted by URS Institution offers an ISO: 14001: 2008 on the standard of environmental system, and has been certified a silver coin from a world-class institution on checking environment system of leather tannery – BLC Leather Technology Centre Ltd. Moreover, CPL has been guaranteed by Industrial Ministry to be one of green industries on level 3. As all certifications issued, CPL can earn great trusts and a company intends to preserve, attend, and protect environments effectively, and will keep operating this movement everlastingly like it said *“good environment, good employee”*.
7. **Social or Community Development:** CPL is centrally located in a community, which understands all manners of problem and community’s needs clearly. Executives have then shaped a conscious policy to help society; for examples, education, culture, social, religion. A company is also as a central on collecting information of participation on social activities like donations and community development, by always sending the representatives to join such activities – both organization of government and enterprises.
8. **Innovations and Innovative Publisher:** CPL Group always operates works by taking into account the responsibilities of social, environment and stakeholders. By this way, a company has invested to properly install the belt filter press to distill the chemical sludge in water before flowing to wastewater treatment plant. Such distilled chemical sludge will be repatriated to chemical suppliers in order to recycle. However, all this is being in a research and a study of works.

CSR in Process

- **Economy Awareness:**

CPL Group has campaigned on the range of environmental issues – Reuse, such as reusing papers, shutting down air-conditioners and the lights during lunch break, encouraging same way go together, turning the water and the lights off after using in a factory, setting 1 minute delay after the machine is switched on to control surging and badly running on an electricity meter. This campaign might not aim to markedly decrease in number of energy or cost; however, all this simply builds employee awareness and will common form their potential habit of a lifetime to be good citizens and family members.

- **Reducing Hazardous:**

According to the cooperatives between CPL Group and chemical suppliers, recycling containers; like plastic bucket, plastic bag will be made worth replete using to reduce in number of waste. Because of potentially hazardous chemicals on containers, users could be seriously harmed if they use it inappropriate, as lately seen in the news. A company, thus, really appreciates this cooperation that it could reduce costs properly.

- **We are big family:**

CPL Group intends to encourage a close relationship between executives and employees for together teamwork by having New Year's party or annual intensive travel as well as employees can bring their children at work during the end of semester. The children could a bit help their parents work to learn something different from a school and get some beneficial experiences. Quarterly, CPL Group always makes an appreciation by a luncheon giving in a hall as well.

- **Employees Health:**

CPL Group generously offers an annual health check-up for all executives and employees and the accidental insurance beyond social security for all employees as well as special attention for not injecting the addictive drug among employees.

- **Blood Donation**

in the workplace and the surrounding communities: CPL Group has publicly campaigned on a range of annual blood donation via the leather tanning associations, customers, partners, as well as local communities because the lack of blood has caused our concern when comparing with the number on blood needs in a year.

- **Activities on Children's day:**

CPL Group annually takes part in Children's day activities like a luncheon, game competitions. The Company will well prepare some packages of stationery and other giveaways for children who do the show or participation in the activities, and that the Company has a great hope that they will become more assertive. In addition, CPL Group also serves to reinforce such activity in a local police station.

Social and Environmental Responsibilities (After process)

Operating Guidelines in accordance with the Anti-Corruption Policy



1. The directors, management and employees of the Company and its business lines are prohibited from performing, accepting or supporting corruption in any form, whether directly or indirectly. This shall be applicable to all companies, Regular reviews on compliance with the anti-corruption policy shall be made, as well as reviews on implementation to ensure compliance with the policy, practices, regulations, rules, notifications, laws and business changes.
2. The anti-corruption standard is part of business operation and it is the duty and responsibility of the Company's board of directors, management, supervisors, employees at all levels and suppliers or sub-contractors to express their opinion regarding the practice on the implementation of the anti-corruption actions to ensure achievement of compliance with the policy set.
3. The Company formulated its anti-corruption measures in accordance with related laws, including the principles of moral. Risk assessment was conducted on activities that are related or at risk for corruption and the results were used in preparing the operating guidelines for all related parties.
4. The Company does not offer or support bribery in any form in all activities under its supervision, including supervision of charitable contributions, political contributions, and the offer of gifts in business transactions, and supports various activities with transparency and without the intention of convincing officials of the government or private sector to undertake inappropriate actions.
5. The Company has appropriate internal control with regular reviews in order to prevent improper practices by employees, especially in sales, marketing and procurement.
6. The Company provides knowledge on anti-corruption to its directors, management and employees to promote integrity, honesty and sense of responsibility in fulfilling their duties, and to show the Company's commitment.
7. The Company has in place mechanisms for transparent and accurate financial reporting.
8. The Company has provided a variety of communication channels for employees and stakeholders to raise concerns and report suspicious circumstances with confidence of being protected from punishment, unfair transfer or harassment in any way, as well as appoint person(s) to investigate and monitor the complaints.

Whistle-Blowing Measures and Whistle-Blower Protection Mechanisms

The Company requires that executives at all levels assume responsibility for ensuring that employees under their supervision acknowledge, understand and comply rigorously with the code of conduct and policy/ regulations/requirements of the Company, the principles of good corporate governance and various laws. The Company has determined the procedures for consideration and investigation of grievances or complaints that are systematic, transparent and accountable so that the complainants will have trust and confidence in a fair investigation process.

In order to treat all stakeholders equally and with fairness, the Company has set up channels for whistle-blowing, complaints, suggestions or recommendations that indicate that the stakeholders are affected or are at risk of being affected by any action that may cause damages for all groups of stakeholders arising from its business operations or violation of laws, rules, regulations and the code of conduct by its employees, as well as behaviors that may indicate fraud, unfair treatment, or careless or reckless actions. Whistle-blowing or filing of complaints together with details and evidences can be made through the following channels:

- **Audit Committee / • The Company Secretary**

CPL Group Public Co., Ltd.

700 Moo 6 Sukhumvit Road, Bangpoomai Samutprakarn 10280

Telephone : 662 – 709 – 5633 – 8 Facsimile : 662 – 709 – 6033

Email : secretary@cpl.co.th

The whistle-blowers or filers of complaints that are employees, customers, individuals hired for work by the Company or other groups of stakeholders who are whistle-blowers will have their rights protected and defended according to the law or the guidelines set by the Company.



Internal control and risk management.



The Company has an internal audit, which is an independent party of the company, to monitor the operation of all departments to comply with the policies and to assess the effectiveness and adequacy of internal control system. This allows the management to ensure that the system is practical and used consistently and appropriately, as well as, to seek weaknesses and procedure to develop existing operations in order to be more efficient. The internal audit department has an authority to do checks and balances and directly report to the Board of Directors. Additionally, the committee uses the internal control guideline of SEC to assess the adequacy of the internal control system of the Company.

Board of Directors also uses the internal control guideline of SEC including risk management framework to evaluate the adequacy of the internal control system. For 2015, the Board of Director had an opinion that the Company complied with the internal control guideline of SEC and had Head of Internal Audit and supervisor performed monitoring the Company.

According to the Audit Committee's report, the Audit Committee had the same opinion as the Board of Directors. In addition, the Board of Directors appointed Ms. Walairat Silpcheevakijja as Chief Internal Audit of the Company because of her experience and understanding of the activities and operations. Therefore, she is an appropriate person to perform this role. Meanwhile, the consideration of approval, appointment, demotion, and transference has to be approved by the Board of Directors.

Audit Committee's Report

Audit Committee's Report

The audit committee of CPL Group Public Company Limited comprising of Chairman of the Audit Committee, Assoc. Prof. Dr. Ruth Banomyong and audit committee member Mr. Supapat Ongsangkoon and Dr. Mongkol Laoworapong

According to the mission, duties and responsibilities as assigned by the Board of Directors and according to the regulations of the Stock Exchange of Thailand by the year 2017 the Audit Committee has convened 6 times to consider the conclusions are as follows.

1. To review the quarterly and annual financial statements before submission to the Board of Directors approval. The Audit Committee has been concerned with the implementation of accounting standards that are generally accepted, disclosure adequate in particular, transactions and items that may pose a conflict of interest.

2. Review the adequacy and appropriateness of internal control mechanisms. The opinion that the Company's internal control systems are appropriate and sufficient to run the business. The company has prepared a plan for monitoring the internal control system and review performance reports quarterly review.

3. Review of the Charter of the Audit Committee by the Audit Committee has reviewed the charter. In order to improve the properties on the role and powers of the Audit Committee. To comply with the rules and practices of good corporate governance and the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission.

4. Review the policy governance, Code of Business Ethics Policy, information Core policy against corruption. Policies to protect the information and investigation of complaints. To comply with the performance and the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission.

5. Provide a Self-Assessment Audit Committee of the Board shows that the Audit Committee has fully performed his duties as assigned by the Board of Directors and operations consistent with best practices.

6. To consider transactions or transactions that may have conflicts of interests of the Company according to the rules and regulations of the Capital Market Supervisory Board and other related determined to ensure that such transactions are reasonable, transparent and adequate disclosure and a benefit to the company with reasonable prices and conditions as with the outsiders.

7. The Audit Committee has oversight of business operations in accordance with the law on Securities and Exchange Commission, terms of the Exchange or laws relating to business of the company for the year 2017, the Audit Committee has considered and recommended to the Board of Directors to appoint Mr. Cherdasakul Onmongkol CPA No. 7195 and/or Ms. Wanraya Puttasatien CPA No. 4387 and/or Ms. Waraporn Intraprasit CPA No. 7881 and/or Ms. Chantira Wongsriudomporn CPA No. 4996 from CWW P Co., Ltd. for the fiscal year ended December 31, 2018 with the remuneration of 1,620,000 baht as the auditor of the Company



Assoc. Prof. Dr. Ruth Banomyong
Chairman of the Audit Committee

The Board of Directors' Report on the Accountability of the Company's Financial Reports

The Board of Directors' Report on the Accountability of the Company's Financial Reports

The Board of Director is accountable for correctness of financial statements of CPL Group Limited Company including financial information presented in the Annual Report and form 56 – 1. The Company has adopted appropriate accounting policies consistently applied and conformed to generally accepted accounting standards. Also, significant information was sufficiently disclosed in notes to financial statement for proper benefits to shareholders, investors and stakeholders.

Financial Statement of the Company has been audited by CWWP Company Limited auditor of the Company. The Board of Directors has supported the auditor will all necessary information and documents so that external auditor could audit the and express his opinion in accordance with accounting standards. The external auditor has expressed his opinion in Auditor's Report.

The Board of Director has appointed an Audit Committee to be responsible for the reviewing accounting policies, quality of financial reports, internal control system, and risk management system. The Audit Committee has expressed their opinion in the Audit Committee's Report as shown in this Annual Report.

The Board of Director opines that managerial structure and internal control system of the Company was satisfactory. The Company's auditor did not qualify or raised any specific observation the Company's financial statement. So we could assured that financial statement of CPL Group Public Company Limited as at 31 December 2017 present fairly in all material respects the financial position, performance, and cash flow in accordance with generally accepted accounting principles and other relevant laws and regulations.



Mr. Puvasith Wongcharoesin
Chief Executive Officer

Annual Financial Statement and Auditor Report of Certified Public Accountant

[Translation] INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of CPL Group Public Company Limited
[Former name was C.P.L. Group Public Company Limited]

Opinion

I have audited the financial statements of CPL Group Public Company Limited (“the Company”), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, the statement of changes in shareholders’ equity and the 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 financial position of CPL Group Public Company Limited as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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’ 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.

Emphasis of Matters

I draw attention to notes to the financial statements No. 6, the Company has changed in accounting policies regarding investments in associates and adopted new accounting policies for business combination under the common control and retroactively adjusted the financial statements for prior period which are presented as comparative. Hereby, my opinion is not modified in respect of this matter.

Key Audit Matters

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

Entire Business Transfer from Pangolin Safety Products Company Limited (“Pangolin”)

As in notes to the financial statements No. 2 and No. 6.2, the Company has obtain the entire business transfer from Pangolin with the totaling value in amount of Baht 531.00 million by issuing increase ordinary shares in 15.49 million shares in lieu of cash and specify the price of the increase ordinary shares at Baht 34.28 per share, which Pangolin has registered the dissolution with the Department of Business Development, Ministry of Commerce after the entire business transfer. This entire business transfer from Pangolin is significance in the audit due to the entire business transfer between the Company and Pangolin are the entities under the ultimate control by Wongcharoensin Family both before and after the entire business transfer, which the accounting guideline for business combination under the common control issued by the Federation of Accounting Professions requires a business combination under common control arisen from the transfer of interests in the entities under the control of the controlling shareholders of the group is the possession as if it had occurred at the beginning of the earliest comparative period with the financial statements for current period despite the date of business combination under the common control. Acquiring assets and liabilities will be recognized by the carrying amount before the preparation of the financial report under the control of the controlling shareholders of the group, other components of shareholders’ equity acquired by the business combination are treated as part of the group’ equity unless that acquired portion is recognized as part of the share premium. The effects of application of the new accounting policies retroactively for the business combination under the common control and retroactive adjusted the financial statements for the year ended 31 December 2016 and the statement of financial position as at the beginning of 2016 which presented as comparative as if such accounting policies have always been applied, are material to the financial statements.

Therefore, my audit procedures have included the assessing to the appropriate of the application of the accounting policies for the business combination under the common control, the understanding of the management’s process of the preparing of the financial statements for the year ended 31 December 2017 and retroactive adjusting the financial statements for the year ended 31 December 2016 and the statement of financial position as at the beginning of 2016 as if such accounting policies for the business combination under the common control have always been applied, and the auditing of the carrying amount of acquiring assets and liabilities of Pangolin as at 31 December 2016 and 2015 and also the financial performance and cash flows of Pangolin for the period since 1 January 2017 to 6 March 2017 and for the year ended 31 December 2017 which the management used, that have the most significance effect on the presentation of the financial statements for current period of the Company.

Test of Net Realizable Value of Semi-Finished Goods – Cow Split

As in notes to the financial statements No. 10, TFRSs require that the Company must perform the test of net realizable value of semi-finished goods – Cow Split, which is the joint product from the hide splitting process to be Cow Nappa and Cow Split. In the current market conditions, Cow Nappa will has the market price and demand higher than Cow Split while the Company has allocated the cost to Cow Nappa and Cow Split by standard rate. This test of net realizable value of semi-finished goods – Cow Split is significance in the audit due to the semi-finished goods – Cow Split which stated the value in the statement of financial position in amount of Baht 117.23 million, is material to the financial statements. In addition, the procedure of specifying the net realizable value relating to the estimating of quantity of Cow Split outputs, the estimating of the quantity of semi-finished goods – Cow Split which will be sold as is semi-finished goods or further produce to be finished goods and the market price of products which affected by the future economic or market conditions.

Therefore, my audit procedures have included the understanding of the management's process of cost allocation to Cow Nappa and Cow Split which are joint products from the hide splitting process by standard rate, the evaluating of the reasonably of information which the management used in the estimating of quantity of Cow Split outputs both the part will be produced from the hide splitting process and the part will be sold as is semi-finished goods and the auditing of the expected sellable price of Cow Split and associated costs of completion to process the semi-finished goods – Cow Split to be finished goods which the management used, that have the most significance effect on the determining of the net realizable value of semi-finished goods – Cow Split.

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, which is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the 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 information.



(Mr. Cherd Sakul Onmongkol)
Certified Public Accountant, Registration No. 7195

CPL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	31 December 2017	31 December 2016 (Restated)	1 January 2016 (Restated)
		Baht	Baht	Baht
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	8	109,170,886.43	51,176,051.43	39,690,450.91
Current Investments	13	16,000,000.00	-	-
Trade and Other Current Receivables	9	256,754,056.95	171,860,797.85	212,009,131.76
Short-Term Loans	34.3	-	24,000,000.00	-
Inventories	10	1,023,061,052.66	1,243,841,683.66	1,241,051,051.77
Current Tax Assets		7,446,148.44	163,615.69	4,239,033.10
Other Current Assets		117,764.62	310,804.21	107,640.60
TOTAL CURRENT ASSETS		1,412,549,909.10	1,491,352,952.84	1,497,097,308.14
NON-CURRENT ASSETS				
Pledged Financial Institution Deposits	11	-	1,669,789.68	2,463,691.80
Investments in Associates	12	3,997,735.34	-	14,584,265.54
Long-Term Investments	13	-	30,585,409.72	31,035,409.72
Long-Term Loans to Employees		266,035.71	207,246.67	496,667.00
Investment Property	14	124,988,568.42	124,988,568.42	124,988,568.42
Property, Plant and Equipment	15	458,401,244.02	317,995,839.26	357,303,571.18
Leasehold Rights		450,844.47	670,824.40	900,604.04
Other Intangible Assets	16	6,864,974.62	8,142,485.84	9,036,722.00
Deferred Tax Assets	17	57,433,241.59	34,475,404.74	27,951,352.95
Prior Period Tax Assets		163,615.69	4,239,033.10	-
Other Non-Current Assets		1,749,066.06	1,427,537.26	913,354.26
TOTAL NON-CURRENT ASSETS		654,315,325.92	524,402,139.09	569,674,206.91
TOTAL ASSETS		2,066,865,235.02	2,015,755,091.93	2,066,771,515.05

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

CPL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	31 December 2017	31 December 2016 [Restated]	1 January 2016 [Restated]
		Baht	Baht	Baht
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank Overdrafts and Short-Term Borrowings from Financial Institutions	19	649,082,803.45	584,137,538.72	509,669,322.82
Trade and Other Current Payables	20	250,423,400.57	177,580,196.34	195,794,336.83
Current Portion				
Long-Term Borrowings	21	8,004,000.00	4,628,649.41	7,418,674.77
Liabilities under Finance Lease Agreements	22	2,527,237.66	3,901,417.36	4,456,119.53
Current Income Tax Payable		-	14,290,567.78	7,999,690.97
TOTAL CURRENT LIABILITIES		910,037,441.68	784,538,369.61	725,338,144.92
NON-CURRENT LIABILITIES				
Liabilities in Associates	12	-	81,718.41	-
Long-Term Borrowings	21	30,662,000.00	2,708,699.91	6,716,592.93
Long-Term Borrowings from Directors		-	-	40,000,000.00
Liabilities under Finance Lease Agreements	22	3,369,711.81	3,281,465.89	4,997,153.10
Non-Current Provisions for Employee Benefits	23	47,477,149.00	53,958,448.00	55,038,975.00
Other Non-Current Liabilities		305,500.00	335,500.00	251,500.00
TOTAL NON-CURRENT LIABILITIES		81,814,360.81	60,365,832.21	107,004,221.03
TOTAL LIABILITIES		991,851,802.49	844,904,201.82	832,342,365.95
SHAREHOLDERS' EQUITY				
Share Capital	24			
Authorized Share Capital				
41,889,937 Ordinary Shares @ Baht 10.00		418,899,370.00	-	-
26,399,995 Ordinary Shares @ Baht 10.00		-	263,999,950.00	263,999,950.00
Issued and Paid-up Share Capital				
41,889,937 Ordinary Shares @ Baht 10.00		418,899,370.00	-	-
26,399,995 Ordinary Shares @ Baht 10.00		-	263,999,950.00	263,999,950.00
Share Premium on Ordinary Shares		574,095,791.76	198,000,000.00	198,000,000.00
Discount on Business Combination under the Common Control		(290,972,563.90)	(290,972,563.90)	(290,972,563.90)
Investment Payables from the Entire Business Transfer		-	530,995,211.76	530,995,211.76
Retained Earnings				
Appropriated				
Legal Reserve		28,940,744.21	28,940,744.21	28,940,744.21
Unappropriated		344,050,090.46	439,887,548.04	503,465,807.03
TOTAL SHAREHOLDERS' EQUITY		1,075,013,432.53	1,170,850,890.11	1,234,429,149.10
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,066,865,235.02	2,015,755,091.93	2,066,771,515.05

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

CPL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	31 December 2017	31 December 2016 [Restated]
		Baht	Baht
Revenue from Sales and Rendering of Services		2,275,804,205.91	2,342,065,484.98
Cost of Sales and Services		(2,135,118,987.70)	(2,014,427,427.01)
Gross Profit		140,685,218.21	327,638,057.97
Other Incomes	27	103,594,647.75	55,355,700.68
Distribution Costs		(143,024,028.09)	(149,605,166.31)
Administrative Expenses		(181,173,870.05)	(161,105,399.42)
Finance Costs		(23,116,009.38)	(21,798,137.77)
Share of Gain (Loss) of Associates		(19,920,546.25)	(14,665,983.95)
Profit (Loss) Before Income Tax		(122,954,587.81)	35,819,071.20
Income Tax (Expense) Revenue	30.1	19,746,559.00	(13,174,071.15)
Profit (Loss) for the year		(103,208,028.81)	22,645,000.05
Other Comprehensive Income (Expense)	30.2		
Items that will not be subsequently reclassified to Profit or Loss			
Gain (loss) on Remeasurement of Defined Benefit Plans - Net of Tax		7,370,571.23	3,376,733.46
Total Items that will not be subsequently reclassified to Profit or Loss - Net of Tax		7,370,571.23	3,376,733.46
Total Other Comprehensive Income (Expense) for the year - Net of Tax		7,370,571.23	3,376,733.46
Total Comprehensive Income (Expense) for the year		(95,837,457.58)	26,021,733.51
Basic Earnings (Loss) Per Share	31	(0.25)	0.05

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

CPL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2017

	Note	Issued and Paid-up Share Capital	Share Premium on Ordinary Shares	Discount on Business Combination under the Common Control	Investment Payables from the Entire Business Transfer	Retained Earnings		Total
						Appropriated Legal Reserve	Unappropriated	
Beginning Balance as at 1 January 2016 (As Previously Reported)		263,999,950.00	198,000,000.00	-	-	28,940,744.21	504,881,541.49	995,822,235.70
Effect of Changes in Accounting Policies	6.1	-	-	-	-	-	(1,415,734.46)	(1,415,734.46)
Effect of Adopted New Accounting Policies	6.2	-	-	(290,972,563.90)	530,995,211.76	-	-	240,022,647.86
Beginning Balance as at 1 January 2016 (Restated)		263,999,950.00	198,000,000.00	(290,972,563.90)	530,995,211.76	28,940,744.21	503,465,807.03	1,234,429,149.10
Transaction with owners (Restated)								
Contributions by and Distributions to owners (Restated)								
Dividend Payment (Restated)	25	-	-	-	-	-	(89,599,992.50)	(89,599,992.50)
Total Contributions by and Distributions to owners (Restated)		-	-	-	-	-	(89,599,992.50)	(89,599,992.50)
Total Transaction with owners (Restated)		-	-	-	-	-	(89,599,992.50)	(89,599,992.50)
Total Comprehensive Income (Expense) for the year (Restated)		-	-	-	-	-	22,645,000.05	22,645,000.05
Profit (Loss) for the year (Restated)		-	-	-	-	-	22,645,000.05	22,645,000.05
Other Comprehensive Income (Expense) for the year (Restated)		-	-	-	-	-	3,376,733.46	3,376,733.46
Total Comprehensive Income (Expense) for the year (Restated)		-	-	-	-	-	26,021,733.51	26,021,733.51
Ending Balance as at 31 December 2016 (Restated)		263,999,950.00	198,000,000.00	(290,972,563.90)	530,995,211.76	28,940,744.21	439,887,548.04	1,170,850,890.11
Transaction with owners								
Contributions by and Distributions to owners								
Ordinary Share Issuance to settle Investment Payables from the Entire Business Transfer	2	154,899,420.00	376,095,791.76	-	(530,995,211.76)	-	-	-
Total Contributions by and Distributions to owners		154,899,420.00	376,095,791.76	-	(530,995,211.76)	-	-	-
Total Transaction with owners		154,899,420.00	376,095,791.76	-	(530,995,211.76)	-	-	-
Total Comprehensive Income (Expense) for the year		-	-	-	-	-	(103,208,028.81)	(103,208,028.81)
Profit (Loss) for the year		-	-	-	-	-	7,370,571.23	7,370,571.23
Other Comprehensive Income (Expense) for the year		-	-	-	-	-	-	-
Total Comprehensive Income (Expense) for the year		-	-	-	-	-	(95,837,457.58)	(95,837,457.58)
Ending Balance as at 31 December 2017		418,899,370.00	574,095,791.76	(290,972,563.90)	-	28,940,744.21	344,050,090.46	1,075,013,432.53


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

CPL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	Note	31 December 2017	31 December 2016 [Restated]
		Baht	Baht
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (Loss) Before Income Tax		(122,954,587.81)	35,819,071.20
Adjustments to Profit (Loss) Before Income Tax for Cash Receipt (Paid) from Operation			
Depreciation		46,601,800.73	50,254,182.09
Amortization of Leasehold Rights and Other Intangible Assets		1,767,491.15	1,876,954.96
Amortization of Prepaid Expenses		10,251,630.44	11,611,283.44
Bad Debts		-	675,962.43
(Reversal of) Doubtful Debts		(23,029,321.77)	(130,121.59)
(Reversal of) Estimated Debt Reduction from Returned Goods and Discount		(23,083,080.49)	27,675,062.48
Reversal of (Estimated Cost of Returned Goods)		15,772,506.53	(20,690,836.05)
Loss on Declining in Value of Inventories		138,201,913.72	20,824,509.63
Gain on Disposal of General Investments		(19,687,599.06)	-
Unrealized Gain on Exchange Rate		(443,349.17)	2,725,763.10
Gain on Disposal of Property, Plant and Equipment		(383,168.58)	(41,831,426.25)
Loss on Written-off of Property, Plant and Equipment		288,555.97	312,671.35
Loss on Written-off of Other Intangible Assets		-	210,559.84
Loss on Impairment of Long-Term Investments		-	1,230.00
Share of (Gain) Loss of Associates		19,920,546.25	14,665,983.95
Employee Benefit Expenses		6,269,015.04	5,872,864.00
Interest Incomes		(1,831,698.58)	(2,605,374.94)
Interest Expenses		19,476,715.52	19,031,363.40
Profit (Loss) from Operating before Changes in Operating Assets and Liabilities		67,137,369.89	126,299,703.04
(Increase) Decrease in Operating Assets			
Trade and Other Current Receivables		(45,466,051.10)	2,855,768.51
Inventories		59,114,181.50	(2,924,305.47)
Other Current Assets		193,039.59	(203,163.61)
Other Non-Current Assets		(321,527.80)	(514,180.00)
Increase (Decrease) in Operating Liabilities			
Trade and Other Current Payables		63,013,386.21	(20,133,714.40)
Non-Current Provisions for Employee Benefits		(3,537,100.00)	(2,732,474.17)
Other Non-Current Liabilities		(30,000.00)	84,000.00
Cash Received (Paid) from Operating Activities		140,103,298.29	102,731,633.90
Cash Received from Interest		45,306.67	127,507.33
Cash Paid for Income Tax		(26,790,636.89)	(14,415,045.19)
Cash Received from Income Tax		4,239,033.10	-
Net Cash Provided from (Used in) Operating Activities		117,597,001.17	88,444,096.04

CPL GROUP PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2017


	Note	31 December 2017	31 December 2016 (Restated)
		Baht	Baht
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Pledged Financial Institution Deposits		1,669,789.68	793,902.12
Cash Paid for Loans to Employee		(385,000.00)	(289,000.00)
Cash Received from Loans to Employee		326,210.96	578,420.33
Cash Paid for Short-Term Loans		-	(24,000,000.00)
Cash Received from Short-Term Loans		24,000,000.00	-
Cash Paid for Purchase of Property, Plant and Equipment		(166,395,025.95)	(20,313,633.23)
Cash Received from Disposal of Property, Plant and Equipment		383,177.58	53,739,354.96
Cash Paid for Purchase of Other Intangible Assets		(270,000.00)	(770,500.00)
Cash Received from Disposal of Other Intangible Assets		-	1.00
Cash Received from Advance Receive for Fixed Assets		1,166,664.00	1,944,440.88
Cash Paid for Purchase of Investments in Associates		(24,000,000.00)	-
Cash Received from Disposal of General Investments		31,094,900.28	448,770.00
Cash Received from Interest		1,969,111.47	2,271,065.21
Net Cash Provided from (Used in) Investing Activities		(130,440,171.98)	14,402,821.27
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in Bank Overdrafts		(23,509,507.96)	26,647,988.75
Cash Received from Short-Term Borrowings from Financial Institutions		2,007,385,064.31	1,758,652,027.93
Cash Paid for Short-Term Borrowings from Financial Institutions		(1,918,544,735.58)	(1,713,522,637.71)
Cash Paid for Long-Term Borrowings from Directors		-	(40,000,000.00)
Cash Received from Long-Term Borrowings		44,628,649.41	-
Cash Paid for Long-Term Borrowings		(13,299,998.73)	(6,797,918.38)
Cash Paid for Payables for Fixed Assets		(424,060.20)	(1,001,799.00)
Cash Paid for Liabilities under Finance Lease Agreements		(6,329,933.78)	(5,392,474.12)
Cash Paid for Interest		(19,002,243.56)	(20,089,659.42)
Cash Paid for Dividend Payment		-	(89,938,224.95)
Net Cash Provided from (Used in) Financing Activities		70,903,233.91	(91,442,696.90)
Net Increase (Decrease) in Cash and Cash Equivalents before Effect of Exchange Rate		58,060,063.10	11,404,220.41
Effect from Changes in Exchange Rate on Cash and Cash Equivalents		(65,228.10)	81,380.11
Net Increase (Decrease) in Cash and Cash Equivalents		57,994,835.00	11,485,600.52
Cash and Cash Equivalents at the Beginning of the year		51,176,051.43	39,690,450.91
Cash and Cash Equivalents at the Ending of the year	8	109,170,886.43	51,176,051.43



CPL GROUP PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



1. General Information

The Company was registered as a company limited under the Civil and Commercial Code on 27 January 1994, and was converted as a public company limited according to the Public Limited Companies Act B.E. 2535 on 19 December 1994, the registration number 0107537000289. Its head office is located at 700 Moo 6, Sukhumvit Road, Bang Poo Mai, Mueang Samutprakan, Samutprakan, Thailand. The Company's major shareholder is Wongcharoensin Family.

On 27 April 2017, the Annual General Shareholder's Meeting of the Company for 2017 has passed the resolution to change the Company's name to CPL Group Public Company Limited, which has registered the name change with the Department of Business Development, Ministry of Commerce on 1 May 2017.

The Company operates main business in manufacturing and distribution of leather products and safety shoes and distribution of personal protective equipment.

2. Entire Business Transfer

On 23 February 2017, the Extraordinary General Shareholder's Meeting of the Company No. 1/2017 has passed the resolutions to accept the entire business transfer of Pangolin Safety Products Company Limited and the entering into the relevant agreements for the purposes of the Group restructuring by the acceptance of the entire business transfer of Pangolin Safety Products Company Limited with the totaling value in amount of Baht 530,995,211.76, which will issue 15,489,942 new ordinary shares of the Company, with the par value of Baht 10.00 per share in lieu of cash and specify the price of the increase ordinary shares at Baht 34.28 per share and to dissolve Pangolin Safety Products Company Limited after the entire business transfer, which Pangolin Safety Products Company Limited has registered the dissolution with the Department of Business Development, Ministry of Commerce on 6 March 2017 and been notified the tax exemption by the Revenue Code from entire business transfer from the Revenue Department on 3 April 2017. Presently, the Company has successfully received assets under the entire business transfer agreement and increase new ordinary share to Pangolin Safety Products Company Limited in amount of 15,489,942 shares with the par value of Baht 10.00 per share, the totaling value in amount of Baht 154,899,420.00, which has registered the increase of share capital with the Department of Business Development, Ministry of Commerce on 22 May 2017.

These financial statements were prepared as if the entire business transfer between CPL Group Public Company Limited and Pangolin Safety Products Company Limited, which are the business under the control of the Wongcharoensin Family both before and after the entire business transfer as a business combination under the common control, which is used similar to pooling interests method in accordance with the accounting guideline for business combination under the common control issued by the Federation of Accounting Professions, that requires a business combination under the common control arisen from the transfer of interests in the entities under the control of the controlling shareholders of the Group, is the possession as if it had occurred at the beginning of the financial reporting period (include the comparative period) or since the date those combined businesses are under the common control whichever period is shorter despite the date of business combination under the common control. Acquiring assets and liabilities are recognized at the carrying amount before the preparation of financial report under the control of the controlling shareholders the Group, other components of shareholders' equity acquired by the business combination are treated as part of the Group's equity unless that acquired portion is recognized as part of the share premium. Cash paid for business combination is recognized directly in the shareholders' equity, the effect on the financial reports for the first period and each period which presented herein for comparative purposes are as in Note 6.2.

3. Basis in the Preparation of Financial Statements

- 3.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 3.2 The financial statements were presented in compliance with the notification of Department of Business Development regarding related to determining the abbreviated items required in the financial statements.
- 3.3 In order to prepare the financial statements to comply with financial reporting standards, the management of the Company has to make some estimates and assumptions which may have an effect on the amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning to assets and contingent liabilities, therefore the actual result may differ from the estimated amount.
- 3.4 The financial report in Thai language is the official statutory financial report of the Company. The financial report in English language has been translated from the Thai language financial report.

4. The Adoption of New Financial Reporting Standards

The Company has adopted the new accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and accounting guidance, which are effective for accounting periods beginning on or after 1 January 2017, and have no impact on the current period of financial report, except for the changes in accounting policies regarding investments in associates for separate financial statements as in Note 6.

5. New Financial Reporting Standards not yet Effective

New Accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are not yet effective for the current accounting periods that the Company has not early adopted, are as follows:

Effective for the accounting period beginning on or after 1 January 2018

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events after the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements

TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases – Incentives
TSIC 25 (revised 2017)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations

The management of the Company believes that the above financial reporting standards will not have any significant impact on the financial report when they are applied.

6. Changes in Accounting Policies and Adopted New Accounting Policies

6.1 Changes in Accounting Policies

The Company has changed in accounting policies regarding investments in associates for the separate financial statements from stated by the cost method to be stated by the equity method and retroactively adjusted the financial statements for the earliest period and each period which presented as comparative as if such accounting policies have always been applied, which the effects are as follows:

	Separate Financial Statements		
	As Previously Reported	Adjustments	Restated
	Baht	Baht	Baht
Statement of Financial Position as at 1 January 2016			
Investments in Associates	16,000,000.00	(1,415,734.46)	14,584,265.54
Retained Earnings – Unappropriated	504,881,541.49	(1,415,734.46)	503,465,807.03
Statement of Financial Position as at 31 December 2016			
Liabilities in Associates	-	81,718.41	81,718.41
Retained Earnings – Unappropriated	427,312,294.96	(16,081,718.41)	411,230,576.55
Statement of Comprehensive Income for the year ended 31 December 2016			
Share of Gain (Loss) of Associates	-	(14,665,983.95)	(14,665,983.95)
Profit (Loss) for the year	(41,810,417.23)	(14,665,983.95)	(56,476,401.18)
Total Comprehensive Income (Expense) for the year	(37,969,254.03)	(14,665,983.95)	(52,635,237.98)
Basic Earnings (Loss) Per Share	(1.58)	(0.56)	(2.14)

Hereby, the Company has only investments in associates without investments in subsidiaries or interests in joint ventures. Therefore, the restated financial statements of the Company has presented the same information as both the financial statements in which the equity method is applied and separate financial statements.

6.2 Adopted New Accounting Policies

The Company has adopted new accounting policies for business combination under the common control and retroactively adjusted the financial statements for prior period and each period which presented herein for comparative purposes as if such accounting policies have always been applied, which have the effect follows:

	As at 31 December 2016			As at 1 January 2016		
	Before Adjustment	Adjustments	Restated	Before Adjustment	Adjustments	Restated
	Baht	Baht	Baht	Baht	Baht	Baht
Statement of Financial Position						
Current Assets						
Cash and Cash Equivalents	10,951,114.88	40,224,936.55	51,176,051.43	19,022,434.42	20,668,016.49	39,690,450.91
Trade and Other Current Receivables	82,674,086.68	93,589,359.96	176,263,446.64	133,175,688.61	83,072,476.25	216,248,164.86
Inventories	1,065,217,408.76	178,624,274.90	1,243,841,683.66	1,044,794,271.17	196,256,780.60	1,241,051,051.77
Other Current Assets	114,723.27	196,080.94	310,804.21	106,640.60	1,000.00	107,640.60
Non-Current Assets						
Pledged Financial Institution Deposits	-	1,669,789.68	1,669,789.68	-	2,463,691.80	2,463,691.80
Long-Term Loans to Employees	-	207,246.67	207,246.67	-	496,667.00	496,667.00
Property, Plant and Equipment	140,130,217.62	177,865,621.64	317,995,839.26	147,950,231.32	209,353,339.86	357,303,571.18
Leasehold Rights	-	670,824.40	670,824.40	-	900,604.04	900,604.04
Other Intangible Assets	5,622,609.87	2,519,875.97	8,142,485.84	6,692,420.03	2,344,301.97	9,036,722.00
Deferred Tax Assets	29,759,002.68	4,716,402.06	34,475,404.74	21,391,575.72	6,559,777.23	27,951,352.95
Other Non-Current Assets	69,574.26	1,357,963.00	1,427,537.26	76,571.26	836,783.00	913,354.26

	As at 31 December 2016			As at 1 January 2016		
	Before Adjustment	Adjustments	Restated	Before Adjustment	Adjustments	Restated
	Baht	Baht	Baht	Baht	Baht	Baht
Current Liabilities						
Bank Overdrafts and Short-Term Borrowings from Financial Institutions	464,977,408.57	119,160,130.15	584,137,538.72	376,633,425.32	133,035,897.50	509,669,322.82
Trade and Other Current Payables	107,133,771.59	70,446,424.75	177,580,196.34	129,259,634.47	66,534,702.36	195,794,336.83
Current Portion						
Long-Term Borrowings	-	4,628,649.41	4,628,649.41	-	7,418,674.77	7,418,674.77
Liabilities under Finance Lease Agreements	1,529,341.63	2,372,075.73	3,901,417.36	2,179,292.60	2,276,826.93	4,456,119.53
Income Tax Payable	-	14,290,567.78	14,290,567.78	-	7,999,690.97	7,999,690.97
Non-Current Liabilities						
Long-Term Borrowings	-	2,708,699.91	2,708,699.91	-	6,716,592.93	6,716,592.93
Liabilities under Finance Lease Agreements	2,295,906.20	985,559.69	3,281,465.89	3,383,379.18	1,613,773.92	4,997,153.10
Non-Current Provisions for Employee Benefits	35,923,299.00	18,035,149.00	53,958,448.00	37,955,844.00	17,083,131.00	55,038,975.00
Other Non-Current Liabilities	-	335,500.00	335,500.00	-	251,500.00	251,500.00
Shareholders' Equity						
Discount on Business Combination under the Common Control	-	(290,972,563.90)	(290,972,563.90)	-	(290,972,563.90)	(290,972,563.90)
Investments Payable from the Entire Business Transfer	-	530,995,211.76	530,995,211.76	-	530,995,211.76	530,995,211.76
Retained Earnings – Unappropriated	411,230,576.55	28,656,971.49	439,887,548.04	503,465,807.03	-	503,465,807.03

	Before Adjustment	Adjustments	Restated
	Baht	Baht	Baht
Statement of Comprehensive Income for the year ended 31 December 2016			
Revenue from Sales and Rendering of Services	1,769,029,387.34	573,036,097.64	2,342,065,484.98
Cost of Sales and Services	(1,666,086,395.16)	(348,341,031.85)	(2,014,427,427.01)
Other Incomes	10,299,267.66	45,056,433.02	55,355,700.68
Distribution Costs	(45,685,973.91)	(103,919,192.40)	(149,605,166.31)
Administrative Expenses	(106,053,295.37)	(55,052,104.05)	(161,105,399.42)
Finance Costs	(12,641,125.55)	(9,157,012.22)	(21,798,137.77)
Income Tax (Expense) Revenue	9,327,717.76	(22,501,788.91)	(13,174,071.15)
Profit (Loss) for the year	(56,476,401.18)	79,121,401.23	22,645,000.05
Gain (loss) on Remeasurement of Defined Benefit Plans - Net of Tax	3,841,163.20	(464,429.74)	3,376,733.46
Total Comprehensive Income (Expense) for the year	(52,635,237.98)	78,656,971.49	26,021,733.51
Basic Earnings (Loss) Per Share	(2.14)	2.68	0.54
Statement of Changes in Shareholders' Equity for the year ended 31 December 2016			
Dividend Payment	39,599,992.50	50,000,000.00	89,599,992.50

7. Summary of Significant Accounting Policies

7.1 Measurements bases used in the Preparation of Financial Statements

Measurement bases used in the preparation of financial statements are historical cost measurement basis and combination of variety measurement bases used. Some assets and liabilities that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

7.2 Foreign Currencies

Items denominated in foreign currencies are recognized by translating into Baht at the prevailing exchange rate when the transactions occur, and their balances of assets and liabilities at the end of period are translated into Baht by closing rate as at the end of period. Gain or loss on exchange rate is recognized as revenue or expense in profit or loss for that period.

7.3 Financial Instruments

Financial assets which are shown in the statement of financial position consist of cash and cash equivalents, investments, trade and other receivables and loans. Financial liabilities which are shown in the statement of financial position consist of bank overdrafts and borrowings from financial institutions, trade and other payables and liabilities under finance lease agreements. The particular accounting policies of each item are disclosed in each individual section.

Foreign currencies forward contract are used to hedge against risk from fluctuation of exchange rates. The foreign currencies forward contract will determine the future exchange rates that assets and liabilities denominated in foreign currencies will be received or has to be repaid. Fair value of foreign currencies forward contract as at the end of period will be disclosed in the notes to the financial statements and realized gain or loss on foreign exchange forward contract will be recognized in profit or loss for that period they are received or paid.

7.4 Cash and Cash Equivalents

Cash and cash equivalents include financial institution deposits in type of current accounts, savings accounts and not over 3 months fixed accounts without guarantee obligation.

7.5 Trade and Other Receivables

Trade and other receivables are stated at the net realizable value. Allowance for doubtful debts is estimated from each receivable that are not expected to be repayable.

7.6 Inventories

Inventories are valued at cost in accordance with weighted average method or net realizable value which is lower.

7.7 Investments in Associates

Investments in associates are stated by the equity method.

7.8 Long-Term Investments

- Investments in non-marketable securities which are held as a general investments are stated at cost deducted by the accumulated impairment loss (if any). The Company will recognize the change in value of investments in profit or loss when there is a disposal of the investments or the investments have been impaired.
- Investments in held to maturity debt instruments are stated at amortized cost.

7.9 Investment Property

Investment property is land and land improvement which the Company has held without specific purpose of use in the future and/or exploiting for rental income or appreciation of the asset, is stated at initial cost deducted by the accumulated impairment loss (if any).

7.10 Property, Plant and Equipment

Property, plant and equipment are stated at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any). Depreciation is calculated on a straight-line basis over the approximate useful lives as follows:

- Buildings	10 – 20 years
- Buildings Improvement	3 – 20 years
- Machines and Equipment	5 – 20 years
- Tools	5 years
- Fixtures and Office Equipment	3 – 10 years
- Vehicles	5 – 7 years
- Waste Water Treatment Well	10 years

Depreciation of assets occurred during the usage period of producing the other assets is calculated and capitalized as a part of the cost of that other assets and it would be capitalized as cost when that other assets is ready for its intended use.

The Company does not depreciate land, land improvement and assets under construction.

Replacement cost will be capitalized as a part of carrying amount of assets when it is probable that the Company will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably. Replacement cost will be depreciated by the basis of estimated useful lives. Repair and maintenance expenses are recognized as expense in profit or loss for the period that they occurs.

Gain or loss on disposal of property, plant and equipment is the difference between the net proceeds and the carrying amount and recognized as revenue or expense in profit or loss of that period.

7.11 Leasehold Right

Leasehold right is the consideration paid at cost less accumulated amortization and accumulated loss from impairment (if any). Amortization is calculated on a straight-line basis over the lease term 10 years.

7.12 Intangible Assets

Computer Software Licenses

Acquired specific computer software licenses are recognized as assets, are stated at initial cost deducted by accumulated amortization and accumulated impairment loss (if any). Costs are calculated from costs of acquiring and bring that software to intended use. Amortization is calculated on a straight-line basis over the approximate useful lives 5 – 10 years.

7.13 Impairment of Assets

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Impairment loss is recognized as expense in profit or loss immediately.

Calculation of Recoverable Amount

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

Reversal of Impairment Loss

- The impairment loss of assets recognized in the prior period will be reversed if the estimation for indicated net realizable value changes since the last impairment loss was recognized just to be the carrying amount of the asset not exceed the carrying amount that would have been (net of depreciation or amortization), if no impairment loss had been recognized.



- Reversal of impairment loss will be recognized as revenue in profit or loss immediately.

7.14 Long-Term Leases

- Where the Company is the lessee

Long-term leases which substantially transferred all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the outstanding balance. The outstanding lease obligations net of finance charges, are presented as liabilities under finance lease agreements. The interest expenses is charged to profit or loss over the lease term. The assets acquired under finance lease agreements will be depreciated throughout the useful lives of leased assets. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is calculated according to useful lives of leased asset or life of lease term whichever the period is lower.

Long-term leases which substantial risks and rewards of ownership still remain with the lessor are classified as operating leases. Payment under operation lease agreements (net of any incentives received from the lessor) is recognized as expense to the profit or loss on a straight-line basis over that lease term.

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

7.15 Employee Benefits

Short-Term Employee Benefits

- The Company recognizes salary, wage, bonus, and social security fund contribution as expense in profit or loss when the transactions occurs.

Long-Term Employee Benefits

- Defined contribution plans

The Company and employees of the Company have jointly established a provident fund so as to pay to employees on termination in accordance with the fund's rules, which include the monthly contributions from employees and the Company. The plan assets are separated from the Company's assets. The Company recognizes the contribution as expense in profit or loss for the accounting period which the transaction occurs.

- Defined benefit plans

The Company has made provision for post-employment benefits so as to pay as severance pay to employees under the labor laws applicable in Thailand by actuarial technique using the projected unit credit method and presents as non-current liabilities. Hereby, the costs associated with employee benefits will be recognized as expense in profit or loss so as to spread the cost over the employment period.

Gain or loss on remeasurement for post-employment benefits will be recognized in other comprehensive income (expense).

7.16 Provisions

Provisions will be recognized when the Company has a present legal or constructive obligation as a result of past events which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Reimbursement is

recognized as a separate asset, when, and only when it is virtually certain that reimbursement will be received if the Company settles the obligation, but not exceed the amount of related provision.

7.17 Appropriation of Legal Reserve

The appropriation of legal reserve is in accordance with the Public Limited Companies Act B.E. 2535 which the Company will appropriate the legal reserve when it is approved by the shareholders' meeting. This legal reserve is not available for dividend distribution.

7.18 Recognition of Revenues

- Revenue from sale is recognized when the significant risks and rewards of ownership have been transferred to the buyer.
- Revenue from rendering of service is recognized by the stage of completion of service rendered.
- Revenue from rental is recognized on the straight-line basis over the lease term.
- Interest income is recognized on the effective interest rate method.
- Revenue from tax return is recognized when the right to receive tax return is established.
- Dividend income is recognized when the right to receive dividend is established.

7.19 Recognition of Expenses

- Expenses are recognized on the accrual basis.

7.20 Income Tax

Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income (expense) or recognized directly in the shareholders' equity which will recognize in other comprehensive income (expense) or recognized directly in the shareholders' equity as same as that items.

Current Tax

Current tax is recognized at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation, using the tax rates enacted at the end of reporting period.

Deferred Tax

Deferred tax is recognized by the statement of financial position liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that the related tax benefit will be realized.

7.21 Earnings (Loss) per Share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the period with the weighted average number of issued and paid-up shares during the period, which is not calculate the fully-diluted earnings (loss) per share because the Company does not have ordinary share equivalents.

7.22 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies a quoted market price in an active market to measure the assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available,

the Company will measure fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

Level 1 inputs are quoted prices in active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are other observable inputs either directly or indirectly, for the assets or liabilities other than quoted price included within Level 1 inputs.

Level 3 inputs are unobservable inputs for the assets and liabilities.

At the end of each reporting period, the Company will determine the necessary of any transfers between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

7.23 Significant Accounting Judgments and Estimates Used

In order to prepare the financial statements to comply with financial reporting standards, the management of the Company has to use judgments and estimates on uncertainties. These judgments and estimates used may have an effect on the amounts and disclosures in the financial statements which the actual result may differ from the estimated amount. Significant judgements and estimates used are as follows:

Lease

The management of the Company has to use judgment in assessing the terms and conditions of each lease agreement whether substantial risks and rewards of ownership of the leased asset have been transferred or not so as to classify the lease as finance lease or operating lease.

Allowance for Doubtful Accounts – Receivables

The management of the Company has to use judgment in estimating the expected loss which may incurred from each receivable with considering the past collection history, aging profile of outstanding debts and the prevailing economic circumstances.

Allowance for Debt Reduction from Returned Goods and Discount

The management of the Company has to use judgment in estimating the allowance for debt reduction from returned goods and discount from the Company's goods which is not complied with the customers' defined specification which is computed from the debt reduction rate and average rate of returned goods to sales multiply with the sales occurred during the last 3 months of the reporting period.

Estimation of Returned Goods

The management of the Company has to use judgment in estimating the returned goods from the Company's goods which is not complied with the customers' defined specification which is computed from the average cost of sales rate multiply with the estimation of allowance for debt reduction from returned goods.

Net Realizable Value of Inventories

The management of the Company has to use judgment in estimating the net realizable value of inventories which is considered from the change in selling price or cost directly related to the events after reporting period.

Depreciation of Plant and Equipment

The management of the Company has to use judgment in estimating of the useful lives and residual values when deactivate of the plant and equipment, and has to review if the change occurs.

Impairment of Assets

The management of the Company has to assess the impairment of assets at each period, and has to use judgment in the consideration of the recoverable amount from expected future revenues and expenses related to that asset.

Provisions for post-employment benefits

Liabilities on defined benefit plans for post-employment benefits are calculated by actuarial technique, from the present value of expected future cash flows discounted by yields on the government bonds which have terms to maturity similar to the terms of such liabilities. The expected future cash flows are estimated from employee salaries, turnover rate, mortality rate, length of service and other related demographic factors. In determining the discount rate, the management of the Company has to use judgment in the consideration of the interest rate which reflecting the present economic circumstances.

Fair Value

In determining the fair value of financial instruments which are recognised in the statement of financial position that are not actively traded and for which quoted prices are not readily available in active market, the management of the Company has to exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and long-term volatility of financial instruments. Changes in assumptions about these factors may affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

8. Cash and Cash Equivalents

Consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Cash	738,750.65	698,409.06
Financial Institutions Deposit – Current Accounts	69,687,884.96	22,729,109.30
Financial Institutions Deposit – Savings Accounts	38,744,250.82	27,748,533.07
Total	109,170,886.43	51,176,051.43

9. Trade and Other Current Receivables

Consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Trade Receivables – Domestic	121,170,121.86	138,713,130.25
Trade Receivables – Overseas	94,285,749.70	39,581,197.21
Notes Receivables	4,490,241.25	4,791,927.09
Trade and Notes Receivables	219,946,112.81	183,086,254.55
<u>Less</u> Allowance for Doubtful Debts	(172,217.57)	(21,978,403.34)
Allowance for Debt Reduction from Returned Goods and Discount	(9,267,705.18)	(32,350,785.67)
Trade and Notes Receivables – Net	210,506,190.06	128,757,065.54
Other Receivables	46,247,866.89	44,326,868.31
<u>Less</u> Allowance for Doubtful Debts	-	(1,223,136.00)
Other Receivables – Net	46,247,866.89	43,103,732.31
Total	256,754,056.95	171,860,797.85

As at 31 December 2017 and 2016, the aging of trade and notes receivables are as follows:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Within credit term	138,824,353.70	95,334,783.25
Overdue 1 – 30 days	61,984,761.85	52,866,862.98
Overdue 31 – 60 days	16,224,860.36	7,221,766.39
Overdue 61 – 90 days	1,625,900.60	1,184,335.66
Overdue 91 – 180 days	1,096,962.41	3,590,438.28
Overdue 181 – 365 days	189,273.89	909,664.65
Overdue more than 366 days	-	21,978,403.34
Total	219,946,112.81	183,086,254.55
<u>Less</u> Allowance for Doubtful Debts	(172,217.57)	(21,978,403.34)
Allowance for Debt Reduction from Returned Goods and Discount	(9,267,705.18)	(32,350,785.67)
Net	210,506,190.06	128,757,065.54

As at 31 December 2017 and 2016, other receivables consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Prepaid Expenses	4,122,445.83	3,860,188.26
Prepaid Payment for Goods	12,950,854.71	22,976,480.34
Advance Payment	1,332,034.44	2,387,875.49
Accrued Interest Incomes	268,098.61	450,818.17
Revenue Department Receivables	21,083,589.11	7,877,204.23
Receivables from Disposal of General Investments	3,178,108.50	-
Others	3,312,735.69	6,774,301.82
Total	46,247,866.89	44,326,868.31
<u>Less</u> Allowance for Doubtful Debts	-	(1,223,136.00)
Net	46,247,866.89	43,103,732.31

For the year ended 31 December 2017 and 2016, allowance for doubtful debts have the movements as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Beginning Balance	(23,201,539.34)	(21,978,403.34)
Increase during the year	(172,217.57)	(1,223,136.00)
Reverse during the year	23,201,539.34	-
Ending Balance	(172,217.57)	(23,201,539.34)

For the year ended 31 December 2017 and 2016, allowance for debt reduction from returned goods and discount have the movements as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Beginning Balance	(32,350,785.67)	(4,675,723.19)
Increase during the year	(16,636,091.91)	(55,371,394.77)
Reverse during the year	39,719,172.40	27,696,332.29
Ending Balance	(9,267,705.18)	(32,350,785.67)

As at 31 December 2016, trade receivables which is overdue more than 366 days in amount of Baht 21.98 million is trade receivables overseas – related parties who is unable to comply with the settlement plan. However, on 12 July 2017, the Company has received full repayment of these debts. Thence, the Company has reversed all allowances for doubtful debts which were previously recognized in the current period.

10. Inventories

Consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Finished Goods	317,198,019.09	350,086,232.01
Semi-Finished Goods – Cow Nappa	476,996,030.51	540,025,321.20
Semi-Finished Goods – Cow Split	117,233,958.66	163,212,248.31
Semi-Finished Goods – Safety Shoes	27,207,087.00	6,585,784.43
Semi-Finished Goods – Personal Protective Equipment	198,122.01	20,726,698.93
Work in Process	92,381,557.63	-
Raw Materials	73,099,954.53	71,354,586.91
Chemical	57,176,871.99	55,737,443.64
Supplies	9,160,732.72	5,597,344.20
Goods in Transit	12,527,393.51	36,660,278.77
Total	1,183,179,727.65	1,249,985,938.40
<u>Add</u> Estimated Cost of Returned Goods	5,446,636.29	21,219,142.82
<u>Less</u> Allowance for Declining in Value of Inventories	(165,565,311.28)	(27,363,397.56)
Net	1,023,061,052.66	1,243,841,683.66

For the year ended 31 December 2017 and 2016, estimated cost of returned goods have the movements as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Beginning Balance	21,219,142.82	528,306.77
Increase during the year	12,251,373.77	28,887,803.59
Reverse during the year	(28,023,880.30)	(8,196,967.54)
Ending Balance	5,446,636.29	21,219,142.82

For the year ended 31 December 2017 and 2016, allowance for declining in value of inventories have the movements as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Beginning Balance	(27,363,397.56)	(6,538,887.93)
Increase during the year	(171,426,538.89)	(26,837,358.98)
Reverse during the year	33,224,625.17	6,012,849.35
Ending Balance	(165,565,311.28)	(27,363,397.56)

As at 31 December 2017 and 2016, the Company has insured finished goods, semi-finished goods, work in process, raw materials, chemical and supplies in value of Baht 1,102.00 million and Baht 1,112.00 million respectively, which transferred the beneficiary from the insurance contract to the financial institutions as in Note 18.

11. Pledged Financial Institution Deposits

As at 31 December 2016, pledged financial institution deposits as collateral are financial institution deposits – fixed accounts 3 months and 6 months, the interest rate at 0.80 – 0.90% per annum, which the Company has pledged as a collateral for letters of guarantee issued by financial institutions. However, the Company can withdraw the interest.

12. Investments in Associates/Liabilities in Associates

12.1 Detail of Associates

Name of Entity	Type of Business	Country of Incorporation	Paid-up Share Capital		Investment Ratio		Cost Method		Equity Method	
			As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
			Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Integrated Leather Network Company Limited	Service of processing works for semi-finished tanned leathers	Thailand	100,000,000.00	40,000,000.00	40.00	40.00	40,000,000.00	16,000,000.00	3,997,735.34	(81,718.41)

12.2 The Financial Information of Associates

Summary financial information of significant associate is as follows:

	Integrated Leather Network Company Limited	
	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Current Assets	15,604,524.77	166,096,216.02
Non-Current Assets	50,272,954.35	42,896,735.34
Current Liabilities	(49,036,368.59)	(201,346,933.88)
Non-Current Liabilities	(6,937,852.84)	(8,131,130.03)
Net Assets	9,903,257.69	(485,112.55)
	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Revenue	559,369,473.00	92,521,045.71
Profit (Loss) for the year	(49,611,629.76)	(36,945,776.39)
Other Comprehensive Income (Expense) for the year	-	-
Total Comprehensive Income (Expense) for the year	(49,611,629.76)	(36,945,776.39)
Dividend from Associates during the year	-	-

The reconciliations of the above financial information with the carrying amount of investments in associates which is recognized in the financial statements are as follows:

	Integrated Leather Network Company Limited	
	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Net Assets	9,903,257.69	(485,112.55)
Investment Ratio (%)	40.00	40.00
Net Assets by Investment Ratio	3,961,303.07	(194,045.02)
Ending (Gain) Loss on Assets	36,432.27	112,326.61
Carrying Amount of Investments	3,997,735.34	(81,718.41)

On 11 February 2017, the Extraordinary General Shareholder's Meeting of the associate No. 2/2017 has passed the resolution to approve the increase of authorized share capital from Baht 40,000,000.00 to Baht 100,000,000.00 by issuing 6,000,000 new ordinary shares, the par value of Baht 10.00 per share, which registered the increase of authorized share capital with the Department of Business Development, Ministry of Commerce on 17 February 2017. The Company has additional invested in the associate in accordance with the existing investment ratio in 2,400,000 shares, at Baht 10.00 per share, totaling additional investments in amount of Baht 24,000,000.00. Presently, the Company has paid for the whole amount of increase share capital.

13. Long-Term Investments

Consist of:

	Type of Business	Country of Incorporation	Paid-up Share Capital U.S. Dollar	Investment Ratio %	Initial Cost of Investments U.S. Dollar	Investments As at 31 December 2017 Baht	Investments As at 31 December 2016 Baht
<u>General Investments</u>	Investing Business	British Virgin Islands					
C.P.L. International Company Limited			8,000,000.00	15.00	1,200,000.00	-	51,483,750.00
<u>Add</u> Advance Payment for Capital Increase			1,000,000.00	15.00	150,000.00	-	4,618,500.00
<u>Less</u> Accumulated Impairment Loss						-	(41,516,840.28)
Net						-	14,585,409.72
<u>Investments in Debt Instruments – Held to Maturity</u>							
Debt Instruments – Maturity over 1 year but not over 5 years						16,000,000.00	16,000,000.00
<u>Less</u> Debt Instruments – Maturity within 1 year						(16,000,000.00)	-
Total Investments in Debt Instruments – Held to Maturity						-	16,000,000.00
Total						-	30,585,409.72

For the year ended 31 December 2017 and 2016, the Company has recognized the dividend income from the general investments in the financial statements as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
C.P.L. International Company Limited	-	-

On 24 October 2017, the Company has informed the disposal of investments in CPL International Company Limited which the Company holds 15.00% in amount of 1,200,000 shares to Guang Dong Zhong Rui Hua Yan Enterprise Company Limited in amount of USD 864,000.00, in accordance with the resolution of the Board of Directors Meeting of the Company No. 2/2015 on 14 May 2015, which has passed the resolution to approve disposal of investments in CPL International Company Limited.

For the year ended 31 December 2017 and 2016, accumulated impairment loss for general investments have the movements as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Beginning Balance	(41,516,840.28)	(41,516,840.28)
Reverse during the year	41,516,840.28	-
Ending Balance	-	(41,516,840.28)

Investments in Debt Instruments – Held to Maturity

As at 31 December 2017 and 2016, the whole amount of investments in debt instruments are investments in unsubordinated secured and holder name definable debentures. The maturity of debentures for 6 years 9 months 19 days from issued date for period since 27 January 2012 to 15 November 2018 with interest rate for 1st – 4th year is 4.00% per annum, interest rate for 5th – 6th year is 4.40% per annum and interest rate since 6th year until maturity is 5.50% per annum, and the fair value in amount of Baht 16.53 million and Baht 16.86 million respectively. Hereby, the Company has measured the fair value using the value that disseminated by the Thai Bond Market Association as at the date of statement of financial position which are Level 2 inputs.

14. Investment Property

Consist of:

	Baht
Beginning Balance as at 1 January 2016	
Cost	124,988,568.42
Carrying Amount	124,988,568.42
Transactions during the year ended 31 December 2016	
Purchase	-
Transfer out	-
Carrying Amount	124,988,568.42
Ending Balance as at 31 December 2016	
Cost	124,988,568.42
Carrying Amount	124,988,568.42
Transactions during the year ended 31 December 2017	
Purchase	-
Transfer out	-
Carrying Amount	124,988,568.42
Ending Balance as at 31 December 2017	
Cost	124,988,568.42
Carrying Amount	124,988,568.42

As at 31 December 2017 and 2016, investment property is land and land improvement which the Company has held while presently has not yet identified the purpose of use in future and exploiting for rental income, has the fair value in amount of Baht 141.17 million equally for both years. Hereby, the Company has measured the fair value from the appraisal results by the independence appraiser with the market comparison approach method and the cost approach method as report dated 14 July 2016 which are Level 3 inputs.

15. Property, Plant and Equipment

Consist of:

	Land and Land Improvement	Buildings and Buildings Improvement	Machines and Equipment	Tools	Fixtures and Office Equipment	Vehicles	Waste Water Storage Well	Assets in Progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning Balance as at 1 January 2016									
Cost	80,321,028.82	322,350,081.16	395,675,391.89	6,030,762.14	47,820,724.76	83,136,479.69	6,250,000.00	27,127,448.69	968,711,917.15
Less: Accumulated Depreciation	-	(202,841,385.97)	(312,426,214.57)	(5,178,339.74)	(33,313,607.79)	(51,398,800.01)	(6,249,997.89)	-	(611,408,345.97)
Carrying Amount	80,321,028.82	119,508,695.19	83,249,177.32	852,422.40	14,507,116.97	31,737,679.68	2.11	27,127,448.69	357,303,571.18
Transactions during the year ended 31 December 2016									
Purchase of Assets	-	749,264.94	3,026,212.51	229,530.00	3,289,995.47	4,110,000.00	-	11,955,050.31	23,360,053.23
Transfer in (Transfer out)	-	6,860,654.44	30,905,165.62	-	655,742.52	-	-	(38,614,565.58)	(193,003.00)
Disposal of Assets	(1,561,640.00)	(18,809,071.98)	(1,201,369.14)	-	(1,543,062.18)	(1,934,300.00)	-	-	(25,049,443.30)
Written-off of Assets	(216,287.14)	-	(2,862,128.51)	(6,000.00)	(579,464.21)	(7,000.00)	-	(14,558.36)	(3,685,438.22)
Depreciation recognized in Profit (Loss) for the year	-	(12,330,476.86)	(23,920,766.09)	(409,095.37)	(6,103,412.99)	(7,490,430.78)	-	-	(50,254,182.09)
Accumulated Depreciation for Disposal	-	8,875,514.39	1,201,368.14	-	1,444,717.84	1,619,914.22	-	-	13,141,514.59
Accumulated Depreciation for Written-off	-	-	2,799,169.21	3,919.00	562,679.66	6,999.00	-	-	3,372,766.87
Carrying Amount	78,543,101.68	104,854,580.12	93,196,829.06	670,776.03	12,234,313.08	28,042,862.12	2.11	453,375.06	317,995,839.26
Ending Balance as at 31 December 2016									
Cost	78,543,101.68	311,150,928.56	425,543,272.37	6,254,292.14	49,643,936.36	85,305,179.69	6,250,000.00	453,375.06	963,144,085.86
Less: Accumulated Depreciation	-	(206,296,348.44)	(332,346,443.31)	(5,583,516.11)	(37,409,623.28)	(57,262,317.57)	(6,249,997.89)	-	(645,148,246.60)
Carrying Amount	78,543,101.68	104,854,580.12	93,196,829.06	670,776.03	12,234,313.08	28,042,862.12	2.11	453,375.06	317,995,839.26

	Land and Land Improvement	Buildings and Buildings Improvement	Machines and Equipment	Tools	Fixtures and Office Equipment	Vehicles	Waste Water Storage Well	Assets in Progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Ending Balance as at 31 December 2016 Cost Less Accumulated Depreciation Carrying Amount Transactions during the year ended 31 December 2017 Purchase of Assets Transfer in (Transfer out) Disposal of Assets Written-off of Assets Depreciation recognized in Profit (Loss) for the year Accumulated Depreciation for Disposal Accumulated Depreciation for Written-off Carrying Amount Ending Balance as at 31 December 2017 Cost Less Accumulated Depreciation Carrying Amount	78,543,101.68	311,150,928.56	425,543,272.37	6,254,292.14	49,643,936.36	85,305,179.69	6,250,000.00	453,375.06	963,144,085.86
	-	(206,296,348.44)	(332,346,443.31)	(5,583,516.11)	(37,409,623.28)	(57,262,317.57)	(6,249,997.89)	-	(645,148,246.60)
	78,543,101.68	104,854,580.12	93,196,829.06	670,776.03	12,234,313.08	28,042,862.12	2.11	453,375.06	317,995,839.26
	22,085,715.00	1,094,720.89	31,978,091.37	774,209.65	4,713,865.39	6,345,645.82	-	-	179,603,742.21
	-	3,927,704.41	9,640,606.99	-	267,331.34	-	-	(6,143,614.49)	7,692,028.25
	-	-	(1,247,629.12)	-	-	(1,291,924.55)	-	-	(2,539,553.67)
	-	-	(28,000.00)	(269,321.96)	(1,688,436.95)	(493,583.18)	-	-	(2,479,342.09)
	-	(10,367,377.60)	(22,803,528.99)	(286,972.84)	(5,357,484.44)	(7,786,436.86)	-	-	(46,601,800.73)
	-	-	1,247,625.12	-	-	1,291,919.55	-	-	2,539,544.67
	-	-	11,990.50	264,896.14	1,420,318.30	493,581.18	-	-	2,190,786.12
Carrying Amount	100,628,816.68	99,509,627.82	111,995,984.93	1,153,587.02	11,589,906.72	26,602,064.08	2.11	106,921,254.66	458,401,244.02
	100,628,816.68	316,173,353.86	465,886,341.61	6,759,179.83	52,936,696.14	89,865,317.78	6,250,000.00	106,921,254.66	1,145,420,960.56
	-	(216,663,726.04)	(353,890,356.68)	(5,605,592.81)	(41,346,789.42)	(63,263,253.70)	(6,249,997.89)	-	(687,019,716.54)
	100,628,816.68	99,509,627.82	111,995,984.93	1,153,587.02	11,589,906.72	26,602,064.08	2.11	106,921,254.66	458,401,244.02

As at 31 December 2017 and 2016, the Company has pledged and mortgaged partial of land and buildings, and machinery and equipment which the carrying amount are in amount of Baht 122.54 million and Baht 125.55 million respectively, as collateral against all types of liabilities with the financial institutions and transferred the beneficiary from the insurance contract in amount of Baht 949.00 million and Baht 386.97 million respectively, to the financial institutions as in Note 18.

As at 31 December 2017 and 2016, the Company has part of assets as assets under finance lease agreements, have the cost in amount of Baht 13.51 million and Baht 18.89 million respectively, and the carrying amount in amount of Baht 9.46 million and Baht 14.19 million respectively.

16. Other Intangible Assets

Consist of:

	Computer Software Licenses	Trademark	Total
	Baht	Baht	Baht
Beginning Balance as at 1 January 2016			
Cost	17,802,742.79	137,800.00	17,940,542.79
<u>Less</u> Accumulated Amortization	(8,861,368.15)	(42,452.64)	(8,903,820.79)
Carrying Amount	8,941,374.64	95,347.36	9,036,722.00
Transactions during the year ended 31 December 2016			
Purchase of Assets	770,500.00	-	770,500.00
Transfer in (Transfer out)	-	193,000.00	193,000.00
Disposal of Assets	(29,500.00)	-	(29,500.00)
Written-off of Assets	-	(330,800.00)	(330,800.00)
Amortization recognized in Profit (Loss) for the year	1,569,387.80	(77,787.52)	(1,647,175.32)
Accumulated Amortization for Disposal	29,499.00	-	29,499.00
Accumulated Amortization for Written-off	-	120,240.16	120,240.16
Carrying Amount	8,142,485.84	-	8,142,485.84
Ending Balance as at 31 December 2016			
Cost	18,543,742.79	-	18,543,742.79
<u>Less</u> Accumulated Amortization	(10,401,256.95)	-	(10,401,256.95)
Carrying Amount	8,142,485.84	-	8,142,485.84

	Computer Software Licenses	Trademark	Total
	Baht	Baht	Baht
Ending Balance as at 31 December 2016			
Cost	18,543,742.79	-	18,543,742.79
<u>Less</u> Accumulated Amortization	(10,401,256.95)	-	(10,401,256.95)
Carrying Amount	8,142,485.84	-	8,142,485.84
Transactions during the year ended 31 December 2017			
Purchase of Assets	270,000.00	-	270,000.00
Amortization recognized in Profit (Loss) for the year	(1,547,511.22)	-	(1,547,511.22)
Carrying Amount	6,864,974.62	-	6,864,974.62
Ending Balance as at 31 December 2017			
Cost	18,813,742.79	-	18,813,742.79
<u>Less</u> Accumulated Amortization	(11,948,768.17)	-	(11,948,768.17)
Carrying Amount	6,864,974.62	-	6,864,974.62

17. Deferred Tax Assets

Consist of:

Deferred income taxes are calculated on temporary differences, using the statement of financial statement liability method and applying a tax rate of 20%. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Company are summarized as follows:

	As at 31 December 2016	Recognized in Profit (Loss) for the year	Recognized in Other Comprehensive Income (Expense)	As at 31 December 2017
	บาท	บาท	บาท	บาท
Deferred Tax Assets				
Trade and Other Current Receivables	11,110,465.00	(9,222,480.45)	-	1,887,984.55
Inventories	1,228,850.95	30,794,884.05	-	32,023,735.00
Long-Term Investments	8,303,368.06	(8,303,368.06)	-	-
Non-Current Provisions for Employee Benefit	10,791,689.59	546,383.01	(1,842,642.81)	9,495,429.79
Tax Losses	3,041,031.14	10,985,061.11	-	14,026,092.25
Total	34,475,404.74	24,800,479.66	(1,842,642.81)	57,433,241.59

	As at 31 December 2015	Recognized in Profit (Loss) for the year	Recognized in Other Comprehensive Income (Expense)	As at 31 December 2016
	บาท	บาท	บาท	บาท
Deferred Tax Assets				
Trade and Other Current Receivables	5,601,476.83	5,508,988.17	-	11,110,465.00
Inventories	2,902,795.10	(1,673,944.15)	-	1,228,850.95
Long-Term Investments	8,303,368.06	-	-	8,303,368.06
Non-Current Provisions for				
Employee Benefit	11,007,794.99	628,077.97	(844,183.37)	10,791,689.59
Tax Losses	135,917.97	2,905,113.17	-	3,041,031.14
Total	27,951,352.95	7,368,235.16	(844,183.37)	34,475,404.74

18. Credit Facilities and Guarantees

As at 31 December 2017, the Company has obtained credit line from financial institutions in form of overdrafts, letters of credit and trust receipts, short-term borrowings, letters of guarantee and credit line for forward contract, totaling credit line in amount of Baht 2,025.00 million, credit line for letters of credit in amount of USD 3.00 million and credit line for corporate credit card in amount of Baht 1.60 million.

As at 31 December 2016, the Company has obtained credit line from financial institutions in form of overdrafts, letters of credit and trust receipts, short-term borrowings, letters of guarantee and credit line for forward contract, totaling credit line in amount of Baht 1,891.51 million, credit line for letters of credit in amount of USD 3.00 million, credit line for forward contract amount of USD 3.18 million and credit line for corporate credit card in amount of Baht 1.00 million.

As at 31 December 2017 and 2016, the above credit lines are pledged by mortgage of land and buildings, machinery and equipment of the Company, and transferred beneficiary from insurance in such inventories, land and buildings, machinery and equipment as in Note 10 and 15 and directors of the Company as guarantors.

19. Bank Overdrafts and Short-Term Borrowings from Financial Institutions

Consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Bank Overdrafts	8,900,264.98	32,409,772.94
Short-Term Borrowings from Financial Institutions	640,182,538.47	551,727,765.78
Total	649,082,803.45	584,137,538.72

As at 31 December 2017 and 2016, the whole amount of short-term borrowings from financial institution are in form of trust receipts and promissory notes, the interest rate at 1.50% – 7.12% per annum equally both years. Under the term of trust receipt contract, the Company receives ordered goods by using credit of the financial institution, thence the Company constitutes obligation commitment to the financial institution for such goods both that kept or disposed.

The above borrowings constitutes collateral as in Note 18.

20. Trade and Other Current Payables

Consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Trade Payables – Domestic	101,547,882.67	64,191,598.47
Trade Payables – Overseas	61,877,135.79	35,966,457.43
Notes Payables	6,370,070.70	15,788,799.02
Trade and Notes Payables	169,795,089.16	115,946,854.92
Other Payables	80,628,311.41	61,633,341.42
Total	250,423,400.57	177,580,196.34

As at 31 December 2017 and 2016, other payables consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Accrued Expenses	32,794,663.84	30,545,767.52
Advance Receive for Goods	7,395,005.08	3,929,460.03
Advance Receive for Fixed Assets	4,499,993.76	3,333,329.76
Accrued Interest Expenses	1,329,467.12	854,995.16
Payables for Fixed Assets	8,736,246.40	424,060.20
Dividend Payables	667,176.20	667,176.20
Revenue Department Payables	-	1,333,301.75
Accrued Special Severance Pay for Retirement	5,070,000.00	-
Others	20,135,759.01	20,545,250.80
Total	80,628,311.41	61,633,341.42

21. Long-Term Borrowings

Consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Long-Term Borrowings	38,666,000.00	7,337,349.32
Less Current Portion	(8,004,000.00)	(4,628,649.41)
Total	30,662,000.00	2,708,699.91

For the year ended 31 December 2017 and 2016, long-term borrowings have the movements as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Beginning Balance	7,337,349.32	14,135,267.70
Additional Borrowing during the year	44,628,649.41	-
Repayment during the year	(13,299,998.73)	(6,797,918.38)
Ending Balance	38,666,000.00	7,337,349.32

As at 31 December 2017 and 2016, long-term borrowings have the detail as follows:

No.	Total Limit Million Baht	As at 31 December 2017	As at 31 December 2016	Condition
		Baht	Baht	
1	5.00	-	1,021,795.96	The principal and interest are payable monthly at Baht 102,000.00 for a period of 5 years, the interest rate at MLR per annum.
2	16.00	-	6,315,553.36	The principal and interest are payable monthly at Baht 325,000.00 for a period of 5 years, the interest rate at MLR per annum.
3	40.00	38,666,000.00	-	The principal and interest are payable monthly at Baht 667,000.00 for a period of 5 years, the interest rate at MLR – 1.00 per annum.
Total	61.00	38,666,000.00	7,337,349.32	

The above limit of long-term borrowings constitute collateral as in note 18.

22. Liabilities under Finance Lease Agreements

Consist of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Minimum Lease Payment under Finance Lease Agreements	6,360,334.00	7,601,272.88
<u>Less</u> Deferred Interest	(463,384.53)	(418,389.63)
Liabilities under Finance Lease Agreements	5,896,949.47	7,182,883.25
<u>Less</u> Current Portion	(2,527,237.66)	(3,901,417.36)
Net	3,369,711.81	3,281,465.89

As at 31 December 2017 and 2016, minimum lease payment under finance lease agreements are classified by due date as follows:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Not over 1 year	2,784,036.00	4,180,337.93
Over 1 year but not over 5 years	3,576,298.00	3,420,934.95
Total	6,360,334.00	7,601,272.88

23. Non-Current Provisions for Employee Benefit

For the year ended 31 December 2017 and 2016, non-current provisions for employee benefit have the movements as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Beginning Balance	53,958,448.00	55,038,975.00
Current Service Costs	5,086,751.00	4,182,116.00
Interest Expenses	1,182,264.04	1,690,748.00
Benefits paid during the year	(3,537,100.00)	(2,732,474.17)
(Gain) loss on Remeasurements of Defined Benefit Plans	(9,213,214.04)	(4,220,916.83)
Ending Balance	47,477,149.00	53,958,448.00

For the year ended 31 December 2017 and 2016, expenses which are recognized in profit (loss) for the year consist of:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Current Service Costs	5,086,751.00	4,182,116.00
Interest Expenses	1,182,264.04	1,690,748.00
Total	6,269,015.04	5,872,864.00

For the year ended 31 December 2017 and 2016, expenses which are recognized in profit (loss) for the year are included in the items as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Cost of Sales	2,664,295.00	2,369,799.16
Distribution Costs	1,661,076.24	1,299,345.63
Administrative Expenses	1,943,643.80	2,203,719.21
Total	6,269,015.04	5,872,864.00

For the year ended 31 December 2017 and 2016, (Gain) loss on remeasurement of defined benefit plans is actuarial (gain) loss arising from the changes as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Demographic assumptions	(424,728.00)	(5,064,154.00)
Financial assumptions	(869,131.00)	2,803,940.00
Experience adjustment	(7,919,355.04)	(1,960,702.83)
Total	(9,213,214.04)	(4,220,916.83)

For the year ended 31 December 2017 and 2016, the key assumptions used in the actuarial valuation are summarized as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Discount rate	3.32% per annum	1.81% and 2.95% per annum
Average Salary increase rate	3.00% per annum	3.00% per annum
Retirement Age	60 years	60 years

As at 31 December 2017 and 2016, reasonably possible changes to each relevant actuarial assumptions while other assumptions are deemed constant, would have affected non-current provisions for employee benefits which are summarized as follows:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Discount rate		
Increase 1.00%	(2,310,093.00)	(3,214,917.00)
Decrease 1.00%	2,622,662.00	3,731,481.00
Average Salary Increase Rate		
Increase 1.00%	2,346,291.00	3,729,814.00
Decrease 1.00%	(2,107,995.00)	(3,259,320.00)

24. Share Capital

For the year ended 31 December 2017 and 2016, share capital has the movements as follows:

	Par Value Baht per Share	For the year ended 31 December 2017		For the year ended 31 December 2016	
		Number of Share	Amount	Number of Share	Amount
		Shares	Baht	Shares	Baht
Authorized Share Capital					
Beginning Ordinary Shares	10.00	26,399,995	263,999,950.00	26,399,995	263,999,950.00
Ordinary Share Issuance to settle Investment Payables from the Entire Business Transfer	10.00	15,489,942	154,899,420.00	-	-
Ending Ordinary Shares	10.00	41,889,937	418,899,370.00	26,399,995	263,999,950.00
Issued and Paid-up Share Capital					
Beginning Ordinary Shares	10.00	26,399,995	263,999,950.00	26,399,995	263,999,950.00
Ordinary Share Issuance to settle Investment Payables from the Entire Business Transfer	10.00	15,489,942	154,899,420.00	-	-
Ending Ordinary Shares	10.00	41,889,937	418,899,370.00	26,399,995	263,999,950.00

25. Dividend Payment

- 25.1 In accordance with the minute of Annual General Shareholders' Meeting of the Company for 2016 on 28 April 2016, has passed the resolution to approve the appropriation of the net profit for 2015 as dividend to the shareholders in 26.40 million shares at the rate of Baht 1.50 per share, totaling in amount of Baht 39.60 million.
- 25.2 In accordance with the Annual General Shareholders' Meeting of Pangolin Safety Products Company Limited No.6/2016 on 7 December 2016, has passed the resolution to approve the appropriation of the retained earnings as at 30 September 2016 as interim dividend to the shareholders in 10.00 million shares at the rate of Baht 5.00 per share, totaling in amount of Baht 50.00 million.

26. Capital Management

The primary objectives of the Company's capital management are to maintain its abilities to continue as a going concern and to maintain an appropriate capital structure.

As at 31 December 2017 and 2016, the financial statements have shown the debt to equity ratio in 0.92:1 and 0.72:1 respectively.

27. Other Incomes

Consist of:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Gain on Exchange Rate	34,258,770.21	-
Gain on Disposal of Property, Plant and Equipment	212,990.94	41,831,426.25
Reversal of Doubtful Debts	23,201,539.34	-
Gain on Disposal of General Investments	19,687,599.06	-
Interest Incomes	2,201,288.66	2,605,374.94
Tax Compensation Incomes	12,677,211.03	-
Others	11,355,248.51	10,918,899.49
Total	103,594,647.75	55,355,700.68

28. Provident Fund

The Company and its employees had jointly established a provident fund in accordance with the Provident Fund Act. B.E. 2530, which consist of the contributions from employees and the Company, and will be paid to the employees upon termination in accordance with the fund's rules.

For the year ended 31 December 2017 and 2016, the Company has recognized the contricution as expense in amount of Baht 3.18 million and Baht 2.98 million respectively.

29. Expenses by Nature

Consist of:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Changes in Finished Goods and Work in Process	49,421,509.98	3,340,167.98
Raw Material and Chemical Used	1,653,635,681.01	1,723,576,416.28
Loss on Out of Date and Deterioration Goods	-	713,796.02
(Reversal of) Loss on Declining in Value of Inventories	138,201,913.72	20,824,509.62
Loss on Exchange Rate	-	2,725,763.10
Employee Benefit Expenses	240,788,882.97	249,265,440.41
Managements' Remuneration	70,790,967.00	65,519,849.00
Depreciation	46,601,800.73	50,254,182.09
Amortization of Leasehold Rights and Other Intangible Assets	1,767,491.15	1,876,954.96
Bad Debts	-	675,962.43
Loss on Impairment of Long-Term Investments	-	1,230.00
Transportation Expenses	5,698,086.64	7,880,987.77
Sale Promotion Expenses	22,510,798.16	20,997,384.79
Other Production Expenses	107,494,422.22	88,818,284.97
Rent and Utility Expenses	11,235,764.44	10,507,756.55
Travel Expenses	12,158,592.95	11,198,252.80
Other Expenses	99,010,974.87	66,961,053.97
Total	2,459,316,885.84	2,325,137,992.74

30. Income Tax (Expense) Revenue

30.1 Income tax which is recognized in profit (loss) for the year consists of:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Current Tax		
Income Tax (Expense) Revenue for current period	(5,053,920.66)	(20,542,306.31)
Deferred Tax		
Deferred Income Tax (Expense) Revenue	24,800,479.66	7,368,235.16
Income Tax (Expense) Revenue recognized in Profit (Loss) for the year	19,746,559.00	(13,174,071.15)

For the year ended 31 December 2017 and 2016, the relationship between income tax (expense) revenue with accounting profit (loss) in the form of reconciliation by the applicable tax rate at 20% can be presented as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Profit (loss) Before Income Tax	(122,954,587.81)	35,819,071.20
Income Tax (Expense) Revenue by the tax rate at 20%	24,590,917.55	(7,163,814.24)
Expenses that are not deductible	(860,249.30)	(6,010,256.91)
Unrecognized Temporary Differences as Deferred Tax Assets	(3,984,109.25)	-
Income Tax (Expense) Revenue recognized in Profit (Loss) for the year	19,746,559.00	(13,174,071.15)

30.2 Income tax which is recognized in other comprehensive income (expense) consists of:

	Amount Before Tax	Income Tax (Expense) Revenue	Amount Net of Tax
	Baht	Baht	Baht
For the year ended 31 December 2017			
Gain (loss) on Remeasurement of Defined Benefit Plans	9,213,214.04	(1,842,642.81)	7,370,571.23
For the year ended 31 December 2016			
Gain (loss) on Remeasurement of Defined Benefit Plans	4,220,916.83	(844,183.37)	3,376,733.46

30.3 Deductible temporary differences which no deferred tax asset is recognized, has no expiry date under the current tax legislation, consists of:

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Investments in Associates	19,920,546.25	14,665,983.95

The Company has not recognized deferred tax asset associated with investments in associates, because the Company has not yet intended to dispose these investments.

31. Earnings (Loss) Per Share

For the year ended 31 December 2017 and 2016, basic earnings (loss) per share calculated from profit (loss) for the period attributable to the ordinary shareholders' equity of the Company and weighted average number of issued ordinary shares during the year by adjusting the number of ordinary shares to reflect the impact of the share issuance for the entire business transfer as in Note 2 and registration of the change in par value of the Company from original par value of Baht 10.00 per share to be par value of Baht 1.00 per share by increase of ordinary shares as in Note 38, which basic earnings (loss) per share of prior period has been recalculated, as if the share issuance for the entire business transfer and the change in par value had occurred at the beginning of the earliest period of the financial report as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Profit (Loss) Attributable to Ordinary Shareholders of the Company (Baht)	(103,208,028.81)	22,645,000.05
Restated Weighted Average Number of Ordinary Shares (Shares)		
Weighted average number of ordinary shares during the year	29,823,187	26,399,995
Effect of Ordinary Share Issuance to settle		
Investment Payables from the Entire Business Transfer	12,066,750	15,489,942
Effect of the change in par value	377,009,433	377,009,433
Total	418,899,370	418,899,370
Basic Earnings (Loss) Per Share (Baht)	(0.25)	0.05

32. Operating Segments

The Company has presented the segment information in respect of business segments as the primary format which is considered on the Company's product for the basis in identifying the segment. The Company operates in 4 business segments, which is business segments of manufacturing and distribution of finished leather products, tanning, manufacturing and distribution of safety shoes and distribution of personal protective equipment. Thus, all revenues, profit or loss and entire assets and liabilities shown in the financial statements are related to the said business segments.

For the year ended 31 December 2017 and 2016, the segment information is presented as follows:

For the year ended 31 December 2017

	Business Segment				Eliminated Items	Total
	Manufacturing and Distribution of Finished Leather Products	Tanning	Manufacturing and Distribution of Safety Shoes	Distribution of Personal Protective Equipment		
	Baht '000	Baht '000	Baht '000	Baht '000		
Revenue from Sales and Rendering of Services						
External Customers						
Domestic	210,870	-	431,184	169,667	-	811,721
Overseas	1,327,604	107,754	18,479	10,246	-	1,464,083
Inter-Segment	17,676	-	-	-	(17,676)	-
Total	1,556,150	107,754	449,663	179,913	(17,676)	2,275,804
Gross Profit	(129,565)	17,246	178,944	74,060	-	140,685
Depreciation and Amortization	18,792	1,302	20,176	8,099	-	48,369
Total Assets as at 31 December 2017						2,066,865
Total Liabilities as at 31 December 2017						991,852

For the year ended 31 December 2016

	Business Segment				Eliminated Items	Total
	Manufacturing and Distribution of Finished Leather Products	Tanning	Manufacturing and Distribution of Safety Shoes	Distribution of Personal Protective Equipment		
	Baht '000	Baht '000	Baht '000	Baht '000		
Revenue from Sales and Rendering of Services						
External Customers						
Domestic	334,868	-	415,836	158,877	-	909,581
Overseas	1,408,758	-	13,733	9,993	-	1,432,484
Inter-Segment	25,562	-	-	-	(25,562)	-
Total	1,769,188	-	429,569	168,870	(25,562)	2,342,065
Gross Profit	102,943	-	155,563	69,132	-	327,638
Depreciation and Amortization	18,772	-	23,938	9,421	-	52,131
Total Assets as at 31 December 2017						2,015,755
Total Liabilities as at 31 December 2017						844,904

33. Financial Instruments

33.1 Financial Risk Management Policy

The Company constitutes risk in relation to change of interest rates and exchange rates which the Company will consider to utilize the appropriate financial instruments to hedge against such risks. However, the Company has no policy to hold or issue derivative financial instruments for speculating or for trading.

33.2 Risk from Interest Rate

Risk from interest rate risk arises from the changes of market interest rate in the future which will affect the financial performance and cash flows of the Company. As at 31 December 2017 and 2016, the Company does not utilize any financial instrument to hedge against such risk while the Company has financial assets and financial liabilities which expose to risk from interest rate as follows:

	As at 31 December 2017				
	Floating Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total	Rate
	Baht	Baht	Baht	Baht	% per annum
<u>Financial Assets</u>					
Cash and Cash Equivalents	38,744,250.82	-	70,426,635.61	109,170,886.43	0.13 – 0.75
Investments in Debt Instruments – Held to Maturity					
Maturity within 1 year	-	16,000,000.00	-	16,000,000.00	4.00 – 4.40
Long-Term Loans to Employee	-	266,035.71	-	266,035.71	6.00
<u>Financial Liabilities</u>					
Bank Overdrafts	8,900,264.98	-	-	8,900,264.98	7.12
Short-Term Borrowings from Financial Institutions					
Thai Baht Currency	401,562,432.66	-	-	401,562,432.66	3.00 – 4.00
Foreign Currency	238,620,105.81	-	-	238,620,105.81	1.50 – 4.02
Long-Term Borrowings	38,666,000.00	-	-	38,666,000.00	5.25
Liabilities under Finance Lease Agreements	-	5,896,949.47	-	5,896,949.47	0.39 – 0.83

	As at 31 December 2017				
	Floating Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total	Rate
	Baht	Baht	Baht	Baht	% per annum
Financial Assets					
Cash and Cash Equivalents	27,748,533.07	-	23,427,518.36	51,176,051.43	0.25 – 1.00
Pledged Financial Institution Deposits	-	1,669,789.68	-	1,669,789.68	0.80 – 0.90
Long-Term Loans to Employee	-	207,246.67	-	207,246.67	6.00
Investments in Debt Instruments – Held to Maturity					
Maturity over 1 year but not over 5 years	-	16,000,000.00	-	16,000,000.00	4.00 – 4.40
Financial Liabilities					
Bank Overdrafts	32,409,772.94	-	-	32,409,772.94	7.12 – 8.00
Short-Term Borrowings from Financial Institutions					
Thai Baht Currency	114,257,236.26	-	-	114,257,236.26	3.10 – 7.12
Foreign Currency	437,470,529.52	-	-	437,470,529.52	1.50 – 3.19
Long-Term Borrowings	7,337,349.32	-	-	7,337,349.32	6.25 – 6.50
Liabilities under Finance Lease Agreements	-	7,182,883.25	-	7,182,883.25	0.39 – 0.83

33.3 Risk from Exchange Rate

Risk from exchange rate arises from the fluctuation of foreign currency exchange rate. Risk from exchange rate of the Company is in connection with purchase of raw materials and machines and sales of goods denominated in foreign currencies. As at 31 December 2017 and 2016, the Company has financial assets and financial liabilities in foreign currencies as follows:

Currencies	Financial Assets		Financial Liabilities	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
GBP	-	-	2,126.00	-
INR	2,850.00	2,850.00	-	-
EURO	5,991.20	1,138.00	314,396.50	881,133.50
CNY	694,169.00	12,591.00	-	-
USD	2,628,208.59	1,176,887.64	7,113,824.04	13,668,295.14

As at 31 December 2017 and 2016, the Company has hedged the risk on foreign currency exchange rate incurred from purchase of raw materials and sales of goods denominated in foreign currencies by entering into the foreign currency forward contracts as follows:

	As at 31 December 2017	As at 31 December 2016
Credit Limit for Buying and Selling Forward Contracts		
Million Baht	630.00	600.00
Million USD	-	3.18
Value of Buying Forward Contracts		
Million USD	1.83	7.37
Million EURO	-	0.04
Value of Buying Forward Contracts (Million Baht)	60.14	263.10
Fair Value (Million Baht)	59.68	265.34

Fair value of the buying and selling forward contracts are computed by using rates determined by those counterparty financial institutions as at the date in the statement of financial position which is Level 2 inputs.

33.4 Credit Risk

Credit risk arises from concentration of credit providing and unrepayable from receivables. Hereby, the Company does not have significant credit risk in connection with trade receivables since the Company provides overseas sales to the customers by letter of credit application or make goods payment in advance, and performs domestic sales to customers who have the financially secured and good capability of debt repayment, which the Company has long associate with these customers. Thence, the Company believes that there is no significant risk that the receivables will not make the payment. However, the Company has sufficiently considered the allowance for doubtful debts, while the maximum potential loss from credit providing is equal to the carrying amounts of receivables deducted by the allowance for doubtful debts as shown in the statement of financial position.

33.5 Fair Value

Due to the financial assets and financial liabilities are mainly classified in short-term, and borrowings have interest rates similarly to market rate. Thence, the management of the Company believes that the carrying amount of such financial assets and financial liabilities are not materially differed from fair value.

As at 31 December 2017 and 2016, the carrying amount of financial assets and financial liabilities which differ from fair value are able to disclose the fair value categorized by the fair value hierarchy as follows:

	As at 31 December 2017				
	Carrying Amount	Fair Value			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
	Baht	Baht	Baht	Baht	Baht
Current Financial Assets					
Investments in Debt Instruments –					
Held to Maturity					
Maturity within 1 year	16,000,000.00	-	16,533,872.48	-	16,533,872.48

	As at 31 December 2016				
	Carrying Amount	Fair Value			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
	Baht	Baht	Baht	Baht	Baht
Non-Current Financial Assets					
Investments in Debt Instruments –					
Held to Maturity					
Maturity over 1 year but not over 5 years	16,000,000.00	-	16,864,988.48	-	16,864,988.48

34. Related Party Transactions

The Company has significant business transactions with related parties. Such transactions are concluded on commercial terms and bases, agreed upon between the Company and those related parties which are in ordinary course of business, are summarized as follows:

34.1 Relationship of the Company

Name of Related Parties

Integrated Leather Network Company Limited
C.P.L. Marketing Company Limited

Eagle Chemical Industrial Company Limited

Applied DB Public Company Limited
(Former name was Applied
DB Industrial Company Limited)
Manwood Intertrade Company Limited

Thai Wiring System Company Limited

Thai Technical Nonwoven Company Limited

Jingdong CS Rubber Company Limited

CS Rubber Industry Company Limited

Charoensin Asset Company Limited

Charoensin Holding Company Limited

Charoensin Thanee Company Limited

Nature of Relationship

Associate by direct shareholding
Related Entity by indirect
shareholding via C.P.L. International
Company Limited (until 12 July 2017)

Related Entity by common group of
shareholders and executives

Related Entity by common group of
shareholders and executives

Related Entity by common group of
shareholders and executives

Related Entity by common group of
shareholders and executives

Related Entity by common group of
shareholders and executives

Related Entity by common group of
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Related Entity by common group of
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Related Entity by common group of
shareholders and executives

Related Entity by common group of
shareholders and executives

Related Entity by common group of
shareholders and executives

Charoensin Condotown Company Limited	Related Entity by common group of shareholders and executives
VT Brother Company Limited	Related Entity by common group of shareholders and executives
Furano Air Company Limited	Related Entity by common group of shareholders and executives
Tanning Industry Charoensin Company Limited	Related Entity by common group of shareholders and executives
Khun Manit Wongcharoensin	Related Person by being the director and shareholder of the Company
Khun Phuwasit Wongcharoensin	Related Person by being the director and shareholder of the Company
Khun Wiwat Wongcharoensin	Related Person by being the director and shareholder of the Company
Khun Kitichai Wongcharoensin	Related Person by being the director and shareholder of the Company
Khun Manoch Wongcharoensin	Related Person by being the director (until 30 April 2017) and shareholder of the Company
Khun Nattakit Wongcharoensin	Related Person by being the director and shareholder of Related Entity
Khun Nattajak Wongcharoensin	Related Person by being the director and shareholder of Related Entity

34.2 Inter-Transactions

	Pricing Policies	For the year ended 31 December 2017	For the year ended 31 December 2016
		Baht	Baht
Inter-Transaction with Associates			
Revenue from Sales	Normal business prices which are comparable with outside parties	156,640.20	-
Revenue from Rendering of Services	Cost plus margin	4,311,195.41	2,300,987.40
Rental Incomes	Mutually agreed prices	780,000.00	1,140,000.00
Interest Incomes	At the rate of 9.00% per annum	266,301.37	1,712,219.18
Purchase of Materials	Mutually agreed prices	365,457,317.62	43,837,408.48
Purchase of Supplies	Mutually agreed prices	40,000.00	-

	Pricing Policies	For the year ended 31 December 2017	For the year ended 31 December 2016
		Baht	Baht
Inter-Transaction with Related Entities			
Revenue from Sales	Normal business prices which are comparable with outside parties	1,461,801.24	2,248,136.70
Other Incomes	Mutually agreed prices	1,092,647.45	1,329,353.14
Purchase of Materials	Mutually agreed prices	114,891,384.06	101,008,226.50
Purchase of Supplies	Mutually agreed prices	1,611,000.00	197,885.00
Rental Expenses	Mutually agreed prices	5,011,254.00	4,136,938.29
Other Expenses	Mutually agreed prices	1,267,508.33	761,705.64
Inter-Transaction with Related Persons			
Rental Expenses	Mutually agreed prices	180,000.00	180,000.00
Interest Expenses	Mutually agreed prices	-	490,410.98

34.3 Inter-Outstanding Balances

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Trade and Notes Receivables		
Associates	2,837.64	-
Related Entities	372,179.60	22,040,250.14
Total	375,017.24	22,040,250.14
<u>Less</u> Allowance for Doubtful Debts	-	(21,978,403.34)
Net	375,017.24	61,846.80
Accrued Interest Incomes		
Associates	-	183,452.05
Other Receivables		
Associates	579,726.00	96,050.00
Related Entities	581,932.19	332,619.73
Total	1,161,658.19	428,669.73

	As at 31 December 2017	As at 31 December 2016
	Baht	Baht
Short-Term Loans		
Associates		
Beginning Balance	24,000,000.00	-
Additional Loan during the year	-	24,000,000.00
Repayment during the year	(24,000,000.00)	-
Ending Balance	-	24,000,000.00
Trade and Notes Payables		
Associates	2,537,480.00	-
Related Entities	49,586,447.40	28,688,379.04
Total	52,123,927.40	28,688,379.04
Payables for Fixed Assets		
Related Entities	-	81,855.00
Other Payables		
Related Entities	37,236.00	-
Related Persons	39,788.54	59,605.46
Total	77,024.54	59,605.46
Long-Term Borrowings		
Related Persons		
Beginning Balance	-	40,000,000.00
Additional Borrowing during the year	-	-
Repayment during the year	-	(40,000,000.00)
Ending Balance	-	-

34.4 Inter-Guarantees

As at 31 December 2017 and 2016, the Company has provided the guarantee on the request for credit line of Integrated Leather Network Company Limited with a financial institution in the credit line of Baht 49.80 million, which is in accordance with the investment ratio.

34.5 Inter-Obligations

As at 31 December 2017 and 2016, the Company has obligations to the land lease contract, buildings lease contracts, cars lease contracts and equipment lease contracts with related parties as in Note 36.2 and 36.3.

34.6 Key Management's Remuneration

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Short-Term Benefits	31,303,550.00	32,817,900.00
Post-Employment Benefits		
- Defined Contribution Plans	435,344.00	401,784.00
- Defined Benefit Plans	31,502,073.00	32,300,165.00
Special Severance Pay for Retirement	7,550,000.00	-
Total	70,790,967.00	65,519,849.00

In accordance with the resolution of the Board of Directors Meeting of the Company No. 6/2017 on 12 May 2017, has passed the resolution to approve the special severance pay to 5 founders of the Company, which will be paid on the retirement of each founder.

35. Non-Cash Flow Transactions

Consist of:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	Baht	Baht
Other Receivables increase from Disposal of General Investments	3,178,108.50	-
Transferred Current Tax Assets to Prior Period Tax Assets		
Transferred Inventories to Property, Plant and Equipment	163,615.69	-
Transferred Property, Plant and Equipment to Other Intangible Assets	7,692,029.25	-
Transferred Property, Plant and Equipment to	-	193,000.00
Other Non-Current Assets	1.00	3.00
Purchase of Property, Plant and Equipment on Credit	8,164,716.26	400,920.00
Payables for Fixed Assets increase from Value Added Tax	571,530.14	28,064.40
Property, Plant and Equipment acquired under	5,044,000.00	2,645,500.00
Finance Lease Agreements		
Gain (loss) on Remeasurement of Defined Benefit Plans which is recognized in Other Comprehensive Income (Expense)	9,213,214.04	4,220,916.83

36. Obligations and Contingent Liabilities

In addition to the liabilities shown on the statement of financial position as at 31 December 2017 and 2016, the Company still has obligations and contingent liabilities as follows:

36.1 As at 31 December 2017 and 2016, the Company has obligations and contingent liabilities with the financial institutions as follows:

	As at 31 December 2017			As at 31 December 2016		
	Total Facilities	Utilized Facilities	Remaining Facilities	Total Facilities	Utilized Facilities	Remaining Facilities
Letters of Guarantee						
Million Baht	15.00	(6.14)	8.86	8.50	(5.49)	3.01
Letters of Credit/Trust Receipts						
Million Baht	1,380.00	(442.05)	937.95	1,088.01	(462.43)	625.58
Million USD	3.00	-	3.00	3.00	(2.54)	0.46
Overdrafts						
Million Baht	100.00	(8.90)	91.10	70.00	(32.41)	37.59
Promissory Notes						
Million Baht	590.00	(303.31)	286.69	125.00	(105.00)	20.00
Buying and Selling Foreign Currency						
Forward Contracts						
Million Baht	630.00	(60.14)	569.86	600.00	(256.80)	343.20
Million USD	-	-	-	3.18	(0.18)	3.00
Corporate Credit Card						
Million Baht	1.60	(0.22)	1.38	1.00	-	1.00

36.2 As at 31 December 2017, the Company has obligations according to future land lease payments under the land lease contract, which is classified as operating lease agreements with related party. The contract is for a period of 15 years, the lease rate is in amount of Baht 0.06 million per month, which the lessor has the right to increase the lease rate not over than 10% on every 3 years.

36.3 As at 31 December 2017 and 2016, the Company has obligations according to the building lease contracts, car lease contracts and equipment lease contracts, which are classified as operating lease agreements with related parties as follows:

	As at 31 December 2017	As at 31 December 2016
	Million Baht	Million Baht
Not over 1 year	4.68	4.58
Over 1 year but not over 5 years	-	3.69
Total	4.68	8.27

- 36.4 As at 31 December 2017 and 2016, the Company has obligations according to the buildings lease contracts, and office supplies lease contracts, which are classified as operating lease agreements with outsiders as follows:

	As at 31 December 2017	As at 31 December 2016
	Million Baht	Million Baht
Not over 1 year	2.36	2.55
Over 1 year but not over 5 years	2.67	2.48
Total	5.03	5.03

- 36.5 As at 31 December 2017 and 2016, the Company has obligations according to the service contracts with outsiders and other entities as follows:

	As at 31 December 2017	As at 31 December 2016
	Million Baht	Million Baht
Not over 1 year	6.21	3.20
Over 1 year but not over 5 years	4.01	3.48
Total	10.22	6.68

- 36.6 As at 31 December 2017, the Company has obligations according to the payments under the factory and machinery construction agreements with other entities in amount of Baht 35.86 million.

- 36.7 As at 31 December 2017, the Company has obligations according to the payments for assets with other entities in amount of Baht 1.11 million and USD 0.16 million.

37. Reclassification

The Company has reclassified some financial information for prior period which presented as comparative in order to comply with the classification in the current period, which does not have any effect on the profit (loss) for the year or the shareholders' equity already presented, are summarized as follows:

	Restated	Reclassification	As Currently Reported
	Baht	Baht	Baht
Statement of Financial Position as at 1 January 2016			
Trade and Other Receivables	216,248,164.86	(216,248,164.86)	-
Trade and Other Current Receivables	-	212,009,131.76	212,009,131.76
Current Tax Assets	-	4,239,033.10	4,239,033.10

	Restated	Reclassification	As Currently Reported
	Baht	Baht	Baht
Statement of Financial Position as at 31 December 2016			
Trade and Other Receivables	176,263,446.64	(176,263,446.64)	-
Trade and Other Current Receivables	-	171,860,797.85	171,860,797.85
Current Tax Assets	-	163,615.69	163,615.69
Prior Period Tax Assets	-	4,239,033.10	4,239,033.10

38. Events after the Reporting Period

- 38.1 On 25 January 2018, the Extraordinary General Shareholders' Meeting of the Company No.1/2018 has approved the change in the par value of shares of the Company from original Baht 10.00 per share to be Baht 1.00 per share, by increase of ordinary shares from the existing 41,889,937 shares to be 418,899,370 shares. The Company has registered the change in the par value with Department of Business Development, Ministry of Commerce on 31 January 2018.
- 38.2 On 26 February 2018, the Board of Directors Meeting of the Company No.1/2018 has significant resolutions as follows:
- Approve the appropriate of retain earnings as dividend payment to the shareholders of the Company as follows:
 - 1) Dividend paid by ordinary shares at the ratio of 20 existing ordinary shares per 1 stock dividend at par value of Baht 1.00 per share, total not exceeding 20,944,970 shares, equivalent to stock dividend ratio not exceeding Baht 0.05 per share, or amount not exceeding Baht 20,944,970. In case that any shareholder obtains fraction of shares from calculation in accordance with such share allocation, the Company shall eliminate the said fraction.
 - 2) Dividend paid by cash at the ratio of Baht 0.00556 per share, or equivalent to amount not exceeding Baht 2,329,081.00.

Now with standing, the entitlement to receive such dividend remains uncertain. It depends on the consideration and approval of the Annual General Shareholders' Meeting of the Company for 2018 on 26 April 2018.
 - Approve the increase of the authorized share capital of the Company from in amount of Baht 418,899,370 which are divided into 418,899,370 ordinary shares with the par value of Baht 1.00 per share, to be in amount of Baht 439,877,340.00 which are divided into 439,877,340 ordinary shares with the par value of Baht 1.00 per share, for support the stock dividend.

39. Approval of the Financial Statements

These financial statements have been approved for issue by authorized directors of the Company on 26 February 2018.



Creative Performance Leather

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