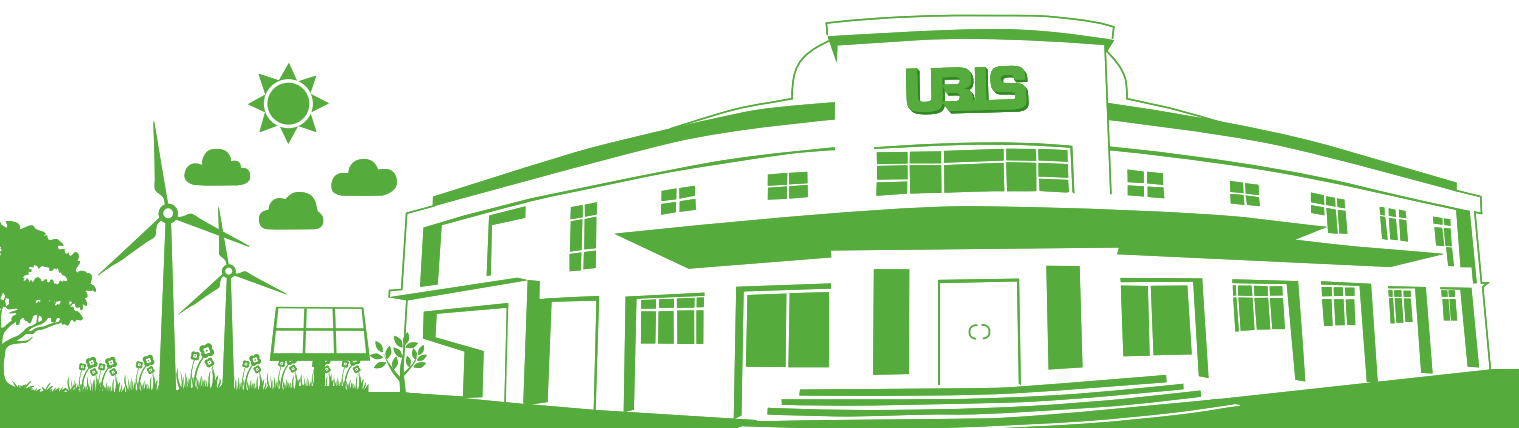




# 2016

*Annual Report*  
รายงานประจำปี 2559



บริษัท ยูบิส (เอเชีย) จำกัด (มหาชน)  
UBIS (ASIA) PUBLIC COMPANY LIMITED



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Investors can search for more information from the Company Information Report (F56-1) at [www.sec.or.th](http://www.sec.or.th) and [www.ubisasia.com](http://www.ubisasia.com)

## Financial Highlight

### Consolidated Financial Statement

### Separate Financial Statements

For the fiscal year ended 31 December 2016

	2016	2015	2014	2016	2015	2014
<b>Stock Data</b>						
Par Value Per Share (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book Value Per Share (Baht)	2.16	1.71	1.60	2.19	1.42	1.50
Earnings Per Share (Baht)	0.50	0.48	0.36	0.82	0.28	0.22
<b>Operating Results (Thousand Baht)</b>						
Sales Revenue	848,820	827,329	848,401	743,289	677,388	758,163
Total Income	853,970	840,155	856,106	899,808	733,440	770,900
Net Profit	113,408	109,937	86,725	186,890	64,440	52,790
<b>Balance Sheet (Thousand Baht)</b>						
Total Asset	1,035,482	864,176	662,210	1,118,731	937,263	705,782
Total Liabilities	543,124	474,016	297,417	119,805	614,275	364,276
Issued and Paid-up Capital	228,000	228,000	228,000	228,000	228,000	228,000
Shareholders' Equity	492,358	390,160	362,867	498,925	322,989	341,506
<b>Financial Ratio</b>						
Return on Shareholders' equity (%)	23.03	28.18	23.90	37.46	19.95	15.46
Return on Total Asset (%)	16.05	19.12	16.51	21.36	12.02	10.21
Return on Fixed Asset (%)	77.01	62.13	47.31	61.04	88.29	18.02
Gross Profit (%)	40.33	39.21	35.47	28.37	26.60	28.34
Net Profit (%)	13.36	13.29	10.22	25.14	9.51	6.98

## Message from Chairman

In 2016, the overall picture of world's and Thailand economic situation slightly improved from that of the previous year, as being reflected by the data from the Information and Communication Technology Center with the Customs Department's support in Thailand's export industry of canned seafood and canned fruits, which shows the growth of 3.83 % from the previous year.

Last year, despite the lack of obvious improvement in overall industry situation, the Company's sales revenue grew in both domestic and international markets as a result of the dedication in developing both new and current products to increase the product competitiveness in the present market and to expand the business opportunities. The Company places great importance on international market expansion by growing both new and existing customer bases to ensure continuous business growth. The Company also expedites capacity building within the organization in all aspects to strengthen the business operation. All these efforts have been carried out to ensure the Company's readiness in all dimensions with dedication and intention for sustainable growth of the business operation in the long run

The Company lives by its mission to operate with transparency and ethics. It stands for corporate responsibility for both the society and all stakeholders in accordance with good corporate governance, policy and code of conducts towards all stakeholders. The Company also participates in "Thailand's Private Sector Collective Action Coalition Against Corruption" project to show its intention and determination in resisting all forms of corruptions. As a result, the Company has laid down the policy that the Board of Directors, executives and employees must strictly follow the law and regulations and resist any forms of corruption. The company acknowledges that corruption is a serious harm to fair and free trade, and that it damages the development of the country's economy and society as a whole.

Lastly, on behalf of the Board of Directors, I would like to express gratitude to all shareholders and investors for trusting in our business operation, and all the benefactors for your continued support. I strongly believe that the company will create value for all stakeholders, generate continuous success, and build sustainable growth.



(Mr. Chattaphum Khantiviriya)

Chairman



## Message from Managing Director

The overall export volume of canned food in 2016 decreased slightly from that of 2015, which is a continuation from 2013. In 2016, the quantity of exported canned food was 1.26 million tons compared with 1.41 million tons in 2012 (representing over 11% decrease). The 2016 export volume generated over Baht 1.09 hundred billion of revenue for Thailand.

The main factor behind the shrink in export was the unstable world's economy, which led to the drop in various imported goods including canned seafood. The price of raw material such as tuna rose by over 15%, affecting the sales price and consumption volume. Canned fruits and vegetables had a satisfactory export volume during the first half of the year, but slowed down drastically during the second half.

In 2016, the Company's sales revenue sat at Baht 849 million, a 3% growth compared with that of 2015. The expansion of international market increased by 5.77 %, leading to the sales ratio of international and domestic sales of 62:38, which is a result of the promotion of new products and the efforts in opening new international markets. In 2016, the Company generated the net profit of Baht 113 million, increasing from that of 2015 by 4%.

The factory in Samut Sakorn has been operating for 2 years, and it has helped increase the productivity as anticipated. So far, there has not been any problem regarding manufacturing and product delivery.

In 2017, the Company aims to grow the domestic market through new products and to increase international market share through businesses with both direct customers and distributors that were appointed in 2016 and to be appointed in 2017.



(Mr. Nawat Triyapongpattana)


Managing Director

## Responsibility statement of the Board of Directors to the Financial Report

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and the financial information presented in the annual report. The financial statements are prepared based on the Thailand's Generally-Accepted Accounting Principles (GAAP). This has involved a policy that is appropriate and regularly complied with, prudent discretion, reasonable estimation, and adequate disclosure of important information in the notes to the financial statements. Furthermore, the Board of Directors has provided and maintained an effective internal control system to be reasonably certain that the accounting records are accurate, complete, and adequate for maintaining assets and identifying weaknesses to prevent corruption or materially irregular action.

In this regard, the Board of Directors has appointed the Executive Committee, composed of independent directors who are not part of the management, to take responsibility for the quality of the financial reports and the internal control system and to provide opinions on related transactions or conflict of interest transactions to ensure their accuracy and completeness. The Audit Committee's opinion on such matter is presented in the Audit Committee Report, which is included in the annual report this year.

The Board of Directors is of the opinion that, overall, the internal control systems of the Company and its subsidiaries were at a satisfactory level and could create reasonable confidence in the trustworthiness of their financial statements as of 31 December 2016.



(Mr. Chattaphum Khantiviriys)  
Chairman



(Mr. Nawat Triyapongpattana)  
Managing Director

## Report of the Audit Committee

The Audit Committee of Ubis (Asia) Public Company Limited consists of three directors who are independent from the Company's management, namely Mr. Phakdi Kanchanavalai, the Chairman, as well as Mr. Pongsak Liangsiri and Mr. Visuth Jirathiyut, members. All of them possess qualifications as required by the Stock Exchange of Thailand.

In 2016, the Audit Committee performed under the scope of duties and responsibilities under the Audit Committee's Charter, which had been approved by the Board of Directors. The Audit Committee verified the quarterly financial reports and the annual statements, in conjunction with a certified public accountant (CPA), the Internal Audit, the Accounting, and the management in meetings, before presenting these documents to the Company's Board of Directors. The Audit Committee reviewed the Internal Audit and Internal Control Reports to ensure their efficiency and effectiveness. In addition, the Committee verified related transactions that might have a conflict of interests to ensure the compliance with the Stock Exchange of Thailand's requirements, the laws on securities and the Stock Exchange of Thailand, as well as laws related to the Company's business. The Audit Committee also considered and proposed the appointment of an independent CPA and the remuneration to the Board of Directors.

The Audit Committee is of the opinion that the Company's 2016 Financial Report is accurate, complete, and creditable and that the internal control system and the management of risk management were efficient and suitable for the Company's transactions. In addition, the Committee reviewed the compliance with laws on securities and the Stock Exchange of Thailand, the Stock Exchange of Thailand's requirements, laws on the Company's business, as well as related transactions and conflict of interest transactions. The Committee found the full compliance and complete disclosure of information.

The Audit Committee proposed the Board of Directors to propose to the General Shareholders' Meeting to appoint Mr. Paiboon Tunkoon, CPA No. 4298 or Mr. Pisit Thangtanagul, CPA No. 4095 or Mr. Chanchai Chaiprasit, CPA No. 3760 or another CPA from PricewaterhouseCoopers ABAS Co., Ltd., as approved based on the Notification on CPA Approval, to sign the Company's 2017 Audit Report 2017, with total remuneration amounting to Baht 3,625,000.



Mr. Phakdi Kanchanavalai  
Chairman of the Audit Committee



## Policy and Business Overview

UBIS (Asia) Public Company Limited has a registered capital of Baht 228,000,000 and issued and paid-up capital of Baht 227,999,991 (a total of 227,999,991 shares at a value of Baht 1.00 per share). The Company's main products are water base lining compound / sealant and can coating / lacquer, which are used in the manufacturing of metal cans for food and beverage packaging, as well as for other product packaging. The company's factory is located at Samut Sakorn Industrial Estate in Samut Sakorn Province

As for the business operation, the company has created and developed a variety of features in its products and has emphasized product quality control in order to meet with the needs of customers in various areas. For example, customer's need for manufacturing machinery with improved technology and for new product usability, etc. The majority of customers, both domestic and international, are manufacturers of metal cans used in food and beverage packaging, as well as for general product packaging.

### Business Policy

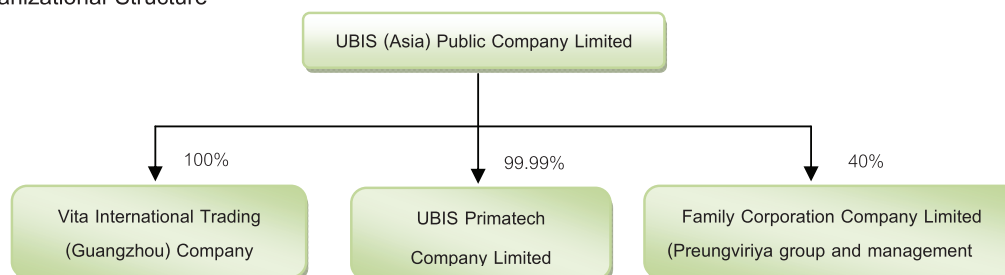
#### Vision

"World Class Partnership with Excellent Expertise and Innovation"

#### Mission

1. To improve on the Company management in order to build trust and stakeholders' values.
2. To respond to the customer's expectation with high quality products and excellent customer services.
3. To establish partnership with customers to deliver innovation with an emphasis on research and product development.
4. To enhance the capability of the manufacturing process that is environmentally friendly through the use of efficient technology.
5. To provide suitable work environment and promote employee's capability building by continuously developing the personnel's knowledge, skills and expertise.
6. To establish good corporate governance, risk management, and responsibilities towards the stakeholders and the society for the organization's quality sustainable growth.
7. To reject all forms of corruption.

### Organizational Structure





## Business Structure of Subsidiaries and Joint-Venture

### 1. Vita International Trading (Guangzhou) Co., Ltd.

Vita International Trading (Guangzhou) Co., Ltd. ("Vita Inter") was registered as a company with Guangzhou Government and Guangzhou Industry & Economic Bureau, the People's Republic of China on 26 January 2000. The current registered capital is USD 1.40 million (approximately Baht 38.03 million). The company holds 100% of its shares and is located at Room 508, No. 486, Guangliang Plaza, East Huanshi Road, Yue Xiu District, Guangzhou, Guangdong, 510075, the People's Republic of China. The objective of Vita Inter is to be a Company's sales representative for water base lining compound / sealant and can coating / lacquer with a focus on canned food and beverages industry as well as other metal container industries in China. Vita Inter has a total of 11 executives and staff. The company's management is under the policy of UBIS (Asia) Public Co., Ltd, which has sent 2 representatives to act as a director and an executive of Vita Inter.

### 2. UBIS Primatech Co., Ltd.

UBIS Primatech Co., Ltd. ("UBIS Primatech") was registered on 30 May 2012 with a registered capital of Baht 160 million; all of which have been paid-up. The Company owns 99.99% of the shares in UBIS Primatech. UBIS Primatech is located on 6<sup>th</sup> Floor, 807/1 Rama 3 Road, Bang Phongphang Sub-district, Yannawa District, Bangkok 10120. UBIS Primatech has been supported by the Board of Investment of Thailand (BOI) to manufacture and distribute rubber sealant to food and beverage metal can manufacturing industry as well as to other metal container industries. The company's operation is under 5 board of directors, comprising 3 directors and 2 executives from UBIS (Asia) Public Co., Ltd. The operation of UBIS Primatech is under the management policy of UBIS (Asia) Public Co., Ltd as both companies are in the same industry but offer different products, in turn supporting each other.

### 3. Family Corporation Co., Ltd. ("Family")

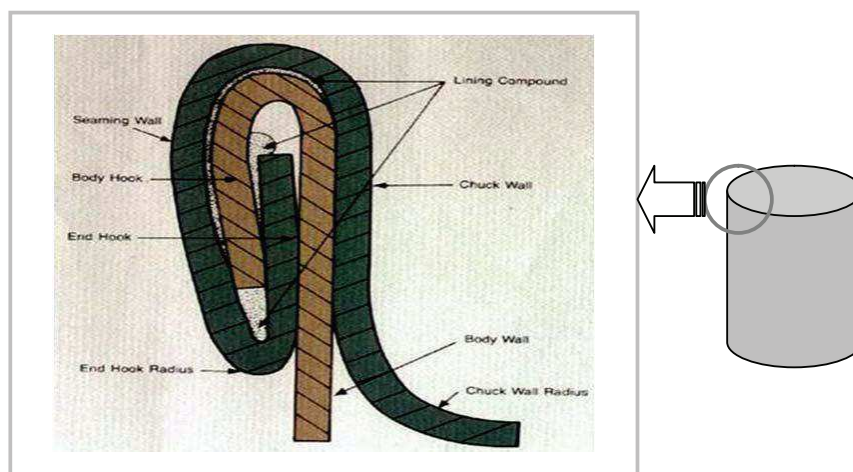
The company was registered on 5 July 2007 with a registered capital of Baht 200 million; all of which have been paid-up. UBIS (Asia) Public Co., Ltd owns 40% of the shares. Family is located at 2<sup>nd</sup> Floor, No. 134/22 Moo 1, Theparak Road, Bang Saotong Sub-district, Bang Saotong District, Samut Prakarn Province. The company's objective is to manufacture and distribute electrical appliances, such as television and fan, plastic products, and Set Top Box product. The company is also set up to operate WiFi network system business. Family consists of 5 board of directors; two of which come from UBIS (Asia) Public Company Limited (one director and one executive). The operation of Family is under the management policy of Family Corporation Co., Ltd.

## Nature of Business Operation

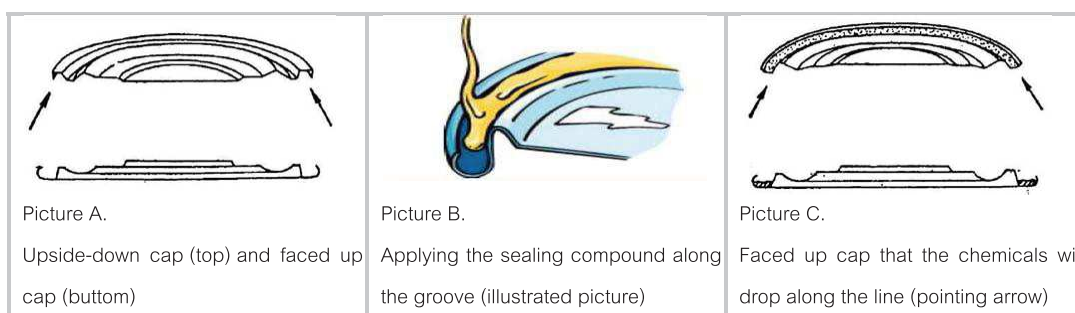
UBIS (Asia) Public Co., Ltd is a manufacturer and distributor of high quality, specialized type of chemicals products used primarily in production of food cans, beverage cans, and general metal cans. The products can be categorized into 2 main groups as follows:

### Water Based Sealing Compound Product

This sealing compound product has an important feature in preventing leakage along the seams between the container's body and caps, including both bottom cap and top cap, that can happen during container manufacturing and closing container's cap after packaging up food or product into container. The sealing compound helps prevent any contamination from external environment into the container, thereby extending the product's shelf life. Moreover, the sealing compound withstands the sterilization process, making possible food preservation under the customer's manufacturing process.



Source of Image: Website of "The Research Project for Book and Homepage development - Social Development according to the Royal Initiative", titled "Medium- and Small- Sized Food Processing Industry"



Source: [www.cancentral.com](http://www.cancentral.com) and Visypak Beverage Packaging "Beverage Manufacturing Processes"

### Can Coating Lacquer Products

The Company's can coating lacquer products are a solvent based lacquer product type, which is used in coating can surface and caps for both external and internal surfaces. Lacquer used for coating the can's internal surface must be able to withstand the alkalinity and acidity of products packaged in the can, especially for food products which possess a range of acidic and alkaline conditions. The coating lacquer prevent reactions between food and the container, of which, if occurred, may lead to changes in smell, color, and taste of the contained food. The coating lacquer therefore helps extend the product's shelf life. As for the can coating lacquer for external surface, the lacquer prevents rust formation, scratches, and corrosion. It also acts as a primer before the outside printing & vanishing process, which enhances the appearance of the packaging, and therefore must have high flexibility property. The Company has a policy that aims to cover all market segments with its main market in food & beverage and industrial product segments. The Company has started introducing new products into its range to increase product variety and to address the demand of customers in each market segment. In addition, the Company has developed product distribution system that provides a full segmentation coverage.

### International Target Customer Groups

1. For target customer groups in Chinese market, the Company operates its businesses in 2 areas which are:

- 1) Selling products directly to major customers in order to respond to their needs directly and quickly;
- 2) In dealing with subsidiaries in China who distributes products to customers and who would like to place orders domestically, as well as with potential medium-sized, the Company will provide technical support by sending technical team to visit customers together with the sales team with focuses on after-sales services

2. Other International Target Customer Groups are as follows:

- 1) Asia such as the Philippines, Indonesia, Singapore, Malaysia, Vietnam, Taiwan, and South Korea;
- 2) Middle-East such as Saudi Arabia, Dubai;
- 3) South Asia such as Indian, Bangladesh, and Sri Lanka;
- 4) South America such as Brazil, Peru, and Mexico;
- 5) Australia and New Zealand
- 6) African such as Egypt

The Company has created alliance network system by designating authorized dealers and the company's consultants who can provide customer services in that particular country with efficiency under the technical supports from the Company. The target customer groups are manufacturers of food and beverage cans, and other industrial containers. With regard to international marketing, the company must analyze factors impacting sales including number of competitors, monopolization, market size, and market growth rate of each customer group in the target country prior to a selection of a target group for marketing strategy.

The Company's international marketing aims at offering test products to customers in a short time period. It also focuses on achieving frequent customer visits by planning the whole-year customer visits in advance, giving opportunities for those involved to exchange opinions, present recommendations, share problems present in each area, and listen to those problems as sources of insights that can be used in improving manufacturing process and product development. The Company has a policy promoting regular attendance of international exhibitions in all regions. The events the Company has attended are as follows:

- 1) Asia Cantech 2016, which was held during 7 - 9 November 2016 in Kuala Lumpur, Malaysia.
- 2) The 9<sup>th</sup> AOSD International Conference, which was held during 29 – 30 November 2016 in Mumbai, India.
- 3) Advertisement in The CanMaker Magazine

#### Company's Revenues Structure

Unit : Thousand Baht	2559		2558		2557	
	Revenue	%	Revenue	%	Revenue	%
Sales Revenue						
- Domestic <sup>(1)</sup>	326,703	38.26	333,673	39.70	410,152	47.90
- International	522,117	61.14	493,656	58.80	438,249	51.20
Total Revenue from Sale	848,820	99.40	827,329	98.50	848,401	99.10
Other Revenue <sup>(2)</sup>	5,150	0.60	12,826	1.50	7,705	0.90
Total Revenue	853,970	100.00	840,155	100.00	856,106	100.00

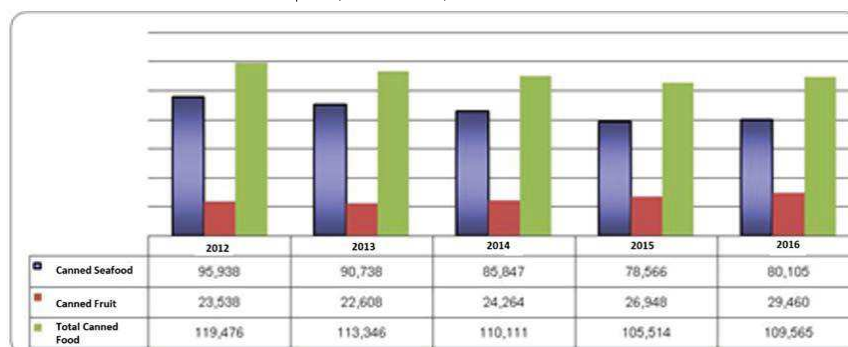
Note: (1) The domestic revenue includes the sales revenue from products distributed by the Company.  
(including Quaker products and printing inks).

(2) Other revenue consists of commission, other services, selling of scrap materials, interests earned, profits from currency exchange (if any), and export compensations.

In 2016, the Company's total sales sat at Baht 849 million, increasing by 3% compared with that of 2015. The domestic sales dropped by 2.08%, while the international sales rose by 5.77%, contributing to changes of the proportion of the Company's overall revenue. The domestic sales accounted for 38.26%, international sales 61.14%, and other revenue 0.6%, corresponding with the goals in international market expansion specified in the Company's policy and plan.

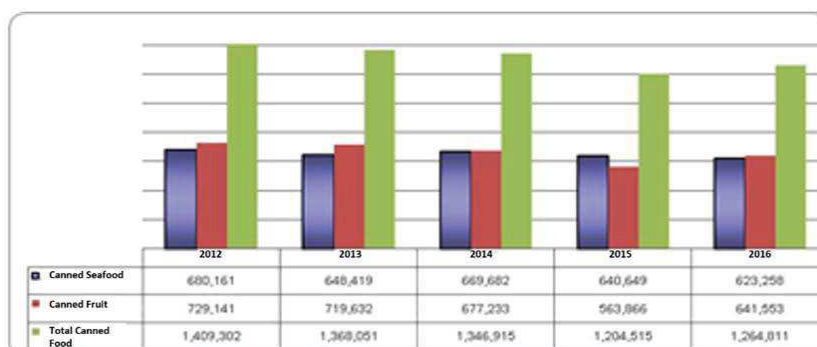
#### The Overview of Canned Food Industry

Value of Thailand's Canned Food Export (Million Baht)





Volume of Thailand's Canned Food Export (Metric Ton)



According to the information of Thailand's canned food export from Ministry of Commerce in 2016, Thailand's export value was Baht 109,565 million, increasing from that of the previous year by 4%. The export volume was 1,264,811 tons, increasing from that of the previous year by 5%. These marked the first increases since the continued decrease in export from 2012.

The Company's products are mainly chemical products that are key components in the manufacturing of metal packaging for consumer products. Since the Company's products are industrial products, which are sold directly to industrial factories, and not consumer products, which are sold to end users, the Company's marketing policy hence emphasizes on maintaining quality and product development, as well as on building relationship and fostering cooperation so that the Company is able to meet the needs of customers, thereby ensuring long-term growth.

Over the years, the Company governs its production process with the policy that stresses on the quality of product and continuous product improvement under the quality management system ISO 9001, which has long been implemented to raise the production quality to the international standard that involves environmental protection. The Company also focuses on promoting and developing personnel capabilities in various areas to support ISO 14000. The research and development team has been set up and is regarded as a separate unit that directly reports to Managing Director. The Company has welcomed international experts who consulted and provided recommendations that help elevate the management and development of the research team to the international research facility standard. The team is committed to creating new products and implementing modern and effective business model in production process development.

The Company places great importance on close customer relationship and regards the customers as its partners. Maintaining close relationship is crucial for fast response to changes in customer's needs, product delivery in a timely manner, and after-sales services for both product and technical support. Fostering close relationship with customers also presents opportunities for customers to take part in research and production development together with the Company, optimizing the benefits to customers.

Building an international recognized brand is a strategy that leads to product acceptance in the global market. Thus, the Company has set up a trading alliance system that operates through sales representatives who have knowledge



and understanding of the industry. These sales representatives work together with the Company to manage sales in some areas, while the Company provides technical support directly to product end-users. It is anticipated that through this initiative, the Company will be able to expand its distribution channels in the international market.

#### Production Capacity

Production Capacity	2016	2015	2014
(Unit : Metric Ton)			
Water Based Sealing Compound	8,000	8,000	4,000
Coating Lacquer	6,000	6,000	4,000
Total Capacity	18,000	18,000	8,000

By investing in additional machinery and introducing new manufacturing process, the Company was able to increase its production capacity and efficiency in manufacturing both products to support the business expansion. However, due to both domestic and international economic situation throughout 2015, which influenced the Company's performance, the Company's total sales rose by 2.66%, contributing to the production rate of the current year at a total production rate of 50% of total production capacity.

The key manufacturing policy is to manufacture high quality products that match the customers' needs, to deliver products by the specified time period, and to develop new products that support new technologies and comply with newly changed regulations. The policy is established with an aim to build confidence among customers and to continuously promote product satisfaction. For both export and domestic markets, products are manufactured under the same standard of production process and raw materials. The systematic manufacturing management process and the right procurement order prioritization enables the Company to produce and deliver according to its plan.

## Risk Factors

Risk factors present in the Company's business operation could drastically impact the Company's investment return. The guidelines for risk prevention could be summarized as follows:

### (1) Risks towards the Company's operation

#### *Risks from reliance on major raw material vendors*

Raw materials used in the Company's production are those with specific characteristics that are safe when come into contact with food and that comply with the industrial regulations. The Company adheres to the regulations issued by government agencies of each respective country that are in charge of food safety (FDA approved raw material). Although the Company is able to procure most raw materials from general vendors, some types of raw materials are provided by very few vendors. This poses some risks in raw material shortage when vendors are not able to deliver at the time and volume required, negatively affecting the production line.

Nevertheless, the Company has specified control measures such as a policy to ensure adequate stock of raw materials, a meeting to revise the demand of raw materials, a regular order placement with close monitoring, and a policy to procure raw materials from other vendors both domestic and international. The Company also took an approach of generating a written record of safety stock of raw materials, which are placed under the responsibility of the procurement department, the production planning department, and the research and develop department.

#### *Risks associated with major customers*

The number of major customers in each country is varied. At present, 15 major customers account for 50% of the Company's total sales volume. Since the Company is able to supply products that meets more of the major customers' needs than that of the smaller customers, more staff is required to reach out to small customers. In addition, since the Company does not have any major customer whose sales volumes exceeds 10% of the total sales volume, any potential impact on the Company's sales revenue would be small.

The Company has imposed control measures as follows: customer satisfaction evaluation in Company's products and services, an emphasis on customer relationship building, applying technical management to maintain customer base. The Company also implements several management approaches to establish confidence among customers, presents new products to increase sales volume, and appoints sales representatives and consultants in order to understand problems customers face and respond to the issues rapidly. The Company has a policy to grow its customer base among the small- and medium-sized customers in order to reduce any potential impact. This initiative is under the responsibility of the sales department, the production planning department, the research and develop department, and the management team.

#### *Risks associated with changes in packaging technology*

The product the Company uses is metal packaging. Any changes in the material of the packaging could potentially affect the business. As of now, others packaging technologies are not able to maintain product quality or deliver transportation safety as well as the metal packaging. Therefore, the metal packaging industry is still a popular choice for



food and beverage packaging. The Company never stops but continues to develop new products that could utilize new types of materials in the future.

#### *Environmental risks*

The Company manufactures tin-coating lacquer and sealant compound, which are chemical products. The production processes may produce pollutions in terms of noise, smell, and water contamination. The pollution usually occurs when legal requirements and industrial estate regulations are not being adhered to. It is also because of the lack of knowledge among the staff. The Company has developed a new production process that is a closed system with a good pollution management, and a wastewater treatment system, in accordance with relevant law and environmental regulations of the industrial estate.

The Company has issued a control measure as follows: set up an annual plan, operate under the standard by strictly adhering to the operation policy and all legal requirements. The Company is inspected by an external independent unit and is provided with the inspection results and solution guidelines. The Company has initiated an improvement policy for the quality system management by elevating the quality management system from ISO 9001 to ISO 14000 in order to cover environmental management in 2017. The quality system department and the production department are in charge of this task.

#### *Production risks*

Although the Company utilizes an automatic production control system, there are chances that production errors may arise if the production control system is not functioning. This problem has been solved through the design of the system that permits human control during the production process to ensure uninterrupted production.

#### *Product quality risks*

Customers may face problems during the use of the Company's product, for example, at the customer's factory or at the deliver location after the products have been packaged. The Company has arranged product liability Insurance to prevent loss from customers' claims in all regions. The Company has also implemented a risk control measure by providing a monitoring service at the customer's factory. The technical service team and the sales team will work together to inspect and assess risks, as well as to provide recommendations that will be discussed with customers in order to quickly solve the problem.

The technical service department, research and development department, sales department, quality system department and production department are responsible for this task.

#### *Risks associated with material cost fluctuation*

Chemical product is the main material used in manufacturing tin-coating lacquer and sealant polymer, accounting for 80% of the total production cost. The material costs are driven by the supply and demand of the market, which also

determines the production costs of the Company, as well as affects all manufacturers in the same industry. Nevertheless, the Company has set up a control measure as follows: a policy that revises purchasing orders and remaining stock to ensure proper procurement decision; a policy to contract for purchasing raw materials in advance, depending on the situation; a close monitoring of petrol and raw material prices; building good relationship with suppliers for pricing flexibility. The Company also prepares a sales forecast for long-term planning, which is under the responsibility of the procurement department, sales department, planning department, and the warehouse.

#### *Financial Risk*

This financial risk is caused by the risk in currency exchange. Since more than 60% of the Company's business activities lie in export, while the import of raw materials occur in a smaller proportion, the volatility of exchange rate could potentially impact the Company's profits. The Company hence adopted a risk control measure by means of Natural Hedging and Forward Contract with domestic financial institutions and FCD account. The execution of the policy is dependent upon the Baht currency rate situation. In 2016, the Company made a total loss of Baht 7 million as a result of currency exchange rate; Baht 3.7 million of which is caused by the subsidiary in China, whereas the other Baht 3.3 million occurred domestically.

With regard to loan risk, as of 31 December 2016, the Company has a long-term loan amounted to Baht 116.6 million, as shown in the financial statement dated 31 December 2016. The Company still keeps the commitment ratio as agreed in the loan contract, and maintain its capability to repay the loan and its interest.

#### *(2) Investment Risk of the Stakeholders*

##### *Risk from the Company Having major shareholders*

The first 10 major shareholders as of 17 February 2016 own a total shares of 68.83% of the paid-up shares. Overall, the Dhangwattanotai family owns 27.24% of the total paid-up shares. This might lead to majority shareholders having a controlling interest including the votes in the shareholders meeting and resolutions for the agenda requiring a majority vote to pass, except the agenda which requires at least 3/4 of shareholders' votes as restricted by Law or the Company's regulations.

#### *(3) Corruption Risk*

##### *Corruption Risk*

The Company does not tolerate any kind of corruption activities related to businesses and transactions in every country and work department. The Company will not tolerate any dishonest and fraudulent conduct carried out for personal gain or to acquire benefits for colleagues and/or others. Therefore, the Company has initiated the anti-corruption policy and guidelines, which shall be abided by the director, management and all employees.

## Company's General & Important Information

### 1) Company Profile

<b>Name</b>	<b>Ubis (Asia) Public Company Limited</b>
Type of Business	Manufacturer and distributor of lacquer and rubber sealant to both domestic and international metal can industry
Company Registration Number	0107547000826
Company Address	807/1, 6 <sup>th</sup> Floor, Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120 Telephone: 02-683 0008 Fax: 02-294 2013
Factory Address	Samut Sakorn Industrial Estate 1/83, 1/84 Moo 2, Tambon Tha sai, Amphoe Mueng Samut Sakorn, Samut Sakorn Province Telephone: 034-446516 Fax: 034-446518
Website	<a href="http://www.ubisasia.com">www.ubisasia.com</a>
Registered Capital	Baht 228,000,000 (228,000,000 ordinary shares at par value of Baht 1 per share)
Issued and Paid Capital	Baht 227,999,991 บาท (227,999,991 ordinary shares at par value of Baht 1 per share)
Established Date	17 June 1997
Investor Relations Contact	Mr. Nawat Triyapongpattana and Mr. Akrawin Boonmongkolras Telephone: 02-638 0008 Fax: 02-294 2013 Email: <a href="mailto:nawat@ubisasia.com">nawat@ubisasia.com</a>

### 2) Information of subsidiary companies

<b>Subsidiary Company 1</b>	<b>Ubis Primatech Company Limited</b>
Type of Business	Manufacturer and distributor of rubber sealant to both domestic and international metal can industry
Company Registration Number	0105555077962
Company Address	807/1 6th Floor, Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120 Telephone: 02-683 0008 Fax: 02-294 2013
Factory Address	Samut Sakorn Industrial Estate 1/83 Moo 2, Tambon Tha sai, Amphoe Mueng Samut Sakorn, Samut Sakorn Province Telephone: 034-446516 Fax: 034-446518
Registered Capital	Baht 160,000,000 (16,000,000 ordinary shares at par value of Baht 10 per share)



Issued and Paid Capital	Baht 160,000,000 (16,000,000 ordinary shares at par value of Baht 10 per share)
Investment Ratio	99.99%
Established Date	30 May 2012
<b>Subsidiary Company 2</b>	<b>Vita International Trading (Guangzhou) Company Limited</b> (Located in Guangzhou, China)
Type of Business	Importer and distributor of lacquer and rubber sealant to the metal can industry in China
Company Registration Number	440101400001952
Company Address	Room 508, Guangliang Plaza, 486 East Huanshi Road, YueXiu District, Guangzhou, Guangdong 510075, P.R. China Telephone: (8620) 87675791 Fax: (8620) 87677386
Issued and Paid Capital	USD 1.40 million (approximately Baht 38.03 million)
Investment Ratio:	100%
<b>Associated Company</b>	<b>Family Corporation Company Limited</b>
Type of Business	Manufacturer and distributor of home appliances (television, electric fan, etc.), set-top box, plastic products and WIFI networking system
Company Registration Number	0105550070153
Company Address	134/22 2nd Floor, Moo 1, Theparak Road, Tambon Bang Saotong, Amphoe Bang Saotong, Samut Prakarn Province
Company Address (Bangkok)	949 2nd Floor, Wanich Soi 2, Charoen Krung Road, Talad Noi, Sambhantawong, Bangkok 10100 Telephone: 022355630 Fax: 022355636
Registered Capital	Baht 200,000,000 (2,000,000 ordinary shares at par value of Baht 100 per share)
Issued and Paid Capital	Baht 200,000,000 (2,000,000 ordinary shares at par value of Baht 100 per share)
Investment Ratio	40%
<b>3) References</b>	
Auditor	Mr. Charnchai Chaiprasit, Certified Public Accountant Registration Number 3760 PricewaterhouseCoopers ABAS Ltd. 15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Sathorn, Bangkok 10120 Telephone: 02-344 1000 Fax: 02-286 5050
Legal advisor	-None-
Financial advisor	-None-



Registrar	Thailand Securities Depository Company Limited 93 14th Floor, Ratchadapisek Road, Din Daeng District, Din Daeng, Bangkok 10400 Telephone: 02-009 9000 Fax: 02-009 9992
Other important information	-None-



## Shareholders

(1) The list of 10 majority shareholders according to the book of shareholders' registration as of 17 February 2017 is as follows;

Number	Name of shareholders	Number of shares	Percentage
1.	Dhangwattantai Family	62,098,260	27.24 %
	Mr. Sawat Dhangwattantai	14,130,850	6.20 %
	Mr. Chana Dhangwattantai	9,400,350	4.12 %
	Ms. Phattra Dhangwattantai	7,650,000	3.36 %
	Mr. Sawaeng Dhangwattantai	7,469,110	3.27 %
	Ms. Pimtong Dhangwattantai	7,200,000	3.16 %
	Mr. Sakran Dhangwattantai	7,200,000	3.16 %
	Mr. Sawang Dhangwattantai	4,229,750	1.86 %
	Ms. Mayuree Dhangwattantai	2,469,000	1.08 %
	Ms. Ratchanee Dhangwattantai	2,349,000	1.03 %
	Mrs. Suwanna Dhangwattantai	200	0.00 %
2.	Mr. Pichai Sathawonmani	17,363,700	7.61 %
3.	Mr. Sirisak Piyathassrikul	10,000,000	4.39 %
4.	Mr. Thirayut Rianchaiyut	10,000,000	4.39 %
5.	Mrs. Wilai Klomchitcharoen	10,000,000	4.39 %
6.	Mr. Veeraphong Rattanapraphat	10,000,000	4.39 %
7.	Ms. Punthari Isarangkun Na Ayutthaya	9,990,000	4.38 %
8.	Mr. Amarit Klomchitcharoen	9,744,950	4.27 %
9.	Mr. Paisarn Preungwiriya	8,878,700	3.89 %
10.	Ms. Sudkaneong Panyathara	8,855,130	3.88 %
	Minority shareholders	71,069,251	31.17 %
	<b>Total</b>	<b>227,999,991</b>	<b>100.00 %</b>

### Limitations of Foreign Shareholders

Non-Thai shareholders are allowed to hold the Company's shares of not exceeding a total of 49% of the issued and paid-up capital. As of 17 February 2017, the proportion of the Company's shares owned by foreign shareholders was 0.32%.

- (2) List of shareholders who are Directors and/or Executives according to the book of shareholders' registration as of 17 February 2017 is as follows;

Number	Name of shareholders	Number of shares	Percentage
1	Mr. Wiroj Dhangpitakpaisarn	2,002,440	0.88%
2	Mr. Nawat Triyapongpattana	1,110,000	0.49%
3	Ms. Puangngern Kanrak	101,000	0.04%
4	Mr. Akrawin Boonmongkolras	13,200	0.01%
	<b>Total</b>	<b>3,226,640</b>	<b>1.42%</b>



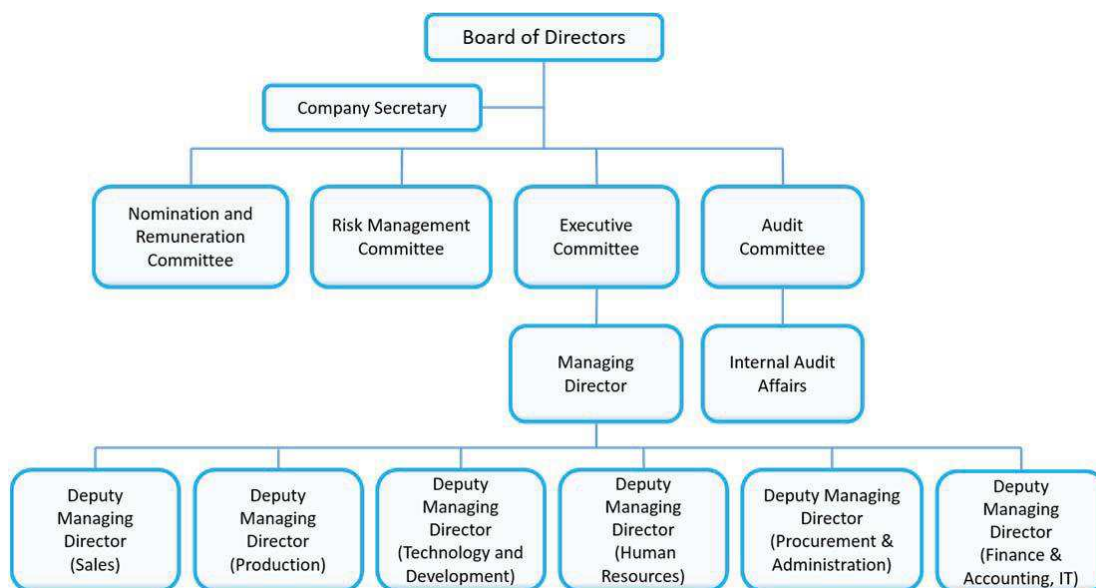
## Dividend Payment Policy

In a normal situation where the Company has a sufficient cash flow and does not require extra cash for additional investments or business expansion, the Company has a policy to pay the dividend at a minimum of 40% of the operating net profit after the deduction of corporate income tax and legal reserve as required. However, the Board of Directors may adjust the dividend policy as deemed appropriate depending on the necessity, for example, in the circumstance where fund is needed for investment or business expansion, or where there is a change in economic situation or market condition, or where the Company's financial liquidity is affected by any particular situation.

### Subsidiary's Dividend Payment Policy

The subsidiaries have the policy to pay the dividend according to their respective performance. The exact dividend amount to be paid is not specified and is dependent upon the future investment plan of the subsidiary.

## Management Structure



## The Board of Directors

The Board of Directors consists of the following;

	Name - Surname	Position
1.	Mr. Chattaphum Khantiviriya	Chairman of the Board
2.	Mr. Phakdi Kanchanavalai	Vice Chairman/Independent Director
3.	Mr. Nawat Triyapongpattana	Director
4.	Ms. Sopha Nachanhom	Director
5.	Mrs. Thitiporn Silaparassamee	Independent Director
6.	Mr. Suthee Petchlohakul	Independent Director
7.	Mr. Sawang Dhangwattanotai	Director
8.	Mr. Pongsak Liangsiri	Independent Director
9.	Mr. Sirisak Piyathassrikul	Director

### Company Secretary

The Board of Directors appointed Mr.Akrawin Boonmongkolras as Company Secretary, effective from 14 August 2008.

### Director's Meeting 2016

Name - Surname	Position	Number of Attendance			
		Board of Directors	Audit Committee	Nomination and Remuneration	Risk Management
Mr. Chattaphum Khantiviriya	Chairman of the Board	6/6	-	-	2/2
	Chairman of Risk Management Committee				
Mr. Phakdi Kanchanavalai	Vice Chairman	6/6	4/4	1/1	-
	Chairman of the Audit Committee				
	Chairman of the Nomination and Remuneration Committee				
	Independent Director				
Mr. Nawat Triyapongpattana	Independent Director	6/6	-	-	2/2
	Risk Management Committee				
Ms. Sopha Nachanhom	Director	6/6	-	1/1	2/2
	Nomination and Remuneration Committee				
	Risk Management Committee				
Mr. Sawang Dhangwattanotai	Director	6/6	-	-	-
Mrs.Thitiporn Silaparassamee <sup>1</sup>	Independent Director	5/6	-	1/1	-
	Nomination and Remuneration Committee				
Mr. Suthee Petchlohakul <sup>2</sup>	Independent Director	5/6	3/4	-	-
	Audit Committee				
Mr. Pongsak Liangsiri	Independent Director	6/6	4/4	-	-
	Audit Committee				
Mr. Sirisak Piyathassrikul <sup>3</sup>	Director	3/6	-	-	-

**(Remarks)**

1) Mrs. Thitiporn Silaparassamee was appointed on 7 January 2016 in replacement of Mr. Suang Dhangwattanotai, who was appointed as a director and assumed the position until 8 January 2016 according to the remaining term period.

2) Mr. Suthee Petchlohakul was appointed on 7 January 2016 in replacement of Mr. Surachart Pongpattarin, who was appointed as a director and assumed the position until 8 January 2016 according to the remaining term period and who then was re-appointed as an audit committee member in replacement of Mr. Visuth Jirathiyut, who resigned on 20 February 2016.

3) Mr. Sirisak Piyathassrikul was appointed on 9 March 2016 in replacement of Mr. Visuth Jirathiyut, who assumed the director position until 20 February 2016 according to the remaining term period.

**Executive Committee** consists of the following;

	Name – Surname	Position
1.	Mr. Chattaphum Khantiviriya	Chairman of Executive Committee
2.	Mr. Nawat Triyapongpattana	Executive Committee
3.	Ms. Sopha Nachanhom	Executive Committee
4.	Mr. Wiroj Dhangpitakpaisarn	Executive Committee
5.	Mr. Akrawin Boonmongkolras	Executive Committee

**The Management Team** consists of the following;

	Name – Surname	Position
1.	Mr. Nawat Triyapongpattana	Managing Director
2.	Mr. Akrawin Boonmongkolras	Deputy Managing Director (Finance & Accounting, IT)
3.	Mr. Wiroj Dhangpitakpaisarn	Deputy Managing Director (Sales)
4.	Mr. Chatchai Daoreung	Deputy Managing Director (Production)
5.	Ms. Puangngern Karnrak	Deputy Managing Director (Human Resources)
6.	Mr. Doung Rasic	Deputy Managing Director (Technology and Development)

## The Board of Directors

### 1. Mr. Chattaphum Khantiviriya



Position	Chairman of the Board
	Chairman of the Executive Committee
	(The Authorized Director)
Age	56
Date of appointment	27 February 2015
Years in position	1 year 10 months
Qualifications	
	Bachelor of Accountancy, Chulalongkorn University
	Master of Business Administration, Kasertsart University

#### Training

- Director Accreditation Program (DAP), Thai Institute of Directors
- Company Secretary Program, Thai Institute of Directors
- Role of Remuneration Committee, Thai Institute of Directors
- Role of Audit Committee, Thai Institute of Directors

#### Current position and work experiences in the past 5 years

- 2015 – Present Chairman of the Board and Chairman of the Executive Committee, UBIS (Asia) Public Co., Ltd.
- 2015 – Present Director, UBIS Primatech Co., Ltd.

#### Position in other listed companies

- 2013 – Present Director, DNA 2002 Public Co., Ltd.
- 2014 – Present Director, Communication and System Solution Public Co., Ltd.

#### Position in the non-listed companies

- 2014-Present Director, Primetime Solution Co., Ltd.
- 2014-Present Director, Bun Co., Ltd.

Holding a position in a company that may cause conflict of interest -None-

Having any interests in the Company and its affiliates -None-

Family relationship between the director and the executives -None-

Percentage of shareholding (%) -None-

## 2. Mr. Nawat Triyapongpattana



Position	Director/Managing Director (The Authorized Director)
Age	45
Date of appointment	1 February 2012
Years in position	4 years 10 months
Qualifications	Bachelor of Arts, Faculty of Humanities, Kasetsart University Master of Business Administration, Bangkok University

### Training

Director Certification Program (DCP) 216/2016, Thai Institute of Directors

### Current position and work experiences in the past 5 years

2015 – present	Director, UBIS (Asia) Public Co., Ltd.
2015 – present	Director, Executive Committee Member, UBIS Primatech Co., Ltd. (Subsidiary company)
2015 – present	Director, Family Corporation Co., Ltd. (Subsidiary company)
2012 – present	Executive Committee Member, Managing Director, UBIS (Asia) Public Co., Ltd.

Position in other listed companies -None-

Position in the non-listed companies -None-

Holding a position in a company that may cause conflict of interest -None-

Having any interests in the Company and its affiliates -None-

Family relationship between the director and the executives -None-

Percentage of shareholding (%) 0.49%



### 3. Ms. Sopha Nachanhom



Position	Director/Executive Committee Member (The Authorized Director)
Age	41
Date of appointment	14 May 2015
Years in position	1 year 7 months
Qualifications	Bachelor of Accountancy, Ramkhamhaeng University Master of Business Administration (Accounting), Ramkhamhaeng University

#### Training

Director Accreditation Program (DAP) 121/2015, Thai Institute of Directors

#### Current position and work experiences in the past 5 years

2015 – Present      Director and Executive Committee Member, UBIS (Asia) Public Co., Ltd.

Position in other listed companies -None-

#### Position in the non-listed companies

2002 – Present      Manager – Accounting and Finance, Interfreight System Co., Ltd.

2002 – Present      Certified Public Accountant, Freelance Accounting Firm

Holding a position in a company that may cause conflict of interest -None-

Having any interests in the Company and its affiliates -None-

Family relationship between the director and the executives -None-

Percentage of shareholding (%) -None-

#### 4. Mr. Suthee Petchlohakul



Position	Independent Director
Age	42
Date of appointment	7 January 2016
Years in position	11 months
Qualifications	
	Bachelor in Business Administration (Marketing)
	Hawaii Pacific University, USA
	Master of Business Administration, King Mongkut's University of Technology North Bangkok

#### Training

Director Accreditation Program (DAP) 125/2016, Thai Institute of Directors

#### Current position and work experiences in the past 5 years

2016 – Present      Independent Director, UBIS (Asia) Public Co., Ltd.

Position in other listed companies      -None-

#### Position in the non-listed companies

2000 – Present      Managing Director, Tang Saiping Metal Works Co., Ltd.

Holding a position in a company that may cause conflict of interest -None-

Having any interests in the Company and its affiliates -None-

Family relationship between the director and the executives -None-

Percentage of shareholding (%) -None-

## 5. Mrs.Thitiporn Silaparassamee



Position Independent Director

Age 65

Date of appointment 7 January 2016

Years in position 11 months

### Qualifications

Bachelor of Finance, Univeristy of the Thai Chamber of Commerce

Master of Business Administration (SME), Ramkhamhaeng University

### Training

Director Accreditation Program (DAP) 124/2016, Thai Institute of Directors

### Current position and work experiences in the past 5 years

2016 – Present Director, UBIS (Asia) Public Co., Ltd.

Position in other listed companies -None-

### Position in the non-listed companies

2010 – Present CEO, Saengrunghawon Co., Ltd.

2010 – Present Advisor, Trailer Industry Co., Ltd.

2010 – Present Advisor, Sirawat Land Co.,Ltd.

Holding a position in a company that may cause conflict of interest -None-

Having any interests in the Company and its affiliates -None-

Family relationship between the director and the executives -None-

Percentage of shareholding (%) -None-

## 6. Mr. Sawang Dhangwattanotai



Position Director

Age 62

Date of appointment 1 August 2004

Years in position 12 years 4 months

### Qualifications

Bachelor of Chemical Engineering, Chulalongkorn University

Master of Business Administration, Oklahoma State University, USA

### Training

Director Accreditation Program (DAP) 18/2004, Thai Institute of Directors

### Current position and work experiences in the past 5 years

2004 – Present Director, UBIS (Asia) Public Co., Ltd.

2004 – 2015 Director of Operations, UBIS (Asia) Public Co., Ltd.

Position in other listed companies -None-

Position in the non-listed companies -None-

Holding a position in a company that may cause conflict of interest -None-

Having any interests in the Company and its affiliates -None-

Family relationship between the director and the executives -None-

Percentage of shareholding (%) 1.24%

## 7. Mr. Phakdi Kanchanavalai



**Position** Chairman of the Audit Committee  
Vice Chairman  
Independent Director

**Age** 79

**Date of appointment** 1 August 2004

**Years in position** 12 years 4 months

**Qualifications**

Bachelor of Accountancy, Thammasat University

### Training

Director Accreditation Program (DAP) 14/2004, Thai Institute of Directors

### Current position and work experiences in the past 5 years

2004 – Present Chairman of the Audit Committee and Vice Chairman, UBIS (Asia) Public Co., Ltd.

**Position in other listed companies** -None-

**Position in the non-listed companies**

1968 – Present Certified Public Account, Kanchanakij Accounting (Accounting Audit)

**Holding a position in a company that may cause conflict of interest** -None-

**Having any interests in the Company and its affiliates** -None-

**Family relationship between the director and the executives** -None-

**Percentage of shareholding (%)** -None-

## 8. Mr. Pongsak Liangsiri



Position	Audit Committee Member and Independent Director	
Age	66	
Date of appointment	1 August 2004	
Years in position	12 years 4 months	
Qualifications	Bachelor of Information System, City College of New York, USA Master of Information System, City College of New York, USA	

### Training

Director Accreditation Program (DAP) 20/2004, Thai Institute of Directors

### Current position and work experiences in the past 5 years

2004 – Present      Audit Committee Member, Independent Director, UBIS (Asia) Public Co., Ltd.

Position in other listed companies -None-

Position in the non-listed companies -None-

Holding a position in a company that may cause conflict of interest -None-

Having any interests in the Company and its affiliates -None-

Family relationship between the director and the executives -None-

Percentage of shareholding (%) -None-

#### 9. Mr. Sirisak Piyathassrikul



**Position** Director

**Age** 45

**Date of appointment** 9 March 2016

**Years in position** 9 months

**Qualifications**

Bachelor of Business Administration, Assumption University

Master of Business Administration, Hawaii Pacific University, USA

**Training**

Director Accreditation Program (DAP) 124/2016, Thai Institute of Directors

**Current position and work experiences in the past 5 years**

2016 – Present Director, UBIS (Asia) Public Co., Ltd.

**Position in other listed companies**

2010 – Present Director, DNA 2002 Public Co., Ltd.

**Position in the non-listed companies**

2015 – Present Director, Samed Utilities Co., Ltd.

2013 – Present Director, DNA Fresh Air Co., Ltd.

2011 – Present Director, DNA Revolution Co., Ltd.

1999 – Present General Manager, Thai Cosme Co., Ltd.

Holding a position in company that may cause conflict of interest –None–

Interested transaction in company and its affiliates –None–

Family relationship between the director and the executives –None–

Percentage of shareholding –None–

## Remuneration for Directors and Executives

### 1. Monetary Remuneration

Details of directors' remuneration are as followed:

			Remuneration for Directors in 2016		
Name	Position	Company	Board of Director	Recruitment and Remuneration Committee	Total
Mr. Chattaphum Khanitviriya	Chairman Chairman of Risk Management Committee	850,000	-	-	850,000
Mr. Phakdi Kanchanavalai	Vice chairman Chairmand of auditing committee Recruitment Committee Chairman Independent Director	550,000	40,000	10,000	600,000
Mr. Nawat Triyapongpattana	Director Risk Management director	400,000	-	-	400,000
Miss Sopha Nachanhom	Director Recruitment Committee Director Risk Management Director	400,000	-	10,000	410,000
Mr. Sawang Dhangwattanotai	Director	400,000	-	-	400,000
Mrs. Thitiporn Sillaparassamee	Indpendence Director Recruitment Committee Director	400,000	-	10,000	410,000
Mr. Sutee Petchlohakul	Indpendence Director Auditing Committee Director	400,000	30,000	-	430,000
Mr. Pongsak Liangsiri	Indpendence Director Auditing Committee Director	400,000	40,000	-	440,000
Mr. Sirisak Piyatussakul ***	Director	321,667	-	-	321,667
Resigned director					
Mr. Visuth Jirathiyut	Independent Director	63,750	10,000	-	73,750
Total		4,185,417	120,000	30,000	4,335,417

Note \*\*\*Have been designated on 9 March 20169

### Management Remuneration

In 2016, the Company paid management remuneration that consists of salary and bonus to 6 executives in total of Baht 26.41 million. (For 2015, the remuneration was Baht 18.26 million)

### 2. 2 Other Remuneration

Other Remuneration for Board of Directors -None-





#### Other Remuneration of Managements

With regard to provident fund, the Company has set up a provident fund in which the Company makes a contribution equal to 2-3 % of the salary, depending on the work duration. In 2016, the Company contributed a total of Baht 0.44 million to the provident fund of 6 executives (In 2015, the contribution was Baht 0.42 million).

## Major Events in 2016

Year	Important Events
2016	<ul style="list-style-type: none"> <li>• Increased the investment in Family Corporation Company Limited in order to maintain the percentage of shareholding at 40% after Family Corporation Company Limited increased its capital by Baht 100 million. The total shares amounted to 400,000 (par value of Baht 100) with the total monetary value of Baht 40,000,000.</li> <li>• Relocated the Head Quarter of Ubis (ASIA) Public Company Limited and Ubis Primatech Company Limited to 6<sup>th</sup> Floor, 807/1 Rama 3 Road, Bang Phongphang, Yannawa, Bangkok 10120.</li> <li>• The Company expanded its market to South American countries such as Brazil, Mexico, and Egypt in order to increase its marketing base, according to the plan previously specified.</li> <li>• The Company invested in product research and development by separating the technology &amp; development work unit and the technical service work unit from other part of the firm to set up an independent work unit that reports directly to Managing Director. This hopes to help elevate flexibility, speed, and efficiency. Additionally, the Company invested Baht 10 million in building a new laboratory and new equipment for the new work unit, as well as recruited personnel with specialized skills and expertise. The Company also invested in compound manufacturing process and repackaging product for China's market in order to increase its production capacity in preparation for sales growth in 2017. Moreover, there was an emphasis on improving and tailoring the product features for China's market, as well as on reducing management cost in the future. The Company expects to commence its production in the second quarter of 2017.</li> </ul>

## Corporate Governance

### Corporate Governance Policy

The Company directors are committed to good corporate governance in accordance with the code of conduct for the directors of listed companies and its related practices set by the Stock Exchange of Thailand, and the Securities and Exchange Commission. Additionally, the Company is determined to develop the corporate governance to meet the international practice.

The corporate governance policy focuses on the structure and relationship of committees, management and shareholders to ensure competitiveness, growth and value added to shareholders in the long term. The Company directors have adopted a good corporate governance principle in compliance with basic principles to apply knowledge in a meticulous and moral manner and to provide an efficient, transparent and accountable management system. This will create confidence and reliance in shareholders, investors, stakeholders and all parties concerned so that good governance is a tool to add value and promote the company's sustainable growth.

The corporate governance policy revised in 2016 was formulated as a guideline for the Company directors, the management executives and employees and was approved by the Board of Director Meeting No. 16/2016 dated 2 September 2016. The Board of Directors was authorized to revise policies concerned to submit a self-evaluation on anti-corruption measures at the Board of Director Meeting No. 5/2016 dated 10 August 2016. The Board of UBIS (Asia) Public Company Limited will support and follow the formulated policy so that the company will achieve the target for creating stability and sustainability. As the Board understood its roles, duties and responsibility in the company and shareholders, the Board studied the guideline based on the good governance principle in accordance with the code of conduct for the directors of listed companies and its related practices set by the Stock Exchange of Thailand to improve the company operation to create transparency, ethics, internal control, including shareholders' equality and shareholders' benefit protection.

### Sub-Committees

The management structure consists of four sub-committees, which are Audit Committees, Executive Committees, Nomination and Remuneration Committees, and Risk Management Committees as detailed below:

#### Audit Committees

	Name-Last Name	Position
1.	Mr. Phakdi Kanchanavalai	Chairman
2.	Mr. Pongsak Liangsiri	Audit Committee
3.	Mr. Sutee Petchlohaku	Audit Committee

#### Scope of Duties and Responsibilities of Audit Committees

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the corporate governance, internal audit system, risk management and the Company's anti-corruption measures according to the guideline accepted by the Stock Exchange of Thailand and the Securities and Exchange Commission;
3. To review that the Company has an appropriate and efficient internal audit agency, to determine internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit;
4. To ensure that the Company has duly complied with the laws on securities and exchange, the Stock Exchange of Thailand's regulations and the laws relating to the Company's business;
5. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
6. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they comply with the laws and the Stock Exchange of Thailand's regulations, and are reasonable and for the best interests of the Company;
7. To prepare the Audit Committee's report disclosed in the Company's annual report, which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - (b) an opinion on the adequacy of the Company's internal control system,
  - (c) an opinion on the compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws relating to the Company's business,
  - (d) an opinion on the suitability of an auditor,
  - (e) an opinion on the transactions that may lead to conflicts of interests,
  - (f) the number of the Audit Committee meetings, and the attendance of such meetings by each committee member,
  - (g) an opinion or overall remarks received by the Audit Committee from its performance of duties in accordance with the charter, and
  - (h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors;

8. To audit cases informed by the Company's auditor when he/she discovers any suspicious circumstance that the managing director, or any person responsible for the Company's operation commits an offence specified under the Securities and Exchange Act (No. 4) B.E.2551 and to report the result of preliminary inspection to the Securities and Exchange Commission and the auditor within thirty days of being informed by the auditor;
9. To express opinions regarding the operation plan and operation results, budgeting and manpower of the internal audit office;
10. To review and approve the Internal Audit Charter;
11. To prepare the operation report submitted to the Board of Directors at least once a year;
12. To revise the Audit Committee Charter at least once a year;
13. To invite executive officers or supervisors to attend its meeting for clarification purpose or to submit relevant documents based on the scope of its authority;
14. To obtain appropriate consultations from the independent specialist relating to its scope of duties and responsibilities with the Company's expenses.
15. To perform any other tasks as assigned by the Board of Directors upon the Audit Committee's consent. The Audit Committee will serve a three-year term, which will expire according to the Board of Director's term.

#### Executive Committees

	Name-last name	Position
1.	Mr. Chattaphum Khantiviriya	Chairman of Executive Committees
2.	Mr. Nawat Triyapongpattana	Executive Committee
3.	Miss Sopha Nachanhom	Executive Committee
4.	Mr. Wiroj Dhangpitakpaisarn	Executive Committee
5.	Mr. Akrawin Boonmongkolras	Executive Committee

#### Scope of Duties and Responsibility of the Executives Committees

1. Plan, conduct and supervise the Company's business following the policy approved by the Board of Directors, as well as do any business to support the operation in accordance with the Company's regulations, the Board of Director's policy, and the anti-corruption policy and measures and specify the employees' duties;
2. Formulate the Company's business operation strategies;
3. Determine and guidelines about the Company's investment in compliance with the Company's policy;
4. Have an authority to approve any loan or line of credit for the usual company transaction and to serve as a guarantor for payment or debt repayment for the usual business operation not exceeding Baht 100 million;
5. Define organizational structure and management process; possess authority to employ, appoint, dismiss, discharge, fire, specify employment rate, reward, adjust salary, compensation, and bonus for employees in Department Director position and above.

6. Have the authority to consider employee welfare in accordance with the state of tradition and situation, and in compliance with applicable law.
7. Have the authority to approve normal business expenses and the purchase of raw materials for production or purchase goods for sales, including the contract of commitment of the company in the amount not exceeding Baht 20 million
8. Have the authority to approve the transaction related to buying or selling asset or procurement or construction or leasing for normal business operation under the objectives of the company, including the assets rental for earning income under the objectives of the company in the amount not exceeding Baht 20 million.
9. Supervise the operation of the company in order to comply with the laws, objectives and articles of association of the company and resolutions of the shareholders' meeting.
10. Perform other duties assigned by the Board of Directors at each meeting.

#### Nomination and Remuneration Committee

	Name - Last Name	Position
1.	Mr. Pakdee Kanjanavalai	Chairman of the Committee
2.	Mrs. Thitiporn Silaparatsamee	Member of the Committee
3.	Ms. Sopa Nachanhom	Member of the Committee

#### Scope of Responsibilities of the Nomination and Remuneration Committee

1. Define policies and propose to the Board of Directors for consideration.
  - Policies, Rules, Procedures for Nomination of Directors and Managing Director.
  - Policies, procedures, payment methods, and other benefits paid to the Board of Directors, Subcommittee and Managing Director.
2. Select and nominate qualified candidates to be director and managing director, then propose to the Board of Directors for consideration.
3. Consider the size of the Board of Directors that suits the organization.
4. Consider the compensation structure of the Managing Director and the executives, let them receive appropriate compensation for assigned duties and responsibilities.
5. Set guidelines for, present, and approve the results of the performance evaluation of the Managing Director to consider adjusting the annual remuneration and payment.
6. Follow the succession plan of the Managing Director, propose to the Board of Directors.
7. Report the performance to the Board of Directors at least once a year.
8. Perform other actions as assigned by the Board of Directors.

#### Risk Management Committee

	Name - Last Name	Position
1.	Mr. Chattaphum Khantiviriya	Chairman of the Risk Management Committee
2.	Mr. Navat Trinyapongpattana	Risk Management Committee Member
3.	Mr. Viroj Tanpitakpaisan	Risk Management Committee Member
4.	Miss Sopa Nachanhom	Risk Management Committee Member
5.	Mr. Chatchai Daoreung	Risk Management Committee Member
6.	Mr. Akwavin Boonmongkolras	Risk Management Committee Member

#### Scope of Authority and Duties of the Risk Management Committee

1. Define process, procedure, and scope of obligation of the Risk Management Committee.
2. Consider risk factors that affect the company's goals and strategies by considering both quantitative and qualitative risks to be used to prevent and monitor the risk of the current situation.
3. Advise and approve the overall principles for adequate and appropriate risk management planning and control measures.
4. Rate risk assessment and supervise the various agencies for defining and implementing an enterprise risk management plan.
5. Propose matters to the Executive Committee or Board of Directors for management direction.
6. Arrange a meeting for the performance review of the risk management system.
7. Report performance regularly and continuously to the Board of Directors.

#### Nomination of Directors and Executives

The Board of Directors is responsible for recruiting and appointing directors and executives. The person appointed to serve as directors and executives of the company must be qualified under Section 68 of the Public Limited Companies Act 1992, the Regulation of Capital Market Supervisory Board No. 28/2008 regarding the approval and permitting the sale of new shares, which were issued on 15 December 2008, and must not be a person who is prohibited under the Regulation of the Securities and Exchange Commission regarding the requirements of the Executives of the issuing company. The Company's directors and executives must have no offense history under the law within the last 10 years prior to the filing date of the application. They must have no history of being finally sentenced to bankruptcy and must not possess history related to violating the rules, regulations, notifications, orders, and resolutions of the Board of Directors, or the securities registration agreement and the circular letter of the Stock Exchange of Thailand, including disputes or lawsuits pending trial judge.

#### Supervision of the Operation of Subsidiaries

The Board of Directors has a governance mechanism that enables them to monitor and manage the operations of its subsidiaries. They maintain the benefits of the company's investment by sending a person to represent the company as a director, executive or controlling person in a subsidiary and associated company according to the shareholding proportion,



which must be approved by the Board of Directors. The Board of Directors also oversee connected transactions of subsidiaries and ensure that they are in accordance with the Company's regulations.

#### Supervising the use of Internal Information

The Company has a policy prohibiting directors, executives, and employees who are exposed to internal information from disclosing it to the public for their own gain or for the benefits of others. The guidelines are as follows:

1. The directors and executives are to prepare and submit the company's securities holding reports of themselves, their spouse, and their underage children to The Securities and Exchange Commission as follows:
  - Report the first securities holding (Form 59-1) within 30 days from the date of the appointment.
  - Report changes in securities holdings (Form 59-2) within 3 business days from the date of purchase, sale, transfer or transfer of securities holdings.

and submit a copy of the report on the securities holding to the Company's secretary within the date of report submission in order to record changes and summarize the number of securities owned by the directors and executives, and to present to the Board of Directors for acknowledgment at the next meeting.

2. Announce that directors, executives, and employees are aware of significant internal information that may affect the price of the securities. The Company must suspend the purchase or sale of the Company's securities within one month before the date the Company announces its performance (45 business days from the end of the quarter and 60 days from the end of the accounting period) or until that significant internal information is publicly available.

In the Company's regulations and rules, the Company has imposed highest legal penalties for any breach in disclosing the Company's internal information for personal gain.

#### Personnel

The Company employs a total of 120 employees; 24 employees at its headquarters, and 96 employees located in the Samut Sakorn Industrial Estate. The details are as follows.

Main field of workers	Full time worker	
	2016	2015
Executive office	4	3
Finance - Accounting and information technology	13	11
Sales and marketing	9	8
Production line (factory)	72	60
Technology and Development	17	10
Human resources	5	5
Internal Audit Office (none)	-	-
<b>Total</b>	<b>120</b>	<b>76</b>



The total compensation for the year 2016 and 2015 is as follows.

Type of compensation	2016	2015
Total salary	59,767,874	43,021,405
Bonus included	8,267,205	6,298,599
Contribution to Provident Fund	1,208,444	937,610
<b>Total</b>	<b>69,243,523</b>	<b>50,257,614</b>

The Company recognizes the importance of enhancing the knowledge and expertise of its employees by providing a human resource management system that takes into consideration the suitability of the capabilities of the people who work in each activity for maximum efficiency. The company also has annual performance evaluations using KPIs and performance appraisals to determine compensation and carry out additional training for increasing the potential and effective in customer services. In addition, the capacity planning is appropriate for the workload and recruitment in advance. The company has no labor unions but it also facilitates the freedom of expressing the opinions of employees freely through the channels provided by the company such as E-mail, which serves as a comment box that send messages directly to top management, or via the company website that employees can send their suggestions directly to the directors for further consideration, or through the most secure and confidential complaint system. The Company recognizes that it is a joint initiative in company development.

#### Labor dispute

Currently, the company has no labor disputes over the past 3 years.



## Auditor's remuneration

### Auditor's compensation (Audit fee)

Payer company's name	Name of auditor 2016	Audit fee 2016 (Baht)	Name of auditor 2015	Audit fee 2015 (Baht)
Ubis (Asia) Public Company Limited	Mr. Charnchai Chaiprasit	3,250,000	Mr. Udom Thanarutrapong	700,000
	Price Water House Coopers ABS Limited		PV Audit Limited	
UBIS PREMATECH CO., LTD.	Mr. Charnchai Chaiprasit	170,000	Miss Chomphunuch Sae Tae	220,000
	Price Water House Coopers ABS Limited		PV Entertainment Company Limited	
Vita International Trading (Guangzhou) Co., Ltd.	Mr. Zhang Dong Liang	200,000	Mr. Zhang Dong Liang	200,000
	Guangzhou Tianhe Jiade Certified Public Accountants	(RMB40,000)	Guangzhou Tianhe Jiade Certified Public Accountants	(RMB40,000)

### Other fee (Non-audit fee) - None

Mr. Udom Thanarutrongpong and PV Audit Co., Ltd., and Mr. Zhang Dong Liang and Guangzhou Tianhe Jiade Certified Public Accountants Office have no relationship and no conflict of interest with the Company / Subsidiary / Management / Major Shareholder Or those related to such person.

Mr. Chanchai Chaiprasit is the signatory of the company's financial statements for the year 2016.

Mr. Udom Thanurtrapong signs the company's financial statements for year 2015.

Mr. Kraisit Artmongkolkul is the signatory of the company's financial statements for the year 2014.

Mr. Zhang Dong Liang is the signatory certifying the financial statements of Vita International Company from 2014 to 2016.

### Compliance with Good Corporate Governance Principles in Other Matters

The Board of Directors is committed to the business management that is based on good corporate governance and good practices for directors, listed companies, and that complies with regulations and related practices of the Stock Exchange of Thailand, and the Securities and Exchange Commission. The Company is committed to improving the corporate governance to an international standard. This revised Corporate Governance Policy for the year 2016 was prepared so that the Board of Directors and the management executives as well as the employees can use it as a guideline for the company and its operations. The policy has been approved by the Executive Board meeting No. 16/2016 on 2 September 2016. The Executive Board has been authorized to amend the relevant policy on the submission of self-assessment forms for anti-corruption measures from Board of Directors' Meeting No. 5/2016 held on 10 August 2016.

The Board of Directors of UBIS (Asia) Public Company Limited will promote and ensure compliance with the policies set forth by the Company in order to achieve the Company's and shareholders' security and stability. The Board understands the roles, duties and responsibilities of the Board of Directors and shareholders, and have studied the guidelines of good corporate governance for directors of listed company as specified by the Stock Exchange of Thailand to improve the way the company operates to ensure transparency in work, implementation of business ethics, and preparation

of various internal control systems. The Company places great importance on the equality of shareholders and keeping the interest of shareholders.

- **Rights of shareholders**

In addition to the basic rights of shareholders, such as the right to transfer shares, shareholders can transfer shares without any legal requirements. The Company also conducts various matters that promote the exercise of the rights of shareholders as follows:

- ✓ The Company emphasizes on and respects the rights of shareholders by following the rules prescribed by law. And according to the Corporate Governance Policy, the Company held the Annual General Meeting of Shareholders for the year 2016 on 11 April 2016. There were 9 directors attending the meeting. The senior managers, and the Auditors from ANS Audit Co., Ltd. and Inventech Systems (Thailand) Co., Ltd. oversaw the registration and reviewed the voting results in each ballot. The Legal Agenda and Consultant Mr. Thanyapong Limwongyuti from Intelligent Partners Co., Ltd. attended the meeting as observants this meeting.
- ✓ The Company has publicized both the Thai and English versions of the invitation to shareholders' meeting on the Company's website, [www.ubiasia.com](http://www.ubiasia.com). The Company informed the shareholders through the news system of the Stock Exchange of Thailand (SET) on 10 March 2016 so that the shareholders had 30 days to study the information before the meeting date. The Company published the Company Information and Annual Report on 23 March 2016.
- ✓ The company announced the rules and procedures for attending shareholders' meeting along with the sufficient information for each agenda's decision of the shareholders in the notice of the meeting.
- ✓ The Company provided documentation to assist the delegation, prepared Power of Attorney Form B and Form C, and nominated Independent Directors to be considered by the shareholders. Stamp are provided for convenience without any extra charge.
- ✓ The Company has disclosed the Minutes of the Annual General Meeting of Shareholders for the year 2016 on the Company's website, [www.ubiasia.com](http://www.ubiasia.com), and informed the shareholders through the news system of the Stock Exchange of Thailand on 25 April 2016 after the meeting 14 days.

- **Equal treatment for shareholders**

Board of Directors has a policy to treat shareholders equally whether major shareholder, minor shareholders, institutional investors, or foreign shareholders in order to achieve true equality

- ✓ On 15 October 2015, The Company gives shareholders the opportunity to propose the meeting's agenda and nominate persons to be elected as directors in advance for the Annual General Meeting of Shareholders of the year 2016. The offer period was from 15 October 2015 to 31 January 2016 with the notification to the shareholders through the news system of the Stock Exchange of Thailand. The rules and procedures of such matters was published on the company's website. [www.ubiasia.com](http://www.ubiasia.com)

- ✓ On 24 February 2016, the Company informed the Stock Exchange of Thailand that none of the shareholders proposed agenda or list of persons to be elected as directors in advance.
- ✓ The Company sent the invitation letter together with the Proxy Form B and Form C, which are the form that shareholders can set their own voting on each agenda. To avoid inconvenience of the shareholders who can't attend the meeting on their own, they can give power of attorney to other persons or independent directors to attend the meeting and vote on their behalf. Shareholders can download the proxy form via the company website.
- ✓ The company used a computerized system for registration and vote counting including the use of ballots for shareholders' convenience. Particularly, for an election of directors, the ballot will be the type for individual voting. The company collected all ballots after the end of the each agenda from all shareholders attending the meeting.
- ✓ The company did not add to the agenda or change any important information without informing the shareholders in advance in the Annual General Meeting of Shareholders for the year 2016.
- ✓ The Company gave shareholders the opportunity to express their opinions and make inquiries at the meeting before any resolution was made each agenda.
- ✓ Board of Directors imposed restrictions on the use of internal information by directors, executives, and related staff in order to exploit the company's shares for personal gain, to let others use the information for benefits in trading company shares. Directors and the executives must prepare a securities holding report as stipulated under Section 59 of the Securities and Exchange Act 2008.
- ✓ Board of Directors determined that the Board of Directors and executives are required to report their own interests and that of related persons, as prescribed in Section 89/14 of the Securities and Exchange Act 2008, by the end of December each year or report immediately if any related action has taken place.

- **Taking into account the role of stakeholders**

The Company operates its business by taking into account the rights and fairness of all stakeholders whether they are stakeholders within the company, such as employees and management of the company, or stakeholders outside the company, such as competitors, partners and customers, as prescribed in the guidelines set out in the Company's Code of Conduct. The Company recognizes that the support and advice from all stakeholders will be beneficial for the Company's business and business development, so it monitors and follow-up on the business operation to ensure compliance to related laws and regulations with an extension to all stakeholders. The details are as follows.

- ✓ The company places great importance on its employees. It recognizes that employees are the important resource that will drive the organizational success. The Company therefore focuses on continual employee development by setting annual training plan, both within and outside the organization. The Company also ensures the most suitable and safest workplace environment, treats employees fairly,

provides appropriate compensation and welfare to promote good quality of life by providing provident fund, diligent care, nursing room, annual health checkup, accident insurance and health insurance, and employee uniform. The Company also makes annual travel arrangements and the management of sports events between head office and factory. The Company also set up policies about Occupational Health and Work Environment and appoint a safety committee to ensure maximum safety as well as the installation of signs of accident statistics from work, and provide security training. They also prepared fire prevention and containment plans, fire escape routes, fire extinguishers and alarms in order to provide employees with a safe working environment.

- ✓ Customers are committed to producing standardized products and services with a focus on continuous product quality development, proper and fair pricing to meet the needs of customers including the importance of effective after-sales service, allow customers to understand and use the product correctly. It is customer satisfaction. The company provides channels of commenting or complaints via the company website. It will be sent directly to the company's management. It also allows customers to visit the production process or review the production process in accordance with the standard quality management system.
- ✓ The Company respect the basic rights of shareholders as prescribed by the law, company regulations and ethics. The company also controls intercompany transactions, measures to prevent conflict of interest, and protect the internal data usage for personal benefits. And the company works by creating an appropriate compensation to shareholders. In addition, in the annual general meeting of shareholders, The Company takes into account the voting rights of shareholders and lets the shareholders ask questions and express their opinions independently. The Company's Board of Directors and management will respond fully to inquiries and information.
- ✓ The Company has a policy to treat competitors honestly and fairly according to the Code of Ethics and the strict legal framework. Therefore, there are requirements for the implementation of the anti-counterfeiting and anti-corruption policy.
- ✓ The company has a policy of fair dealing with partners, equal treatment with contract partners, and / or agreements made under common commercial terms. The company has set up procurement procedures to be in line with ISO9001 quality system and select partners who do business in accordance with the law and comply with safety and occupational health standards as well as partners who are aware of the business environment.
- ✓ The Company establishes guidelines for conducting business under the framework of responsibility for the environment, community and society by focusing on the production system that is friendly to the community by controlling the production according to the production process in accordance with the requirements. Of the industrial estate. It also has a policy to check the quality of the environment from outside experts. The company has never had any disputes with the community or employees. In terms of

Community Support Activities, the company also pays attention to projects such as inviting employees to donate to flood victims in the southern part of the country.

- ✓ The company treats employees according to terms and conditions of trade agreements including the fulfillment of contractual conditions established between the company and commercial banks or financial institutions well throughout. The company has not had any conflicts over the past period. And for trade creditors, the company has an obligation to comply with ISO 9001 to ensure fairness to all trade creditors, and still maintain a good relationship. It can always be trusted and trusted.
- ✓ The company does not support activities that involve the infringement of intellectual property or copyrights by imitation. In the year 2016, the company has no involvement in the infringement of intellectual property or copyrights in any way.
- ✓ The Company has established guidelines for supervision and control to prevent and track the risks of corruption by publishing policies and practices in the fight against corrupt corruption.
- ✓ The Company has established Whistle Blowing Channels to keep the complainers informed of appropriate and fair protections as well as being protected against distillation due to the complaint. If anyone has a clue about counterfeiting or corruption, illegal business ethics or internal defect control systems that may cause business risk / damage, you can use the following channels:
  - Send mail by mail to 807/1, 6th Floor, Rama 3 Road, Bang Phongphang, Yannawa, Bangkok 10120
  - Sending e-mails to the CEO
  - E-MAIL: [D2B@ubiasia.com](mailto:D2B@ubiasia.com)
  - Send via the company's website [www.ubiasia.com/contactus](http://www.ubiasia.com/contactus)
- ✓ In case of employee complaints, complaints will be sent to the Executive Chairman as per the set up on the system on the company website.
- ✓ In the case of administrative complaints, complaints will be sent to the Chairman of the Audit Committee as it is set up on the system on the company website.
- ✓ The Company has disclosed a clear process for dealing with complaints as stated in the Anti-Corruption Policy Guide and Guidelines. In 2016, the Company did not receive any complaints from stakeholders.

- **Disclosure and Transparency**

The Company is aware of the Company's important information disclosure for both financial and other important information, which is the policy of corporate governance completely, transparently and in compliance with the criteria established by the Office of the Securities and Exchange Commission And the Stock Exchange of Thailand by providing equal information to shareholders through various channels such as Annual Report, Annual Report Form (Form 56-1), Stock

Exchange of Thailand Information system, including Publish on Company Website ([www.ubisasia.com](http://www.ubisasia.com)) which always updates the information. The company has disclosed information to show transparency in doing business as follows:

- ✓ The Company has established a corporate governance policy and ethical business practices that the company must be socially responsible and environmentally responsible.
- ✓ The Company appointed the Risk Management Committee in January 2016 to improve the risk management policy in order to cover all aspects appropriately, define the risk management policy. It promotes management and operations under the supervision of risk and prevention of corruption.
- ✓ The company has disclosed the list of directors and sub committees including the roles, duties, scope of authority and term of the Board of Directors and sub committees, number of meetings, and number of times each director attended the meeting in 2016.
- ✓ The Board of Directors has provided opinions on the financial statements accurately, completely and credibly with full and sufficient disclosure for investors to make decisions. The Board of Directors' Report on the Board of Directors' Responsibilities for Financial Statements has been prepared in the Annual Report for the year 2016 and submitted to the Stock Exchange of Thailand.
- ✓ The Company facilitates the work of independent auditors and cooperates in the disclosure of accurate and transparent information to enable the auditor to express his / her opinion accurately, completely and independently in order for shareholders and investors to trust the company information with confidence.
- ✓ The Company discloses the policy on remuneration for directors and executives. The Nomination and Remuneration Committee will determine the remuneration structure for directors and executives by comparison with the same industry level based on information surveyed by trusted agencies such as the Stock Exchange of Thailand or the Thai Institute of Directors Association, etc., together with the performance of the Company and responsibilities of directors by presenting to the shareholders meeting for approval. Except for the Managing Director, the Board of Directors will approve.
- ✓ The Audit Committee has prepared a report of the Audit Committee to give opinions on the internal control system and the proposed list of auditors which included in the 2016 Annual Report.
- ✓ The Board of Directors determines the policy for directors and executives to report to the Company on their own and related parties' interests from the date of their appointment. The company secretary is responsible for documenting the stakeholders' reports to the Board of Directors. In 2016, the Company's directors and executives did not have any interest. And if any director or management has any stake in the matter, directors with vested interests will not participate in the decision on the agenda. The Company will notify its resolutions via the Stock Exchange of Thailand's information dissemination system for shareholders to know about.

- ✓ The Board must ensure that the Company complies with SEC announcement in case of connected transactions. The company will propose these cases to the Audit Committee for review and approval before submitting them to the Board meeting. This will let the Board know the details of connected transactions before making an approval and informing SET.
- ✓ UBIS (Asia) Public Company Limited has assigned specific persons responsible for investor relations. On the Company's behalf, they communicate with institutional investors, shareholders, analysts and public sector. The Company appointed Mr. Nawat Triyapongpattana, Managing Director, as a representing executive who discloses the information, together with the Investor Relations Department, via e-mail [nawat@the Companyasia.com](mailto:nawat@the Companyasia.com) or telephone number 02-683 0008. In 2016, the Company joined Opportunity Day event, in which listed companies met investors, on 10 March 2016 for Q4/2015 and on 25 August 2016 for Q2/2016. In the event, which was held at SET, Mr. Chattaphum Khantiviriya, President and CEO, Mr. Nawat Triyapongpattana, Managing Director, and Mr. Akrawin Boonmongkolras, Company Secretary/Deputy Managing Director of Finance-Accounting and IT, shared the information about the company, performance and business direction with analysts, investors, press members and general public attending the event. On May 3, 2016, the Company opened its door to welcome shareholders, investors and analysts who observed the production process, viewed products, and learnt the management information from the top executives.
- ✓ The Board provides whistle-blowing channels for all stakeholders to directly contact the directors and complain via their e-mail addresses. The Company is now updating the investor relations section in its website, which serves as a communication channel for all stakeholders to directly and conveniently contact the independent directors. Moreover, the Board will keep the complainants' information confidential.
- ✓ After applying for Collective Anti-Corruption (CAC) of Thai Institute of Directors on 15 February 2016, the Company revised the related policies and set up action plans approved by the Board meeting no. 16/2559 (2016) on 2 September 2016. The Company submitted the first self-assessment form on anti-corruption practice in Q3/2016. For the second round, Q4/2016, it submitted additional documents upon request of CAC Committee. The Company is aware and recognizes how important it is to strictly operate under anti-corruption measure. Seeing that corruption is a serious issue that affects the growth and development of Thailand, the Company is determined to properly develop the internal anti-corruption that corresponds with the best practices



- **Responsibilities of the Board of Directors**

The Board comprises a group of skilled and knowledgeable individuals from various fields of expertise and with accepted leadership. The Board takes part in setting the vision, mission, strategies and business policies and oversee the company's operation to make sure that it complies with laws, objectives, regulations, resolution of shareholder's meeting and good governance. The Company follows the principles and direction given by SET as below:

#### **The Principles of Corporate Governance**

Always valuing the Principles of Good Corporate Governance, the Board formulated the policy to ensure the transparent and auditable business conduct and increase the investors' confidence by regularly disclosing the information to the public and shareholders. The Company also recognizes the importance of internal control and internal audit. For risk management, it closely controls and manages risks by putting code of conduct as a top priority and fairly treating business partners, shareholders and all stakeholders.

#### **Leadership and Vision**

The Board plays the roles in compliance with the standard of good corporate governance as below:

- Setting vision, mission, strategies, goals, business plans and company budget
- Regularly overseeing and monitoring the management performance to ensure that it follows the plan and achieves the goals.
- Providing sufficient internal control system and regularly monitoring it, with Dharmniti Co., Ltd. auditing, assessing, and reviewing the Company's internal control system during the annual audit.
- Ensuring that the company has proper risk management measure that is regularly monitored for the Company's best interest.

#### **Conflict of Interest**

To prevent the conflict of interest, the Board cautiously directs the business transactions that may potentially lead to conflict of interest. It defines the policy and method to prevent the management and related parties from using the Company's inside information for personal interest. The Board must approve the transactions with conflict of interest, and the Audit Committee must approve the connected transactions. The approval for these transactions must consider the company's best interest, fairness, reasonable transaction that meets the market price. Moreover, to ensure fairness and the Company's best interest, the stakeholders or parties who may have conflict of interest cannot attend the approval process. If the connected transaction falls under SET regulations, announcements, order or rules, the Company will follow SET requirements. Furthermore, the Company laid out the preventive measure against the use of inside information by allowing only the assigned individuals to access that information. All directors and executives of the Company are aware of their duties and responsibilities for inside information and will not use it for their personal interest or trading. The company also set the disciplinary penalty for violation or incompliance.

#### **Business Ethics**

The company has realized the importance of ethics value creation for company's culture. The company has created business code of conduct to promote all responsibility behaviors for work, shareholder, coworker, stakeholder and society including how to avoid any behavior that might against ethics, laws and regulations. The company has created 10 business code of conduct as follow; 1) honesty 2) trust 3) confidentiality 4) professionalism 5) personnel 6) leadership 7) ownership 8) good governance 9) Anti-corruption and 10) reporting employee's violation against ethics.

#### **Power balancing of non-executive committee**

The company has audit committees consisted of 3 independence audit committees and 1 Independent committee. So the company has 4 Independent committees from total of 9 company's committees which is more than one – third of all committees so this can help balancing power of nonexecutive committee.

#### **Compensation of executives and committees**

The company defines compensation for the company's committee at the same level as industry and suit with their duty and responsibility. Compensation is high enough to keep and motivate committees qualified under the company's requirements. For the executives, the compensation is followed by the policies and regulations made by the company's directors, and related with company performance and each executive's performance.

#### **Board meetings**

The Company has set up a meeting of the Board of committees at least once every 3 months and has additional meetings as necessary. There is a clear agenda ahead, and the monitoring of the results on a regular basis. To hold the annual meeting of the committees, the meeting invitation will be prepared with the supporting documents 7 days in advance of the meeting in order for the board to have sufficient time to study the information before attending the meeting.

#### **Internal control system**

The company gives priority toward internal control system both in management level and staff level. For the efficiency, the company has set up duties, authorities, and responsibility of all staffs and executives. The company has securities holding usage control for benefit the company, and separate duties and authorities of staff, monitoring staff, and evaluators for balancing and auditing properly. In addition, there is also internal control toward finance system. The company has defined approval authority of committees by defining financial approval authorities, financial amount as approval lists required; such as usual expenses of business, buying production materials, buying any selling products, including contract commitment and assets trading list, or purchasing or construction or rental for company business followed by company's objective, and asset rental revenue under consideration properly in management and company's business. The company has defined additional conditions as follow; 1) all authorities can't approve their own requests 2) any duties or progress under approval financial amount must follow the laws, regulations, guidelines, manuals, and

announcements from the company, The Securities and Exchange Commission, and The Securities Exchange of Thailand 3) the authorities of subsidiary committee has to be defined by the executive committee but not exceed than executive committee's approval authority. If exceed than that, have to ask for executive committee's approval. The subsidiary also conduct adequate internal control systems and all-time monitoring by Dharmniti Internal Audit Co., Ltd. that audit and review company internal control for annual internal auditing.

#### **Committee's report**

Company's committee takes responsibility toward significant business conduct, business financial of company and subsidiary company, and financial information which public in annual information report and annual report. The financial report has to follow the accounting standard that is certified in Thailand by picking up and carefully conduct proper policy, estimates the best including reveal enough significant information in financial budget note.

#### **Conducting business with fairness and anti-corruption**

UBIS (ASIA) CO., LTD. Or "UBIS" stands by its mission in conducting business transparency and fairness by taking responsibility for social or all stakeholders under good governance and ethics guidelines, including company's policy and stakeholder's regulation. Company joined "Collective Action Coalition in Private Sector against Corruption" in order to show intention against corruption. So the company has policy for executive, committees, and employee to follow law strictly, has strong intention against corruption, and realize that corruption is critical threat that can destroy freedom and fair competition, including damage on country's economy and social development.

The company has policy to define responsibility, regulation, and rule for proper conduct against corruption in all company's business activities. For proper considering and acting decision toward risky corruption business, the company created "Anti-corruption policy" to be company's regulation for business conduct and sustainable business development.

In addition, company has set up the whistle-blowing channel for reporting bad behavior and corruption. If anyone has clue about bad behavior and corruption, or any attempts that violate code of conduct, or defective internal control system that might cause risk or damage to company's business, he or she can contact directly to chairman of committees, the chairman of audit committees, independence committees, and/or audit committees in these following channels.

- ✓ Send letter to company's address
- ✓ 807/1 6<sup>th</sup> floor Rama3 Road Bangpongpang Yannawa Bangkok 10120
- ✓ Send an email to chairman, Email : [D2B@ubisasia.com](mailto:D2B@ubisasia.com)
- ✓ Send via company website [www.ubisasia.com](http://www.ubisasia.com) or **Contact Us**
- ✓ For employee's complaint, it will be sent to chairman
- ✓ For executive's complaint, it will be sent to chairman of audit committees

All complaint has to be polite and has these below information.

1. Name and Surname of person who be complained
2. Facts or details about bad behavior and corruption, send along with evidences (If available)
3. Name and Surname of appellant

The standard regulation to protect appellant or complaint as below.

1. Company will keep clues as secret and only reveal as required for safety and to protect appellant from any damage. (In case the appellant doesn't want to reveal his or her name, he or she has to identify information, fact, or enough evidence that show corruption or bad behavior like complaint.)
2. Appellant can ask for protection properly.
3. The person who get damaged will receive relief with fair and proper process.

Inquiry process toward complaint

1. In case those who was complained is manager or lower position, their commander and human resource director have to investigate together.
2. In case those who was complained is executive or higher position, the committees has to investigate.
3. In case the result of investigation is unacceptable by those who was complained. It is able to bring this to have committee consideration.

However, company will not accept complaint or behavior as below.

1. Complaint or topic that was already decided decisively and no additional evidences.
2. Employee has relinquished more than 5 years.
3. Topic that cannot indicate evidences or behavior that indicate corruption clear enough to investigate the fact.

Management toward clues and complaint has regulations as below.

Company secretary take responsibility to collect documents in order to summarize all main points and recommendation of all topics, then present to company's committee for consideration. The company has regulation to appoint committee of enquiry for fair justice process in investigation and punishment. If there is evidence showed that the appellant is dishonest toward clues or evidences, they might receive punishment for each case as follow.



- ✓ For employee, will get investigated and considered punishment following working regulations.
- ✓ For third party that causes any damage to company, the company will consider by law toward the appellant or those who complain as well.

In order to keep details from the complaint reporter confidential, the company will keep the information confidential and will not reveal any information to others unless required in the process of investigation, suing, bearing witness by words or action to court or government sector that has legal authority.

The Company is in process of improving its self-assessment process relation to anti-corruption measure. The self-assessment form will be submitted to the Collective Action Initiative Against Anti-Corruption Committee.

## Corporate Social Responsibilities (CSR)

The Company emphasizes on developing business conduct based on sustainability with fairness and transparency, responsibility toward social and environment, including realizing about stakeholders properly.

### Overall Policy

The social responsibility policy has be set as guidelines for social responsibility of company's business without support or promote any action that might lead to any corruption attempt in both public and government sector. For business process, the company has set CSR-in-process by considering all stakeholders and environment within company and integration with normal process system, process in ISO requirements, and other practice manuals.

The Company has set a social responsibility policy and guideline for conduct all company's business and subsidiary company's business with responsible for social, environment, and stakeholders under 8 principles as below.

#### 1. Business Operation with Fairness and Anti-Corruption Policy

The Company conducts the business with transparency, fairness, reliable, and auditable under good governance and business ethics. All executive committees and employees in the company have to follow the policy strictly.

The company supports all types of anti-corruption which including acting against covered bribed by signing in ceremony for anti-corruption project named "Collective Action Coalition in Private Sector against Corruption". Also, the company has made anti-corruption defensive measure for transparent business which leads to company's and Thailand's sustainable development. The measure is declared to be used by all companies and subsidiary companies. It is defined that all committees, executives, and employees in the company has to follow the anti-corruption defensive measure. Moreover, there are also process, regulation, following and assessment, including revealing knowledge for employees. Also how to complain for employee and external person (addition information is in section 9.1: taking care of business policy/committee's responsibility/operation with fairness and anti-corruption). In 2016, the company does not find any corruption or complaint toward bad behavior that is against business code of conduct.

#### 2. Human Resource Development

The company defines strategy to develop human resource that conform to company's policy vision. The company realized the importance of human resource development in every levels to be efficient and is acceptable and develop working latency. So that there is decision of yearly human resource development plan that covers every fields such as enterprise risk management seminar, Leadership seminar, team building seminar, company annual financial budget seminar, first aid and cardiopulmonary resuscitation seminar, ISO9001 and ISO14001 seminar.

### 3. Fair Labour Practices

The Company emphasizes on efficient management by realizing toward the importance of safety and employee's hygiene. So the company has made occupational health safety and environment committee and made policy for employees about health safety and environment to follow as below.

- ✓ Employee's health and safety with integration for development and adjustment in every activities that will not cause damage or be risky to employees such as always having disaster and fire drill and having enough safety equipment at work place. Also having annual physical check for employees, and having proper report for each person.
- ✓ Supporting employees to have good conscious to work to get the best and the most reliable products which also support safety culture for all employees via morning talk in every morning before start to work. Also have enough seminars for employees such as seminar for employee's safety to gain more knowledge in order to work properly and correctly. Moreover, the company should have campaign to reduce accident at work to zero and always monitor the result.
- ✓ Making working environment to fit effective working. It is one of employee hygiene. The company has to check and evaluate C5 (Clearing, Cleaning up, Comfortable, Caring, and Concentrate). In addition, the company should always have big cleaning day.

### 4. Service Qualification and Responsibility towards Customers and Business Partner

The Company emphasizes on developing service qualification to make satisfaction for customers. Also make importance and responsibility for stakeholder's group. Such as below.

- ✓ Follow and coordinate with customers with politeness and trust. Also making standard to measure satisfaction of the customers toward products and services.
- ✓ Give correct, adequate, and latest information to customers for preventing any misunderstanding toward products and services.
- ✓ Give priority to service after selling with fast and latest update on customer's situation.
- ✓ Keep client's secrets without using for personl or other's benefit.
- ✓ Give efficient explanation of how to use to the customers about products.
- ✓ Let the customers visit and check qualification of company's business.
- ✓ Support guidelines making process for finding good qualified materials from good and acceptable resources location.

- ✓ Make a regulation about reviews and development for products so that the company can hand in standard and safe products continuously.
- ✓ Use ISO 9001 that is certified by Bureau Veritas (BVQI) which emphasizes on systematic management from finding material to produce, until delivery with standard.
- ✓ The company has channels for stakeholders to complain or give clues about any bad behavior via website, phone, and email. The channel send the information to the chairman and executive committees directly.

#### 5. Social and Environmental Responsibility

The Company emphasizes on supporting social and environmental development by take care environment as defined in company policy to reduce emission with 3Rs (Reduce, Reuse, and Recycle). There will be reviews and risk management for environment affectation from pre-production and post-production, including waste disposal from production that the company hires waste disposal company to take responsibility about this. Every year, the company measure environmental problems in both factory and production location in order to preventing and finding immediately measure so the company still never has problems toward environmental with any places or any sectors. Moreover, the company still support all social activities for environment continuously by attending the projects under Samut Sakorn industrial estate authority, which emphasizing on community or social development. The company still emphasize the significant of living together and community development. The company will set up the social responsibility policy toward business's conform policies.

#### 6. Respect for Human Rights

The company will respect human right that everyone deserve as one of social member, including freedom and human honor. The company will give equality without discrimination under the law, give right and support toward working with full effort and performance, including set up policy about compensation based on knowledge and skill. The company has already used policy about code of conducts which is covered with human rights such as discrimination labor right and customers data protection.

#### 7. Competitive Behavior

The company emphasizes on independence and fairness competition with transparent, code of conduct, and ethics toward trading competition law, including other related regulations in Thailand and international. However, code of conduct policy for employees which covered guidelines about competition with fairness and trade competition, to protect from competition without fairness. However, the company offers stakeholders the channels to give clue or complain via company's website, phone, email directly to executive committees and board of audit committee of the company.



## 8. Innovation Development

The innovation is one of company's important thing to make company success and grow up. The company emphasizes and give the significant on thinking, researching, and developing new innovation to get the best benefits and to serve the needs of customers. The company has clearly defined innovation managing strategy to make lots of developing both inside and outside the company such as cooperation from national science and technology development agency toward researching new innovation. The company has set technology and development sector working directly under management committee to gain more independence and agility toward working.

### Report Preparation and Procedures

The company always follows regulations including evaluation, regulation and guidelines defining, communicating with employees, and monitoring regularly. In addition, the report has been prepare by the sector which taken responsibility or related with.

### Procedures that affect social responsibility

The company and subsidiary company has no effective problems and never been complained or checked by any other sectors. The company also never done something against laws about all of 8 social responsibilities policies significantly.

### After process of corporate social responsibility

In 2016, the company has persuade employees to attend to donate consumer goods and medical supplies to help victims from flood in the southern of Thailand by passing goods and money to Ms. Rocchana Pongsawai, director of managing and public relations in Samutsakorn industrial estate authority.



#### Corruption involvement prevention

UBIS (ASIA) CO., LTD. Or “UBIS” has ideal in conduct business transparency and fairness by taking responsibility for social or all stakeholders under good governance and ethics guidelines, including company’s policy and stakeholder’s regulation. Company joined “Collective Action Coalition in Private Sector against Corruption” in order to show intention against corruption. So the company has policy for executive, committees, and employee to follow law strictly, has strong intention against corruption, and realize that corruption is critical threat that can destroy freedom and fair competition, including damage on country’s economy and social development.

The company has policy to define responsibility, regulation, and rule for proper conduct against corruption in all company’s business activities. For proper considering and acting decision toward risky corruption business, the company created “Anti-corruption policy” to be company’s regulation for business conduct and sustainable business development.

In addition, company has set up the whistle-blowing channel for reporting bad behavior and corruption. If anyone has clue about bad behavior and corruption, or any attempts that violate code of conduct, or defective internal control system that might cause risk or damage to company’s business, he or she can contact directly to chairman of committees, the chairman of audit committees, independence committees, and/or audit committees in these following channels.

1. Send letter to company's address: 807/1 6<sup>th</sup> floor Rama3 Road Bangpongpang Yannawa Bangkok 10120
2. Send an email to chairman,  
Email: [D2B@ubisasia.com](mailto:D2B@ubisasia.com)
3. Send via company website [www.ubisasia.com](http://www.ubisasia.com) or **Contact Us**
  - For employee's complaint, it will be sent to chairman
  - For executive's complaint, it will be sent to chairman of audit committees

All complaint has to be polite and has these below information.

1. Name and Surname of person who be complained
2. Facts or details about bad behavior and corruption, send along with evidences (If available)
3. Name and Surname of appellant

The standard regulation to protect appellant or complaint as below.

1. Company will keep clues as secret and only reveal as required for safety and to protect appellant from any damage. (In case the appellant doesn't want to reveal his or her name, he or she has to identify information, fact, or enough evidence that show corruption or bad behavior like complaint.)
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1. For employee, will get investigated and considered punishment following working regulations.
2. For third party that causes any damage to company, the company will consider by law toward the appellant or those who complain as well.

In case of confidentiality from appellant, the company will keep the information confidential and will not reveal any information to others except required in process of fact investigation, suing, bearing witness by words or action to court or government sector that has power by law.

The Company is in process of editing self-assessment about anti-corruption defensive measure for mentioned self-assessment to the collective action initiative against anti-corruption committee.

## Internal Control and Risk Management

### Remarks from the Board of Directors regarding to the Company Internal Control

The Board of Directors' meeting no. 1/2017 held on 20 February 2017. The Audit Committee attended this meeting to inform about the appropriateness and the adequacy of the internal control. The Audit Committee has addressed and reported the 2016 Internal Control Report to the board of committees.

The Audit Committee has reported that from the result, analysis, and further comments regarding to the internal control, the Audit Committee has focused its audit on improving the practical process of the Company in order to be more efficient. In addition, the committee has set up a monitoring and fixing the result especially the risk factors that will affect the business procedure, the documents that may accuse conflict of interest, the accurate and credible business statements, and the most benefits according to the Company policy with secure assets management.

The Audit Committee has reported that in 2016, there is no indicator that relate to corruption and the inappropriate usage of company's securities. The result has complied with the government regulations and company's policy. In term of internal control system along with the comments from the independent certified public accountant, the internal control system is adequate. The result of the internal control is appropriate and there is no error in the main key points that will affect the internal control system and the financial statement. In addition, the Company has improved the accounting process following the certified public accountant remarks.

The Board of Directors has evaluated the internal control from the internal control report of the Audit Committee and has summarized into 5 categories which are internal control, risk management, control activities, information system and communication, and monitoring system. All of these can be summarized as below:

#### 1. Organization and environment

The Company has set up a clear scope of business operation for better appropriate operation, adapting to the change in industry, and support the Company's long term plan and expansion plan. The company set up organization chart accordant with operation strategy, and Internal Control Affairs which is independently and directly report to the Audit Committee.

#### 2. Risk management

The Company's risk management policy is an important policy where the Board of Directors and the executives jointly evaluated the risk and set up person in each department for this responsibility. The Company have risk planning and risk management policy, the evaluating for any risk factors that will affect the Company goals, and the monitoring of risk management of any sectors within the company. The Company also set up training to support the Company's procedure continuously.

### 3. Control Activities

The Board of Directors has set up (1) the authority, level of authorization, leading, loan, and payment in written (2) set up a performance system and authorization in operation process (3) the Company has published a handbook about laws and regulations that the Company must follow.

Regardless, the Board of Directors has approved the annual plan of internal audit to cover every high risk management process where it covered the stakeholders' expectation to gain confidence in the Company internal control that is sufficient for every operation duty in term of financial, operation, and all activities according to the law and any regulations. In addition, the Board of Director has considered the main point and the problems discovered by the internal auditor and external auditor to monitor closely and prepare preventive plan.

### 4. Information system and communication

The Company prepared important information to support the Board of Directors decision. The information includes comparison report, principal and reason, and the supporting documents which are delivered 7 days before the meeting. The Company appointed a Company Secretary for the purpose of informing the laws and regulations that the Board of Directors should know. The Company Secretary looks over the Board of Directors' activities and coordinates the management with the Board of Directors' decision. The Company Secretary collects and stores every important documents and information according to the regulation.

The Audit Committee has work along with the auditor, the Internal Audit Affairs, and person that relate in making financial statement in order to build confidence that the Company has a procedure according to general accepted accounting principle, and suitable for the company's nature of business, and appropriate disclosed information.

### 5. Monitoring system

The Company has procedures in monitoring from the Board of Directors to the management in order to follow up the goals and proceed according to the strategy and plan which be approved by the Board of Director along with its subsidiaries.

#### Comments from the Audit Committee that differ from the Board of Directors

- None -

#### Internal control chief and company work cooperation chief

The company appointed Dharmaniti Internal Audit Co., Ltd. to be the internal audit, inspect all procedures in the



company under plans approved by audit committees. The company appointed Mr. Akkarawin Boonmongkholratsami to be the coordinator of audit committee. So there is no internal audit chief. The consideration and approval, appoint, relieve, remove, transfer of company's internal audit control chief or the appointment of external sector to become internal control, have to get agreement and approval from internal control committee's opinion that is different opinions from company's committee.

## Related Transactions

The related transactions between the Company and the directors occurred in 2016 was the director consulting fee totaling 10,920,000 baht. The Company made a consulting contract with related persons (director) with a contract term from 1 January 2015 to 31 December 2016. The Company agreed at the rate of return of Baht 0.84 million per month (in 2015, Baht 1.26 million per month) and other returns as indicated in the contract. On 8 January 2016, the director contracted to be the consultant resigned from the Company's director position. Both parties of the contract agreed on terminating the contract on that date, and the Company paid the compensation as per specified in the contract.

## Management Analysis and Explanations

### Company performance analysis

The performance and the financial status for year 2016 ended 31 December 2016 of the Company and its subsidiaries, mainly stated as below:

(unit : million baht)	2016	2015	% change
Net sale	849	827	3%
Profit margin	342	324	6%
Selling expenses	96	96	-
Fin cost	19	12	58%
Net profit	113	109	4%

Overall, the Company and its subsidiaries generated a net profit in 2016 of Baht 113 million, increasing by Baht 4 million or 4% as a result of the following factors:

- **Revenue**

In 2016, the Company and its subsidiaries generated a total revenue of Baht 849 million, increasing from that of 2015 by Baht 22 million or 3%, primarily due to higher sales revenue from overseas markets.

- **Gross profit**

In 2016, the Company and its subsidiaries had total gross profit of Baht 342 million, increasing from that of 2015 by Baht 18 million or 6% with a gross profit margin of 40% (in 2015, the gross profit margin was 39%). The improved performance could be attributable to the better sales management and control of production capacity improvement.

- **Selling expense**

In 2016, the Company and its subsidiaries had the total selling expenses of Baht 96 million, which is similar to that of 2015. The higher revenue seen in 2016 was caused by better control of selling expenses

- **Financial cost**

In 2016, the Company and its subsidiaries had the total paid interest of Baht 19 million, increasing from that of 2015 by 7 million as a result of 2015 company's investment.



### Company performance analysis

The overall financial status of the Company and its subsidiaries as of 31 December 2016 with the comparison to the financial status as of 31 December 2015 is summarized below:

- **Assets**

As of 31 December 2016, the Company and its subsidiaries have total asset of Baht 1,035 million which increased from 2015 by Baht 171 million. Cash and cash equivalents increased Baht 68 million. The account receivable and other debtor increased Baht 38 million. The merchandise stock increased Baht 22 million. The current asset increased Baht 2 million, conform to 3% of increased income from more oversea sell. In 2017, company cancel investment in joint-stock company because the contract is invalid and adjust investment from joint-stock company to debtor by cancelling stock trading contract which is due in 1 year. The amount is Baht 170 million and record receivables from cancelling stock trading contract into non-current assets is Baht 150 million (investment in invalid joint-stock company is Baht 320 million).

- **liability**

As of 31 December 2016, the Company and its subsidiaries have total liability of Baht 543 million which increased from 31 December 2015 by short-term loans. The over-draw money and short-term loans increased Baht 66 million. Account payable and other creditor increased Baht 51 million. Paid deposits at financial institutions which is long term loan is Baht 58 million.

- **Shareholders' equity**

As of 31 December 2016, the company and its subsidiaries have the total Shareholders' equity of Baht 492 million, increasing from that as of 31 December 2015 by Baht 102 million. This was mainly due to the Baht 113 million net income of the Company and its subsidiaries in 2016 and the Baht 8 million of dividend payment from the performance of the year 2015.

### Cash flow analysis

Based on the 2016 performance, the Company's cash flow is summarized below:

- The net cash flow from the business operation was Baht 129 million. Cash rate to profitability was 85%, while that in 2015 was 88%.
- The net cash flow from investments was Baht 51 million - Baht 40 million were used for increasing capital in the subsidiary, Baht 13 million spent on land purchase and payments for building and equipment, Baht 4 million received from selling equipment.

- Cash flow from financing activities - the Company took a short-term loan from a financial institution totaling Baht 62 million, and additional long-term loan from a financial institution totaling Baht 15 million. The Company made a repayment for a long-term loan totaling Baht 68 million, interest payment Baht 19 million, and dividend payment Baht 8 million.

#### Factors or situation that may significantly impact financial position or business performance in the future

In 2017, the Company will have a water based sealant compound production unit in China and will commence the production in the second quarter at the capacity of 2000 ton per year. This production unit will help establish greater confidence among Chinese customers and will allow the Company to respond quickly to the product demand without having to import the products from Thailand, which does take some time to prepare and transport the product. The sales volume in Chinese market is over 30% greater than the total sales volume of the Company, and many customers have asked for a setup of a production unit for quite some time. The newly established production unit will help elevate the service capacity as well as create a good image for the Company. However, this production unit is not a complete set unlike that used in Thailand. The production unit in China will process a concentrated product and packaged it for sales at the factory in China. The main reason for this is that the Company would like to keep the product's formula confidential. Besides, the prices of raw materials in China are not that much different from those in Thailand. Thus, there is no need to run a full production process in China.

The production and quality inspection will be conducted by staff from Thailand who will be in charge of the production and quality inspection to ensure that the product quality meets the Company's standard.

In February 2017, Family cooperation Co., Ltd. (Subsidiary company) was not able to close the financial report of 2016. This directly affects the Company. It was not able to submit the financial statements by the deadline as the Company must realize the interests of the subsidiary. Later, the Company called off its investment decisions and sold the investments in Family cooperation Co., Ltd., totaling 800,000 shares or 40% of all the paid-up shares of Family cooperation Co., Ltd., to RF vision Co., Ltd. at the amount of Baht 320 million. This is because the investment in Family cooperation Co., Ltd. was considered invalid in the legal sense as the investment was deviated from the original objective of the Company's investment as stated in the resolution of the Board's meeting No. 2/2017 on 15 March 2017 and in the resolution of the Board's meeting No. 4/2017 on 17 March 2017. As a result, the refund from RF vision Co., Ltd. to the company has been arranged in 12 installments. The first payment is by the end of June 2017, and the last payment is at the end of May 2018. The total payment for 2017 is Baht 170 million, and the total payment for 2018 is Baht 150 million. The refunded cash will be used as a revolving fund to pay off debts that have finance costs, and for business expansion as specified in the Company's plan.



## Independent Auditor's Report

To the Shareholders and the Board of Directors of Ubis (Asia) Public Company Limited

### My opinion

In my opinion, the consolidated financial statements of Ubis (Asia) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

### 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 consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

I draw attention to note 28 of the financial statements about account receivable from void contract, which describes reason of void contract, memorandum of void contract and restitution between both parties that states significant details about transfer associate's ordinary shares back to the former owner, term of repayment and collaterals. The accounting impacts from the void contract were adjusted to the financial statements for the year ended 31 December 2015. My opinion is not modified with respect to 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 consolidated and separate financial statements of the current period. I determine one key audit matter: Revenue recognition from sales of goods. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.



Key audit matter	How my audit addressed the key audit matter
<p><b>Revenue recognition from sales of goods</b></p> <p>The total revenue from the sales of goods for the year ended 31 December 2016 was Baht 849 million. This comprised local and export sales to many countries. The Group's sales were in Thai Baht and foreign currencies.</p> <p>I focussed on the accuracy of revenue recognition and revenue cut-off for overseas sales, which was 61% of total revenue, because the revenue recognition depends on a number of factors. Revenue recognition depends on the conditions of sale, shipment terms and the point at which goods are transferred to the purchaser in many countries. In addition, the recognition of export sales involves foreign currency translation.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• testing the key controls over the revenue cycle which cover ordering, goods delivery, invoicing and cash collection processes</li> <li>• agreeing sales transactions with invoices, delivery notes, bills of lading and other related shipping documents</li> <li>• recalculating the translation of foreign currency sale transactions and checking the exchange rate used for translation at the date of revenue recognition</li> <li>• examining sales and credit notes within a defined period before and after year-end with supporting documentation to verify whether the underlying sales and credit notes were recorded in the correct period.</li> </ul> <p>I did not find any issues as a result of the above procedures.</p>
<p><b>Other matter</b></p> <p>The consolidated financial statements of the Company and the Group and the separate financial statements of the Company for the year ended 31 December 2015 were audited by another audit firm. Their report dated 19 February 2016 expressed an unqualified opinion.</p>	
<p><b>Other information</b></p> <p>The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.</p> <p>My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.</p> <p>When I read the annual report, if I conclude that there is a material misstatement, I am required to communicate the matter to the audit committee.</p>	



### **Responsibilities of the directors for the consolidated and separate financial statements**

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

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated and separate financial statements.

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

- Identified and assessed the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks, and obtained audit evidence that was 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, and
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern
- Evaluated the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation, and





- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicated with the audit committee 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 identified during my audit.

I also provided the audit committee 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 matter communicated with the audit committee, I determined those matter that was of most significance in the audit of the consolidated and separate financial statements of the current period and is therefore the key audit matter. I described this matter in my auditor's report unless laws or regulations precluded public disclosure about the matter or when, in extremely rare circumstances, I determined that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**Chanchai Chaiprasit**  
 Certified Public Accountant (Thailand) No. 3760  
 Bangkok  
 5 April 2017

Ubis (Asia) Public Company Limited  
Statement of Financial Position  
As at 31 December 2016

	Notes	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2016	2015	2015	2016	2015	2015
		Baht	Restated Baht	Restated Baht	Baht	Restated Baht	Restated Baht
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	8	81,097,953	13,499,210	11,360,337	68,832,720	6,623,962	887,782
Trade and other receivables, net	9	238,038,464	200,479,578	236,363,228	280,144,111	210,458,961	212,348,312
Inventories, net	10	155,643,869	134,167,199	171,029,610	79,227,577	67,216,295	67,136,254
Short-term loans to related parties		-	-	-	-	-	16,900,000
Current portion of account receivable from void contract	28	170,000,000	-	-	170,000,000	-	-
Other current assets	11	17,332,146	14,969,518	12,398,908	14,168,544	11,432,366	8,461,929
<b>Total current assets</b>		<b>662,112,432</b>	<b>363,115,505</b>	<b>431,152,083</b>	<b>612,372,952</b>	<b>295,731,584</b>	<b>305,734,277</b>
<b>Non-current assets</b>							
Fixed deposits pledged as collateral	27	412,000	475,100	811,100	412,000	475,100	811,100
Account receivable from void contract	28	150,000,000	280,000,000	-	150,000,000	280,000,000	-
Investments in subsidiaries	12	-	-	-	159,999,970	168,263,431	197,449,650
Investment property	13	28,836,500	28,836,500	28,836,500	28,836,500	28,836,500	28,836,500
Property, plant and equipment, net	14	187,048,912	187,338,509	191,669,446	160,168,703	160,153,137	163,286,954
Intangible assets, net		2,117,433	97,864	196,830	2,090,071	97,864	196,831
Deferred income tax assets	15	4,802,834	3,810,838	9,540,305	4,698,529	3,705,736	9,462,937
Other non current assets		152,000	501,427	4,000	152,000	-	4,000
<b>Total non-current assets</b>		<b>373,369,679</b>	<b>501,060,238</b>	<b>231,058,181</b>	<b>506,357,773</b>	<b>641,531,768</b>	<b>400,047,972</b>
<b>Total assets</b>		<b>1,035,482,111</b>	<b>864,175,743</b>	<b>662,210,264</b>	<b>1,118,730,725</b>	<b>937,263,352</b>	<b>705,782,249</b>

Ubis (Asia) Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2016

	Notes	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2016	2015	2015	2016	2015	2015
			Restated	Restated		Restated	Restated
		Baht	Baht	Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>							
<b>Current liabilities</b>							
Bank overdraft and short-term loans from financial institutions	17	261,911,998	194,753,647	12,311,529	225,460,900	171,501,433	11,459,722
Trade and other payables	16	125,692,812	74,946,498	108,055,559	243,079,464	245,807,902	134,574,431
Short-term loan from related parties		-	-	-	-	-	44,300,000
Current portion of long-term loans from financial institutions	17	68,593,035	63,858,256	25,044,000	68,593,035	63,858,256	25,044,000
Current income tax payable		11,068,642	7,462,224	5,651,344	9,707,197	7,261,366	3,130,471
Other current liabilities		3,216,567	8,101,277	20,132,888	1,720,284	1,477,665	19,932,776
<b>Total current liabilities</b>		<b>470,483,054</b>	<b>349,121,902</b>	<b>171,195,320</b>	<b>548,560,880</b>	<b>489,906,622</b>	<b>238,441,400</b>
<b>Non-current liabilities</b>							
Long-term loans from financial institutions	17	48,008,247	105,839,452	74,956,000	48,008,247	105,839,452	74,956,000
Employee benefit obligations	18	24,632,935	19,054,191	51,265,763	23,438,164	18,528,681	50,878,925
<b>Total non-current liabilities</b>		<b>72,641,182</b>	<b>124,893,643</b>	<b>126,221,763</b>	<b>71,446,411</b>	<b>124,368,133</b>	<b>125,834,925</b>
<b>Total liabilities</b>		<b>543,124,236</b>	<b>474,015,545</b>	<b>297,417,083</b>	<b>620,007,291</b>	<b>614,274,755</b>	<b>364,276,325</b>



Ubis (Asia) Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2016

	Notes	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2016	2015	2015	2016	2015	2015
			Restated	Restated		Restated	Restated
		Baht	Baht	Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>							
<b>Equity</b>							
Share capital	19						
Authorised share capital							
Ordinary shares, 228,000,000 shares							
of par Baht 1 each		228,000,000	228,000,000	228,000,000	228,000,000	228,000,000	228,000,000
Issued and paid-up share capital							
Ordinary shares, 227,999,991 shares							
of par Baht 1 each		227,999,991	227,999,991	227,999,991	227,999,991	227,999,991	227,999,991
Premium on share capital	19	26,870,810	26,870,810	26,870,810	26,870,810	26,870,810	26,870,810
Retained earnings							
Appropriated - legal reserve	20	22,800,000	22,800,000	22,800,000	22,800,000	22,800,000	22,800,000
Unappropriated		210,992,338	108,713,030	82,384,614	221,052,633	45,317,796	63,835,123
Other components of equity		3,694,736	3,776,367	2,811,809	-	-	-
<b>Equity attributable to owners of the parent</b>		492,357,875	390,160,198	362,867,224	498,723,434	322,988,597	341,505,924
Non-controlling interests		-	-	1,925,957	-	-	-
<b>Total equity</b>		492,357,875	390,160,198	364,793,181	498,723,434	322,988,597	341,505,924
<b>Total liabilities and equity</b>		1,035,482,111	864,175,743	662,210,264	1,118,730,725	937,263,352	705,782,249

Ubis (Asia) Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Restated Baht	Baht	Restated Baht
Revenues from sales of goods		848,820,306	827,329,227	743,288,928	677,388,221
Cost of sales		(506,512,695)	(502,918,305)	(532,396,043)	(497,199,742)
<b>Gross profit</b>		<b>342,307,611</b>	<b>324,410,922</b>	<b>210,892,885</b>	<b>180,188,479</b>
Other income	21	5,149,693	12,826,235	156,518,849	56,051,577
Selling expenses		(96,475,517)	(96,300,052)	(56,708,429)	(48,229,391)
Administrative expenses		(89,974,656)	(84,837,241)	(77,393,984)	(69,109,487)
Other expenses		(8,603,005)	(10,167,357)	(13,766,372)	(20,186,238)
Finance costs		(18,626,774)	(11,641,992)	(16,810,540)	(11,325,940)
<b>Profit before income tax</b>		<b>133,777,352</b>	<b>134,290,515</b>	<b>202,732,409</b>	<b>87,389,000</b>
Income tax expense	23	(20,369,753)	(24,353,020)	(15,842,594)	(22,948,728)
<b>Net profit for the year</b>		<b>113,407,599</b>	<b>109,937,495</b>	<b>186,889,815</b>	<b>64,440,272</b>
<b>Other comprehensive expenses:</b>					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of post employment benefit obligations	18	(3,365,331)	(1,509,809)	(3,398,723)	(1,097,003)
Income tax on items that will not be reclassified subsequently to profit or loss	23	673,066	301,962	679,745	219,401
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>(2,692,265)</b>	<b>(1,207,847)</b>	<b>(2,718,978)</b>	<b>(877,602)</b>
Items that will be reclassified subsequently to profit or loss					
Currency translation differences		(81,631)	964,558	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>(81,631)</b>	<b>964,558</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive expense for the year, net of tax</b>		<b>(2,773,896)</b>	<b>(243,289)</b>	<b>(2,718,978)</b>	<b>(877,602)</b>
<b>Total comprehensive income for the year</b>		<b>110,633,703</b>	<b>109,694,206</b>	<b>184,170,837</b>	<b>63,562,670</b>

Ubis (Asia) Public Company Limited  
Statement of Comprehensive Income (Cont'd)  
For the year ended 31 December 2016

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Restated Baht	Baht	Restated Baht
<b>Profit attributable to:</b>					
Owners of the parent		113,407,599	109,616,260	186,889,815	64,440,272
Non-controlling interests		-	321,235	-	-
<b>Net profit for the year</b>		<u>113,407,599</u>	<u>109,937,495</u>	<u>186,889,815</u>	<u>64,440,272</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		110,633,703	109,372,971	184,170,837	63,562,670
Non-controlling interests		-	321,235	-	-
<b>Total comprehensive income for the year</b>		<u>110,633,703</u>	<u>109,694,206</u>	<u>184,170,837</u>	<u>63,562,670</u>
<b>Earnings per share</b>					
Basic earnings per share	24	<u>0.50</u>	<u>0.48</u>	<u>0.82</u>	<u>0.28</u>

Ubis (Asia) Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2016

Consolidated financial statements										
		Attributable to owners of the parent								
		Retained earnings			Other components of equity			Total		
		Appropriated		Unappropriated	Translating financial statement		Other component of equity	owners of the parent		Non-controlling interests
		- legal reserve	Baht		Baht	Baht		Baht	Baht	
Notes	Issued and paid-up share capital	Premium on share capital	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
	227,999,991	26,870,810	22,800,000	82,384,614	2,811,809	2,811,809	362,867,224	1,925,957	364,793,181	
Opening balance as at 1 January 2015										
Changes in equity for the year										
25	Dividends payment	-	-	(82,079,997)	-	-	(82,079,997)	-	(82,079,997)	
	Disposal of investments in subsidiaries	-	-	-	-	-	-	(2,247,192)	(2,247,192)	
	Total comprehensive income for the year (restated)	-	-	108,408,413	964,558	964,558	109,372,971	321,235	109,694,206	
	Closing balance as at 31 December 2015	227,999,991	26,870,810	22,800,000	108,713,030	3,776,367	3,776,367	390,160,198	-	390,160,198
Opening balance as at 1 January 2016										
	(as previously reported)	227,999,991	26,870,810	22,800,000	144,245,155	3,776,367	3,776,367	425,692,323	45	425,692,368
4	Retrospective adjustments	-	-	-	(35,532,125)	-	-	(35,532,125)	(45)	(35,532,170)
	Opening balance as at 1 January 2016 (restated)	227,999,991	26,870,810	22,800,000	108,713,030	3,776,367	3,776,367	390,160,198	-	390,160,198
Changes in equity for the year										
25	Dividends payment	-	-	-	(8,436,026)	-	-	(8,436,026)	-	(8,436,026)
	Total comprehensive income for the year	-	-	-	110,715,334	(81,631)	(81,631)	110,633,703	-	110,633,703
	Closing balance as at 31 December 2016	227,999,991	26,870,810	22,800,000	210,992,338	3,694,736	3,694,736	492,357,875	-	492,357,875

Ubis (Asia) Public Company Limited  
Statement of Changes in Equity (Cont'd)  
For the year ended 31 December 2016

	Notes	Separate financial statements					
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Total equity	
		Baht	Baht	Appropriated - legal reserve	Unappropriated		
				Baht	Baht	Baht	
Opening balance as at 1 January 2015		227,999,991	26,870,810	22,800,000	63,835,123	341,505,924	
Changes in equity for the year							
Dividends payment	25	-	-	-	(82,079,997)	(82,079,997)	
Total comprehensive income for the year		-	-	-	63,562,670	63,562,670	
Closing balance as at 31 December 2015		227,999,991	26,870,810	22,800,000	45,317,796	322,988,597	
Opening balance as at 1 January 2016		227,999,991	26,870,810	22,800,000	45,317,796	322,988,597	
Changes in equity for the year							
Dividends payment	25	-	-	-	(8,436,000)	(8,436,000)	
Total comprehensive income for the year		-	-	-	184,170,837	184,170,837	
Closing balance as at 31 December 2016		227,999,991	26,870,810	22,800,000	221,052,633	498,723,434	

**Ubis (Asia) Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Restated Baht	Baht	Restated Baht
<b>Cash flows from operating activities</b>					
Profit before income tax		133,777,352	134,290,515	202,732,409	87,389,000
Adjustments for:					
Unrealised (gain) loss on foreign currency translation		(1,728,715)	1,072,411	668,498	(2,609,306)
Allowance for doubtful debts		112,608	36,218	-	-
Allowance for (reversal of) impairment of inventories		2,178,630	(232,608)	(196,520)	-
Loss on impairment of investments in subsidiaries	12	-	-	8,263,461	20,186,239
Depreciation and amortisation charge		8,972,024	7,680,045	7,479,753	6,288,481
Finance costs		18,626,774	11,641,990	16,810,540	11,325,940
Interest income		(332,295)	(127,188)	(330,249)	(78,315)
Dividend income	21	-	-	(139,999,974)	(24,159,995)
Gain from disposal of investment in subsidiary		-	-	-	(8,332,932)
(Gain) loss on disposal of assets		1,826,984	(91,251)	1,826,984	(91,251)
Employee benefit obligations	18	2,729,232	1,785,048	2,026,579	1,684,182
<b>Cash flows before changes in working capital</b>		<b>166,162,594</b>	<b>156,055,180</b>	<b>99,281,481</b>	<b>91,602,043</b>
Changes in working capital:					
- Trade and other receivables		(40,360,477)	37,387,660	(72,292,485)	4,543,818
- Inventories		(23,655,300)	37,095,019	(11,814,762)	(80,041)
- Other current assets		(2,362,628)	(2,570,610)	(2,736,178)	(2,970,437)
- Other non-current assets		349,427	(497,427)	(152,000)	4,000
- Trade and other payables		51,457,698	(36,867,263)	(4,414,266)	111,156,986
- Employee benefit paid	18	(515,819)	(35,506,429)	(515,819)	(35,131,429)
- Other current liabilities		(4,884,710)	(12,031,611)	242,619	(18,455,111)
<b>Cash provided by operating activities</b>		<b>146,190,785</b>	<b>143,064,519</b>	<b>7,598,590</b>	<b>150,669,829</b>
- Interest received		26,630	129,571	24,588	80,696
- Income tax paid		(17,082,243)	(14,464,575)	(13,709,811)	(12,841,231)
<b>Net cash provided by (used in) operating activities</b>		<b>129,135,172</b>	<b>128,729,515</b>	<b>(6,086,633)</b>	<b>137,909,294</b>



**Ubis (Asia) Public Company Limited**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015 Restated	2016	2015 Restated
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Cash payment for investment in an associate		(40,000,000)	(280,000,000)	(40,000,000)	(280,000,000)
Purchases of intangible assets		(2,105,088)	-	(2,048,440)	-
Purchases of property, plant and equipment		(13,021,657)	(3,274,897)	(11,863,835)	(3,113,111)
Loans made to related parties		-	-	-	(10,900,000)
Proceeds from disposal of equipments		4,116,272	91,450	4,116,272	91,450
Proceeds from fixed deposits pledged as collateral		63,100	336,000	63,100	336,000
Proceeds from disposal of intangible assets		-	57,215	-	57,215
Loan received from related parties		-	-	-	27,800,000
Proceed from disposal of investment subsidiary		-	11,991,768	-	17,332,912
Dividends received	21	-	-	139,999,974	24,159,995
<b>Net cash provided by (used in) investing activities</b>		<b>(50,947,373)</b>	<b>(270,798,464)</b>	<b>90,267,071</b>	<b>(224,235,539)</b>
<b>Cash flows from financing activities</b>					
Increase in short-term loans from financial institutions		62,338,093	142,366,600	47,753,170	140,656,727
Proceeds from long-term loans from financial institutions	17	15,000,000	90,000,000	15,000,000	90,000,000
Payments on long-term loans from financial institutions	17	(68,096,426)	(20,302,292)	(68,096,426)	(20,302,292)
Payments on short-term loans from related parties		-	-	-	(44,300,000)
Interest paid to financial institutions		(18,626,774)	(11,641,990)	(16,810,540)	(11,325,940)
Dividend payment	25	(8,436,026)	(82,079,997)	(8,436,000)	(82,079,997)
<b>Net cash provided by (used in) financing activities</b>		<b>(17,821,133)</b>	<b>118,342,321</b>	<b>(30,589,796)</b>	<b>72,648,498</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>60,366,666</b>	<b>(23,726,628)</b>	<b>53,590,642</b>	<b>(13,677,747)</b>
Cash and cash equivalents at beginning of the year		(16,320,836)	7,376,849	(16,679,496)	(3,030,692)
Effect from change in exchange rate on cash and cash equivalents		2,411,819	28,943	2,411,819	28,943
<b>Closing balance of cash and cash equivalents</b>		<b>46,457,649</b>	<b>(16,320,836)</b>	<b>39,322,965</b>	<b>(16,679,496)</b>
<b>Cash and cash equivalents at end of the year comprise of</b>					
Cash and cash equivalents	8	81,097,953	13,499,210	68,832,720	6,623,962
Bank overdraft	17	(34,640,304)	(29,820,046)	(29,509,755)	(23,303,458)
		<b>46,457,649</b>	<b>(16,320,836)</b>	<b>39,322,965</b>	<b>(16,679,496)</b>

**Non-cash transactions**

Significant non-cash transactions during the year ended 31 December are as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 Restated	2016	2015 Restated
		Baht	Baht	Baht	Baht
Accounts payable - purchases of equipment and intangible assets		1,518,507	-	1,518,507	-
Account receivable from void contract	28	40,000,000	280,000,000	40,000,000	280,000,000

**Ubis (Asia) Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

**1 General information**

Ubis (Asia) Public Company Limited ("the Company") is a public limited company which is listed on the Stock Exchange of Thailand in Market for Alternative Investment ("MAI") and is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

Head office: 807/1, 6<sup>th</sup> Floor, Rama 3 Road, Bangpongpan, Yannawa, Bangkok, 10120

On 1 July 2016, the Company changed its registered address from 20-22, Naradhiwas Rajanagarindra Road, Chong Nonsi, Yannawa, Bangkok, 10120

Factory: 1/83 and 1/84, Moo 2, Tha Sai, Muang Samutsakhon, Samutsakhon.

For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

The principal business operation of the Group is manufacturer and distributor of sealing compounds, lacquers and coatings used in can production and bottle closure for the food, beverage and general industries.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 5 April 2017.

**2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

**2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies in Note 2 Accounting policies.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

**2.2 Revised financial reporting standards**

The Group has applied the revised financial reporting standards which are effective on 1 January 2016 and relevant to the Group. The application of those financial reporting standards does not have significant impact to the Group.

The Group has not yet early adopted the revised financial reporting standards which are effective on 1 January 2017.



## **2 Accounting policies (Cont'd)**

### **2.3 Group accounting - Investment in subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

#### **(1) Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### **(2) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

## **2 Accounting policies (Cont'd)**

### **2.4 Foreign currencies translation**

#### **(a) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

#### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

#### **(c) Group companies**

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### **2.5 Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and separate statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

### **2.6 Trade receivables**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

### **2.7 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the moving average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

## 2 Accounting policies (Cont'd)

### 2.8 Investment property

Investment property is land held for a currently undetermined future use which is measured at its cost.

### 2.9 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight line basis to write off the cost of each asset to its residual value over the estimated useful life as follows:

Plant and leasehold improvements	30 years
Furniture, fixture and office equipment	5 years
Machinery and equipment	5 - 30 years
Vehicles	5 years

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

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

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in statement of income.

### 2.10 Intangible assets

#### *Trademarks and licences*

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 10 years.

#### *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which does not exceed 5 years.

### 2.11 Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



## 2 Accounting policies (Cont'd)

### 2.12 Leases

*Where a Group is the lessee*

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

### 2.13 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

### 2.14 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

## **2 Accounting policies (Cont'd)**

### **2.15 Employee benefits**

Group operates various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated every 3 years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

### **2.16 Provisions**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

### **2.17 Revenues recognition**

#### *Revenues from sales of goods*

Revenue comprises the fair value for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from services is recognised when service is rendered.

#### *Rental and service incomes*

Revenue comprises the value of the consideration received for service. Revenue is shown net of value-added tax, rebates and discounts value. Rental income is recognised on a straight-line basis over lease term when service is rendered.

#### *Other incomes*

Other incomes are recognised on an accrual basis. In addition, interest income is recognised on a time proportion basis, taking account of the principal outstanding and the interest rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividend income is recognised when the right to receive payment is established.

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**2 Accounting policies (Cont'd)**

**2.18 Dividends**

Dividends paid to the Company's shareholders are recognised as a liability in the financial statement in the period in which the interim dividends are approved by the board of directors and the annual dividends are approved by the Company's shareholders.

**2.19 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director (MD) that makes strategic decisions.

**3 Financial risk management**

**3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**3.1.1 Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures which mainly currency is Thai Baht and Yuan. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Entities in the Group use forward contracts to hedge their exposure to foreign currency risk in connection with financial institution.

The Company enters into foreign currency forward contracts with financial institution to hedge foreign currency risk related to Trust Receipts. Outstanding balance of foreign currency forward contracts with maturity dates from 18 April to 15 May 2017 (2015: from 4 January 2016 to 9 June 2016) are as follows:

	<b>Consolidated and separate financial statements</b>	
	<b>Asset Baht</b>	<b>Liabilities Baht</b>
As at 31 December 2016	288,223	-
As at 31 December 2015	13,099,864	17,711,007

The fair value, net of foreign currency forward contracts as at 31 December are as follows:

	<b>Consolidated and separate financial statements</b>	
	<b>2016 Baht</b>	<b>2015 Baht</b>
Gain/(Loss) on foreign currency forward contracts	9,848	(289,799)

Fair value of foreign currency forward contracts is calculated using the rates set by the bank counterparties as if the contract was cancelled as at the date of the statement of financial position. The fair value is within level 2 of the fair value hierarchy.

**3.1.2 Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the finance director before execution. The Group has no significant interest-bearing assets.



### **3 Financial risk management (Cont'd)**

#### **3.1 Financial risk factors (Cont'd)**

##### **3.1.3 Credit risk**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

##### **3.1.4 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

#### **3.2 Fair value estimation**

The analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) for assets or liabilities (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of the financial assets and liabilities are disclosed in relevant notes.

There were no transfers between levels 1 and 2 during the year.

##### **1) Financial instruments in level 1**

The fair value of financial instruments that are not traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 2.

##### **2) Financial instruments in level 2**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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**4 Retrospective adjustments**

During the year, the Group has adjusted the void contract transactions as referred in Note 28 and reclassified to conform with the Department of Business Development Regulation in relation to the format of financial statements B.E. 2554.

The impacts to the financial statements for the year ended 31 December 2015 are as follows:

<b>Consolidated financial statements</b>			
<b>As previously reported</b>	<b>Reclassifications</b>	<b>As reclassified</b>	
<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	
<b>Statement of financial position as at 31 December 2015</b>			
Trade and other receivables, net	198,922,746	1,556,832	200,479,578
Other current assets	15,775,605	(806,087)	14,969,518
Account receivable from void contract (Note 28)	-	280,000,000	280,000,000
Investment in associate (Note 28)	315,532,170	(315,532,170)	-
Intangible assets, net	13,453	84,411	97,864
Other non-current assets	1,335,838	(834,411)	501,427
Trade and other payables	76,310,404	(1,363,906)	74,946,498
Other current liabilities	9,077,626	(976,349)	8,101,277
Employee benefit obligations	16,713,191	2,341,000	19,054,191
Retained earnings - Unappropriated	144,245,155	(35,532,125)	108,713,030
Non-controlling interests	45	(45)	-
<b>Statement of comprehensive income for the year ended 31 December 2015</b>			
Cost of sales	(502,919,645)	1,340	(502,918,305)
Other income	12,200,631	625,604	12,826,235
Selling expenses	(95,652,739)	(647,313)	(96,300,052)
Administrative expenses	(95,024,969)	10,187,728	(84,837,241)
Finance costs	(11,641,991)	(1)	(11,641,992)
Share of profit from investment in associate (Note 28)	35,532,170	(35,532,170)	-
Income tax expense	(24,353,019)	(1)	(24,353,020)
Other expenses	-	(10,167,357)	(10,167,357)
Basic earnings per share	0.64	(0.16)	0.48
<b>Separate financial statements</b>			
<b>As previously reported</b>	<b>Reclassifications</b>	<b>As reclassified</b>	
<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	
<b>Statement of financial position as at 31 December 2015</b>			
Trade and other receivables, net	209,089,542	1,369,419	210,458,961
Other current assets	12,051,785	(619,419)	11,432,366
Account receivable from void contract (Note 28)	-	280,000,000	280,000,000
Investment in associate (Note 28)	280,000,000	(280,000,000)	-
Intangible assets, net	13,453	84,411	97,864
Other non-current assets	834,411	(834,411)	-
Trade and other payables	248,688,674	(2,880,772)	245,807,902
Other current liabilities	2,442,910	(965,245)	1,477,665
Employee benefit obligations	14,682,664	3,846,017	18,528,681
<b>Statement of comprehensive income for the year ended 31 December 2015</b>			
Cost of sales	(497,200,542)	800	(497,199,742)
Selling expenses	(47,798,234)	(431,157)	(48,229,391)
Administrative expenses	(89,726,082)	20,616,595	(69,109,487)
Other expenses	-	(20,186,238)	(20,186,238)



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**4 Retrospective adjustments (Cont'd)**

The impacts to the statement of financial position as at 1 January 2015 are as follows: (Cont'd)

<b>Consolidated financial statements</b>			
	<b>As previously reported Baht</b>	<b>Reclassifications Baht</b>	<b>As reclassified Baht</b>
<b>Statement of financial position as at 1 January 2015</b>			
Cash and cash equivalents	11,295,323	65,014	11,360,337
Trade and other receivables, net	233,771,904	2,591,324	236,363,228
Other current assets	15,455,380	(3,056,472)	12,398,908
Intangible assets, net	45,443	151,387	196,830
Other non-current assets	1,380,568	(1,376,568)	4,000
Bank overdrafts and short-term borrowings			
from financial institutions	12,228,231	83,298	12,311,529
Trade and other payables	159,466,265	(51,410,706)	108,055,559
Current portion of long-term liabilities			
from financial institution	22,957,000	2,087,000	25,044,000
Other current liabilities	7,131,235	13,001,653	20,132,888
Long-term borrowings from financial institution	77,043,000	(2,087,000)	74,956,000
Employee benefit obligations	14,565,323	36,700,440	51,265,763
<b>Separate financial statements</b>			
	<b>As previously reported Baht</b>	<b>Reclassifications Baht</b>	<b>As reclassified Baht</b>
<b>Statement of financial position as at 1 January 2015</b>			
Trade and other receivables - net	209,853,285	2,495,027	212,348,312
Other current assets	10,210,955	(1,749,026)	8,461,929
Intangible assets - net	45,443	151,388	196,831
Other non-current assets	901,389	(897,389)	4,000
Bank overdrafts and short-term borrowings from			
financial institutions	11,441,438	18,284	11,459,722
Trade and other payables	186,118,584	(51,544,153)	134,574,431
Current portion of long-term liabilities from			
financial institution	22,957,000	2,087,000	25,044,000
Other current liabilities	6,337,545	13,595,231	19,932,776
Long-term borrowings from financial institution	77,043,000	(2,087,000)	74,956,000
Employee benefit obligations	12,948,287	37,930,638	50,878,925

## 5 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### 5.1 Plant and equipment

Management determines the carrying value of plant and equipment based on estimates, assumptions, and judgments in respect of the assets' residual values and useful lives. These estimates, assumptions, and judgments reflect both historical experience and expectations regarding future operations, utilisation, and performance.

### 5.2 Employee benefits

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit obligations.

Other key assumptions for employee benefit obligations are additional disclosed in Note 18.

## 6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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**7 Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Director that makes strategic decisions. The Group operates the manufacture of industrial chemistry in geographical areas which comprised domestic business and overseas business.

The segment information for the year ended 31 December 2016 is as follows:

	<b>Consolidated financial statements</b>		
	<b>Domestic Baht</b>	<b>Overseas Baht</b>	<b>Total Baht</b>
Segment revenues	326,703,397	522,116,909	848,820,306
Segment gross profit	121,089,172	221,218,439	342,307,611
Selling and administrative expenses			(186,450,173)
Operating profit			155,857,438
Other income			5,149,693
Finance costs			(18,626,774)
Other expenses			(8,603,005)
Profit before income tax			133,777,352
Income tax expenses			(20,369,753)
Net profit			113,407,599
<b>Assets as at 31 December 2016</b>			
Property, plant and equipment, net			187,048,912
Total assets			1,035,482,111

The large portion of revenue from sales of goods was from customers located at China totaling of Baht 282.81 million (2015: Baht 283.80 million).

The Board of Directors assesses the performance of the operating segments based on a measure of gross profit margin on ongoing operation. This measurement basis excludes the effects of non-recurring expenditure from the operating segments.

The segment information for the year ended 31 December 2015 is as follows:

	<b>Consolidated financial statements (Restated)</b>		
	<b>Domestic Baht</b>	<b>Overseas Baht</b>	<b>Total Baht</b>
Segment revenues	333,673,140	493,656,087	827,329,227
Segment gross profit	159,585,549	164,825,373	324,410,922
Selling and administrative expenses			(181,137,293)
Operating profit			143,273,629
Other income			12,826,235
Finance costs			(11,641,992)
Other expenses			(10,167,357)
Profit before income tax			134,290,515
Income tax expenses			(24,353,020)
Net profit			109,937,495
<b>Assets as at 31 December 2015</b>			
Property, plant and equipment, net			187,338,509
Total assets			864,175,743

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**8 Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash on hand	573,700	201,753	278,576	184,373
Deposits at banks - savings	80,507,900	13,022,680	68,538,791	6,165,812
Deposits at banks - current	16,353	274,777	15,353	273,777
<b>Total</b>	<b>81,097,953</b>	<b>13,499,210</b>	<b>68,832,720</b>	<b>6,623,962</b>

The average interest rate on saving bank deposits was 0.25% per annum (2015: 0.25% - 1.00% per annum).

**9 Trade and other receivables, net**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Restated Baht	2016 Baht	2015 Restated Baht
Trade receivables				
- third parties	224,050,151	180,590,597	114,928,638	88,364,156
- related parties (Note 26)	-	-	153,511,957	118,014,890
<b>Less</b> Allowance for doubtful debt	<b>(1,349,770)</b>	<b>(1,335,965)</b>	<b>-</b>	<b>-</b>
Trade receivables, net	222,700,381	179,254,632	268,440,595	206,379,046
Post dated cheque	7,605,464	19,666,240	6,238,175	2,708,622
Prepayments	4,058,342	806,832	3,541,097	619,419
Deposits for office rental	750,000	750,000	750,000	750,000
Other receivables	2,598,464	1,166	867,871	1,166
Others	325,813	708	306,373	708
<b>Total</b>	<b>238,038,464</b>	<b>200,479,578</b>	<b>280,144,111</b>	<b>210,458,961</b>

Outstanding trade receivables as at 31 December can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Within due	184,570,516	135,732,545	177,413,210	145,501,183
Overdue				
Not later than 3 months	35,017,675	41,369,412	48,734,283	32,460,045
3 - 6 months	1,939,449	1,166,987	38,700,638	28,417,818
6 - 12 months	1,172,741	995,015	3,592,464	-
Over 12 months	1,349,770	1,326,638	-	-
	224,050,151	180,590,597	268,440,595	206,379,046
<b>Less</b> Allowance for doubtful debt	<b>(1,349,770)</b>	<b>(1,335,965)</b>	<b>-</b>	<b>-</b>
Trade receivables, net	222,700,381	179,254,632	268,440,595	206,379,046

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**10 Inventories, net**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Raw materials	78,336,163	60,336,865	52,631,475	31,729,931
Work in process	3,209,327	3,444,518	1,815,574	1,849,547
Finished goods	77,184,960	71,354,300	24,835,008	33,887,817
	158,730,450	135,135,683	79,282,057	67,467,295
<u>Less</u> Allowance for impairment of finished goods	<u>(3,086,581)</u>	<u>(968,484)</u>	<u>(54,480)</u>	<u>(251,000)</u>
Inventories, net	<u>155,643,869</u>	<u>134,167,199</u>	<u>79,227,577</u>	<u>67,216,295</u>

The Group reversed the allowance for impairment of inventories recognised of Baht 196,250 in during the year (2015: Baht 236,526).

**11 Other current assets**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Restated Baht	2016 Baht	2015 Restated Baht
Value added tax receivables	13,746,511	10,857,552	13,746,511	10,857,552
Others	3,585,635	4,111,966	422,033	574,814
Total	<u>17,332,146</u>	<u>14,969,518</u>	<u>14,168,544</u>	<u>11,432,366</u>



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**12 Investment in subsidiaries, net**

The Group had the following subsidiaries as at 31 December 2016

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent		Separate financial statements	
			2016 %	2015 %	2016 Baht	2015 Baht
Ubis Primattech Company Limited	Thailand	Manufacture and distribute sealing compound for food and beverage canning	99.99	99.99	159,999,970	159,999,970
Vita International Trading (Guangzhou) Company Limited	Republic of China	Distribute sealing compound and lacquer for food and beverage canning	100.00	100.00	38,027,500	38,027,500
					198,027,470	198,027,470
Less Allowance for impairment of investment in subsidiaries					(38,027,500)	(29,764,039)
Investment in subsidiaries, net					159,999,970	168,263,431

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent Company do not differ from the proportion of ordinary shares held.



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**12 Investment in subsidiaries, net (Cont'd)**

The movements of investment in subsidiaries during the year ended 31 December 2016 are as follows:

	Separate financial statements		
	Cost Baht	Allowance impairment Baht	Net book amount Baht
Opening balance	198,027,470	(29,764,039)	168,263,431
Addition	-	(8,263,461)	(8,263,461)
Closing balance	198,027,470	(38,027,500)	159,999,970

During the year, the Company tested for impairment of investments and recognized loss on impairment of investments in Vita International Trading Company Limited. The impairment charge of Baht 8,263,461. As a result, the subsidiaries incurred a loss from operations until present, allowance for impairment in investment on 31 December 2016 is amount Baht 38,027,500.

**13 Investment property**

	Consolidated and Separate financial statements
	Land Baht
<b>At 1 January 2016</b>	
Cost	28,836,500
Net book amount	28,836,500
<b>For the year ended 31 December 2016</b>	
Opening net book amount	28,836,500
Closing net book amount	28,836,500
<b>At 31 December 2016</b>	
Cost	28,836,500
Net book amount	28,836,500
Fair value	44,726,000

The fair value of investment property is based on market approach by the independent appraisal company on 6 December 2016. The fair value is within level 2 of the fair value hierarchy.

Investment property of Baht 28,836,500 (2015: Baht 28,836,500) has been pledged as a security for long-term borrowings (Note 17).

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Property, plant and equipment, net	Consolidated financial statements						
	Land and land improvements Baht	Plant and leasehold improvements Baht	Furniture, fixture and office equipment Baht	Machinery and equipment Baht	Vehicles Baht	Machinery and equipment under installation Baht	Building and construction in process Baht
At 1 January 2015							
Cost	47,178,250	91,576,975	16,252,299	54,107,467	29,474,132	4,724,355	100,000
Less Accumulated depreciation	-	(13,817,718)	(9,631,255)	(13,550,245)	(14,744,814)	-	-
Net book amount	47,178,250	77,759,257	6,621,044	40,557,222	14,729,318	4,724,355	100,000
For the year ended 31 December 2015							
Opening net book amount	47,178,250	77,759,257	6,621,044	40,557,222	14,729,318	4,724,355	100,000
Additions	-	-	476,342	3,446,737	-	-	109,319
Transfers in (out)	-	49,319	-	2,240,000	-	(2,080,000)	(209,319)
Disposals	-	-	-	(199)	-	(60,000)	-
Disposals of investment in a subsidiary	-	-	(59,707)	-	(605,136)	-	-
Depreciation charge	-	(2,612,056)	(1,098,131)	(2,717,307)	(1,210,799)	-	-
Closing net book amount	47,178,250	75,196,520	5,939,548	43,526,453	12,913,383	2,584,355	-
At 31 December 2015							
Cost	47,178,250	78,466,752	15,523,317	57,871,243	28,574,032	2,584,355	-
Less Accumulated depreciation	-	(3,270,232)	(9,583,769)	(14,344,790)	(15,660,649)	-	-
Net book amount	47,178,250	75,196,520	5,939,548	43,526,453	12,913,383	2,584,355	-



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14 Property, plant and equipment, net (Cont'd)

	Separate financial statements							Total Baht
	Land and land improvements Baht	Plant and leasehold improvements Baht	Furniture, fixture and office equipment Baht	Machinery and equipment Baht	Vehicles Baht	Machinery and equipment under installation Baht	Building and construction in process Baht	
<b>At 1 January 2015</b>								
Cost	47,178,250	91,576,975	15,512,078	20,922,672	28,574,032	4,664,355	100,000	208,528,362
Less Accumulated depreciation	-	(13,817,718)	(9,092,257)	(7,854,454)	(14,476,979)	-	-	(45,241,408)
Net book amount	47,178,250	77,759,257	6,419,821	13,068,218	14,097,053	4,664,355	100,000	163,286,954
<b>For the year ended 31 December 2015</b>								
Opening net book amount	47,178,250	77,759,257	6,419,821	13,068,218	14,097,053	4,664,355	100,000	163,286,954
Additions	-	-	337,924	2,775,187	-	-	-	3,113,111
Transfers in (out)	-	-	-	2,160,000	-	(2,080,000)	(100,000)	-
Disposals	-	-	-	(199)	-	-	-	(199)
Depreciation charge	-	(2,611,313)	(1,053,451)	(1,398,295)	(1,183,670)	-	-	(6,246,729)
Closing net book amount	47,178,250	75,147,944	5,704,294	16,624,911	12,913,383	2,584,355	-	160,153,137
<b>At 31 December 2015</b>								
Cost	47,178,250	78,417,434	14,724,403	23,954,898	28,574,032	2,584,355	-	195,433,372
Less Accumulated depreciation	-	(3,269,490)	(9,020,109)	(7,329,987)	(15,660,649)	-	-	(35,280,235)
Net book amount	47,178,250	75,147,944	5,704,294	16,624,911	12,913,383	2,584,355	-	160,153,137

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14 Property, plant and equipment, net (Cont'd)

	Separate financial statements							Total Baht	
	Land and land improvements	Plant and leasehold improvements	Furniture, fixture and office equipment	Machinery and equipment		Vehicles	Machinery and equipment under installation		Building and construction in process
				Baht	Baht				
At 1 January 2016									
Cost	47,178,250	78,417,434	14,724,403	23,954,898	28,574,032	2,584,355	-	195,433,372	
Less Accumulated depreciation	-	(3,269,490)	(9,020,109)	(7,329,987)	(15,660,649)	-	-	(35,280,235)	
Net book amount	47,178,250	75,147,944	5,704,294	16,624,911	12,913,383	2,584,355	-	160,153,137	
For the year ended									
31 December 2016									
Opening net book amount	47,178,250	75,147,944	5,704,294	16,624,911	12,913,383	2,584,355	-	160,153,137	
Additions	-	-	1,293,393	1,767,537	-	7,697,032	2,727,870	13,485,832	
Transfers in (out)	-	2,427,790	5,945,280	4,517,470	-	(10,162,670)	(2,727,870)	-	
Disposals	-	-	(169,254)	-	(5,774,002)	-	-	(5,943,256)	
Depreciation charge	-	(2,638,469)	(1,224,326)	(1,570,925)	(1,989,800)	-	-	(7,423,520)	
Closing net book amount	47,178,250	74,937,265	11,549,387	21,338,993	5,149,581	15,227	-	160,168,703	
At 31 December 2016									
Cost	47,178,250	80,845,224	16,633,959	30,239,905	12,221,972	15,227	-	187,134,537	
Less Accumulated depreciation	-	(5,907,959)	(5,084,572)	(8,900,912)	(7,072,391)	-	-	(26,965,834)	
Net book amount	47,178,250	74,937,265	11,549,387	21,338,993	5,149,581	15,227	-	160,168,703	

Depreciation expense of Baht 7,423,520 (2015: Baht 6,246,729) has been charged in cost of goods sold, comprising Baht 4,884,764 (2015: Baht 3,981,941) in selling expense and Baht 2,538,756 (2015: Baht 2,264,788) in administrative expense, in the separate financial statements.

Depreciation expense of Baht 8,886,505 (2015: Baht 7,638,293) has been charged in cost of goods sold, comprising Baht 6,250,040 (2015: Baht 5,301,695) in selling expense and Baht 2,636,465 (2015: Baht 2,336,598) in administrative expense in the consolidated financial statements

The Company has pledged land net book value of Baht 42,883,500 (2015: Baht 42,883,500) for bank borrowings (Note 17).

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**15 Deferred income tax**

The analysis of deferred income tax assets and liabilities are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht</b>	<b>2015 Baht</b>	<b>2016 Baht</b>	<b>2015 Baht</b>
Deferred income tax assets	4,802,834	3,810,838	4,698,529	3,705,736
	<u>4,802,834</u>	<u>3,810,838</u>	<u>4,698,529</u>	<u>3,705,736</u>

The movements in the deferred income tax account during the year are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht</b>	<b>2015 Baht</b>	<b>2016 Baht</b>	<b>2015 Baht</b>
At 1 January	3,810,838	9,540,305	3,705,736	9,462,937
Transfer out from selling an investment in subsidiary	-	(55,195)	-	-
Charged/(credited) to profit or loss	318,930	(5,976,234)	313,048	(5,976,602)
Charged to other comprehensive income	673,066	301,962	679,745	219,401
At 31 December	<u>4,802,834</u>	<u>3,810,838</u>	<u>4,698,529</u>	<u>3,705,736</u>

	<b>Consolidated financial statements</b>		
	<b>Allowance for impairment of inventories Baht</b>	<b>Provision for employee benefit obligations Baht</b>	<b>Total Baht</b>
<b>Deferred tax assets</b>			
At 1 January 2016	-	3,810,838	3,810,838
Charged to profit or loss	10,896	308,034	318,930
Charged to other comprehensive income	-	673,066	673,066
At 31 December 2016	<u>10,896</u>	<u>4,791,938</u>	<u>4,802,834</u>
At 1 January 2015	-	9,540,305	9,540,305
Credited to profit or loss	-	(5,976,234)	(5,976,234)
Charged to other comprehensive income	-	301,962	301,962
Credited directly to equity	-	(55,195)	(55,195)
At 31 December 2015	<u>-</u>	<u>3,810,838</u>	<u>3,810,838</u>

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**15 Deferred income tax (Cont'd)**

	Separate financial statements		
	Allowance for impairment of inventories Baht	Provision for employee benefit obligations Baht	Total Baht
<b>Deferred tax assets</b>			
At 1 January 2016	-	3,705,736	3,705,736
Charged to profit or loss	10,896	302,152	313,048
Charged to other comprehensive income	-	679,745	679,745
At 31 December 2016	10,896	4,687,633	4,698,529
At 1 January 2015	-	9,462,937	9,462,937
Credited to profit or loss	-	(5,976,602)	(5,976,602)
Charged to other comprehensive income	-	219,401	219,401
At 31 December 2015	-	3,705,736	3,705,736

The Group did not recognise deferred income tax assets in respect of tax losses of subsidiary in China amounting to Baht 2,222,239 (2015: Baht 2,471,888) which will be expired in 2021 since the management has considered that the subsidiary may has inadequate taxable profits to realise tax losses in the future.

**16 Trade and other payables**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Restated Baht	2016 Baht	2015 Restated Baht
Trade payables				
- third parties	105,014,378	51,426,693	80,975,967	38,184,070
- related parties (Note 26)	390,205	53,145	144,348,758	189,073,026
Post dated cheque	2,883,806	17,235,170	2,626,890	13,084,822
Other payables	1,495,859	490,211	187,934	453,455
Accrued expenses	11,991,917	4,345,826	11,060,500	3,617,076
Advance received	2,309,761	336,552	2,309,261	336,552
Retention	310,278	421,140	310,278	421,140
Others	1,296,608	637,761	1,259,876	637,761
<b>Total</b>	<b>125,692,812</b>	<b>74,946,498</b>	<b>243,079,464</b>	<b>245,807,902</b>



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**17 Borrowings**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Current</b>				
Bank overdraft	34,640,304	29,820,046	29,509,755	23,303,458
Promissory notes	127,500,000	111,500,000	112,500,000	101,500,000
Bill of exchange	79,241,476	34,712,625	79,241,476	34,712,625
Trust receipts	20,530,218	18,720,976	4,209,669	11,985,350
<b>Total</b>	<b>261,911,998</b>	<b>194,753,647</b>	<b>225,460,900</b>	<b>171,501,433</b>
Current portion of long-term loans from financial due for payments not later than 1 year	68,593,035	63,858,256	68,593,035	63,858,256
<b>Total current borrowings</b>	<b>330,505,033</b>	<b>258,611,903</b>	<b>294,053,935</b>	<b>235,359,689</b>
<b>Non-current</b>				
Long-term loans from financial	48,008,247	105,839,452	48,008,247	105,839,452
<b>Total non-current borrowings</b>	<b>48,008,247</b>	<b>105,839,452</b>	<b>48,008,247</b>	<b>105,839,452</b>
<b>Total borrowings</b>	<b>378,513,280</b>	<b>364,451,355</b>	<b>342,062,182</b>	<b>341,199,141</b>

The borrowings include secured liabilities (long-term loans from financial) in a total amount of Baht 98,121,000 (2015: Baht 151,365,000). The bank borrowings are secured over a part of the land and buildings for investment of the Group (Note 13 and Note 14).

The movements in long-term borrowings for the year ended 31 December are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Opening balance as at 1 January	169,697,708	100,000,000	169,697,708	100,000,000
Addition	15,000,000	90,000,000	15,000,000	90,000,000
Repayments of borrowing	(68,094,426)	(20,302,292)	(68,096,426)	(20,302,292)
<b>At 31 December</b>	<b>116,601,282</b>	<b>169,697,708</b>	<b>116,601,282</b>	<b>169,697,708</b>

The interest rate exposure on the borrowings of the Group are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Borrowings:</b>				
- at fixed rates	10,000,000	30,000,000	10,000,000	30,000,000
- at floating rates	368,513,280	334,451,355	332,062,182	311,199,141
<b>Total</b>	<b>378,513,280</b>	<b>364,451,355</b>	<b>342,062,182</b>	<b>341,199,141</b>

The effective interest rates at the statement of financial position date are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 %	2015 %	2016 %	2015 %
Bank borrowings	3.97 - 6.15	3.97 - 6.15	3.97 - 6.15	3.97 - 6.15

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**17 Borrowings (Cont'd)**

The carrying amounts and fair values of certain long-term borrowings are as follows:

	Consolidated and separate financial statements			
	Carrying amounts		Fair values	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Long-term bank borrowings	116,601,282	169,697,708	117,002,392	170,092,171

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 4 - 5% (2015: 4% - 5%) and are within level 2 of the fair value hierarchy.

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

Maturity of long-term borrowings are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Not later than 1 year	68,593,035	63,858,256	68,593,035	63,858,256
Later than 1 year but not later than 5 years	48,008,247	105,839,452	48,008,247	105,839,452
Total	116,601,282	169,697,708	116,601,282	169,697,708

**18 Employee benefit obligations**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Restated Baht	2016 Baht	2015 Restated Baht
Statement of financial position				
Retirement benefits	24,632,935	19,054,191	23,438,164	18,528,681
Profit or loss charge included in operating profit				
Retirement benefits	2,729,232	1,785,084	2,026,579	1,684,182
Remeasurement for: Retirement benefits	3,365,331	1,509,809	3,398,723	1,097,003

The movements of retirement benefit obligations during the year are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Restated Baht	2016 Baht	2015 Restated Baht
At 1 January	19,054,191	51,265,763	18,528,681	50,878,925
Current service cost	2,344,399	1,394,642	1,699,981	1,339,065
Interest expense	384,833	390,406	326,598	345,117
Benefits paid	(515,819)	(35,506,429)	(515,819)	(35,131,429)
	21,267,604	17,544,382	20,039,441	17,431,678
Remeasurements:				
Loss from change in assumptions	3,365,331	1,509,809	3,398,723	1,097,003
At 31 December	24,632,935	19,054,191	23,438,164	18,528,681

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**18 Employee benefit obligations (Cont'd)**

The principal actuarial assumptions used are as follows:

	Consolidated and separate financial statements	
	2016 %	2015 %
Discount rate	2.10	3.06
Turnover rate of employee	0.00 - 33.00	0.00 - 59.09
Salary growth rate	7.00	6.00

	Consolidated financial statements Impact to employee benefit obligations increase (decrease)		
	Change in assumption %	Increase in assumption Baht	Decrease in assumption Baht
Discount rate	1	(2,391,966)	2,772,234
Salary growth rate	1	2,712,884	(2,394,542)
Turnover rate of employee	1	(2,480,958)	185,828

	Separate financial statements Impact to employee benefit obligations increase (decrease)		
	Change in assumption %	Increase in assumption Baht	Decrease in assumption Baht
Discount rate	1	(1,894,251)	2,177,317
Salary growth rate	1	2,134,615	(1,899,966)
Turnover rate of employee	1	(1,961,780)	168,408

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The weighted average duration of the defined benefit obligation is 10.02 years

Analysis of the maturity of the payment of retirement benefits without discount rates:

	Consolidated financial statements				
	Within 1 year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2016					
Retirement benefits	218,280	2,572,590	4,486,468	158,555,747	165,833,085
Total	218,280	2,572,590	4,486,468	158,555,747	165,833,085



**Ubis (Asia) Public Company Limited**  
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**For the year ended 31 December 2016**

**18 Employee benefit obligations (Cont'd)**

	Separate financial statements				Total Baht
	Within 1 year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2016					
Retirement benefits	218,280	2,572,590	4,486,468	102,562,235	109,839,573
Total	218,280	2,572,590	4,486,468	102,562,235	109,839,573

**19 Share capital and premium on share capital**

	Number of Shares	Number of Paid-up Shares	Ordinary Shares Baht	Share Premium Baht	Total Baht
At 1 January 2015	228,000,000	227,999,991	227,999,991	26,870,810	254,870,801
Issue of shares	-	-	-	-	-
At 31 December 2015	228,000,000	227,999,991	227,999,991	26,870,810	254,870,801
Issue of shares	-	-	-	-	-
At 31 December 2016	228,000,000	227,999,991	227,999,991	26,870,810	254,870,801

The total number of authorised ordinary shares is 228,000,000 shares with a par value of Baht 1 per share (2015: 228,000,000 shares) The 227,999,991 ordinary shares are fully paid-up.

**20 Legal reserve**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
At 1 January	22,800,000	22,800,000	22,800,000	22,800,000
Appropriation during the year	-	-	-	-
At 31 December	22,800,000	22,800,000	22,800,000	22,800,000

Under the public limited company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5 % of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

**21 Other income**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Restated Baht	2016 Baht	2015 Restated Baht
Rental and services income	855,803	778,290	12,768,491	12,624,306
Dividend income	-	-	139,999,974	24,159,995
Commission income	1,195,739	1,185,199	1,195,739	1,185,199
Interest income	332,295	127,188	330,249	78,315
Gains on sales of investments in securities	-	-	-	8,332,932
Profit on exchange rate, net	-	7,550,847	-	7,174,584
Others	2,765,856	3,184,711	2,224,396	2,496,246
Total	5,149,693	12,826,235	156,518,849	56,051,577

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**22 Expense by nature**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Changes in finish goods and work in process	12,100,165	38,570,770	254,565,950	228,232,744
Raw material and consumables used	451,855,627	417,387,931	255,507,970	240,538,423
Employee benefit expense	114,155,279	102,165,460	71,709,248	58,766,544
Transportation and sale department expense	44,805,716	37,863,122	29,355,641	22,994,799
Consultant and professional fee	18,978,279	37,242,706	18,516,701	36,666,743
Utility expenses	26,051,242	34,146,273	9,830,131	11,655,044
Operating lease payment	8,999,181	3,595,032	7,837,668	2,453,832
Depreciation and amortisation	8,972,024	7,680,045	7,479,753	6,288,481
Impairment charges	-	-	8,263,461	20,186,239
Travel expenses	7,345,027	5,299,566	6,882,995	4,848,492
Repair and maintenance cost	3,068,276	2,957,175	1,977,703	1,757,687
Other	5,235,057	7,314,875	8,337,607	335,830
<b>Total</b>	<b>701,565,873</b>	<b>694,222,955</b>	<b>680,264,828</b>	<b>634,724,858</b>

**23 Income tax**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Restated Baht	2016 Baht	2015 Restated Baht
Current tax:				
Current tax on profits for the year	20,688,683	18,376,786	16,155,642	16,972,126
Increase (decrease) in deferred tax assets (Note 15)	(318,930)	5,976,234	(313,048)	5,976,602
<b>Total income tax expense</b>	<b>20,369,753</b>	<b>24,353,020</b>	<b>15,842,594</b>	<b>22,948,728</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Restated Baht	2016 Baht	2015 Restated Baht
Profit before tax	133,777,352	134,290,515	202,732,409	87,389,000
Tax calculated at a tax rate of 20% (2015: 20%)	26,775,470	26,858,103	40,546,482	17,477,800
Tax effect of:				
Benefit from BOI regulation	(13,872,557)	(15,291,664)	-	-
Income not subject to tax	-	-	(27,999,995)	(4,831,999)
Expenses not deductible for tax purpose	3,476,611	10,373,342	3,462,628	10,351,416
Revenues that are granted income tax exemption or expenses that are deductible at a greater amount	(200,385)	(58,649)	(166,521)	(48,489)
Adjustment in respect of prior year	1,988,375	-	-	-
Tax losses for which no deferred income tax asset was recognised	2,222,239	2,471,888	-	-
<b>Income tax</b>	<b>20,369,753</b>	<b>24,353,020</b>	<b>15,842,594</b>	<b>22,948,728</b>

**Ubis (Asia) Public Company Limited**  
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**23 Income tax (Cont'd)**

Income tax relates to component of other comprehensive income are as follows:

	Consolidated financial statements					
	2016			2015		
	Before tax Baht	Tax Baht	After tax Baht	Before tax Baht	Tax Baht	After tax Baht
Remeasurement on retirement benefit obligations	3,365,331	(673,066)	2,692,265	1,509,809	(301,962)	1,207,847
<b>Other comprehensive income</b>	<b>3,365,331</b>	<b>(673,066)</b>	<b>2,692,265</b>	<b>1,509,809</b>	<b>(301,962)</b>	<b>1,207,847</b>

	Separate financial statements					
	2016			2015		
	Before tax Baht	Tax Baht	After tax Baht	Before tax Baht	Tax Baht	After tax Baht
Remeasurement on retirement benefit obligations	3,398,723	(679,745)	2,718,978	1,097,003	(219,401)	877,602
<b>Other comprehensive income</b>	<b>3,398,723</b>	<b>(679,745)</b>	<b>2,718,978</b>	<b>1,097,003</b>	<b>(219,401)</b>	<b>877,602</b>

**24 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of issued ordinary shares during the year.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Earnings (Baht)	113,407,599	109,616,260	186,889,815	64,440,272
Weighted average number of ordinary shares outstanding (Shares)	227,999,991	227,999,991	227,999,991	227,999,991
Basic earnings per share (Baht per share)	0.50	0.48	0.82	0.28

**25 Dividends per share**

Dividends payable are not accounted for until they have been approved at the annual general meeting. At the meeting on 11 April 2016, a dividend in respect of 2015 of Baht 0.037 per share amounting to a total of Baht 8.44 million will be proposed. However, dividend was approved by the board of directors and was paid on 10 May 2016.

These were approved at the extraordinary general meeting on 9 April 2015. A dividend in respect of 2014 of Baht 0.48 per share was paid with an interim payment of Baht 0.12 per share. The dividend was approved by the Board of Directors and was paid on 5 September 2014. This year Baht 0.36 per share was paid amounting to a total of Baht 82.08 million.

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**26 Related party transactions**

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

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

Relationship between the Group and related companies and persons are set out as below;

Name of related parties and persons	Country/Nationality	Relationships	Type of relationships
Ubis Primatex Company Limited	Thailand	Subsidiary	Direct shareholders
Vita International Trading (Guangzhou) Company Limited	Republic of China	Subsidiary	Direct shareholders
Family Corporation Co., Ltd.	Thailand	The same group of shareholder	Same directors
Related parties			
- Khun Sawong Dhangwatnotai	Thai	Related party	Director
- Khun Surachat Pongphattarine	Thai	Related party	Director

As mentioned in Note 28, the Company has terminated for investment in Family Corporation Co., Ltd. The effect of termination agreement is as if the Company has never held in Family Corporation Co., Ltd.'s shares. However, the relationship and related party transactions of the Group and Family Corporation Co., Ltd. are still related in other related company. The Group still discloses of related party transaction, including transactions and balances between the Group and Family Corporation Company Limited in consolidated and separate financial statements for the year ended 31 December 2016 and 2015.

The Group has transactions with related persons or parties. These parties are related through common shareholders and/or directorships. The material transactions with related person or parties as included in the financial statements are determined at the prices in line occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

Criteria for income and expenses of intercompany are as follows:

Transaction	Pricing policies
Purchase - Sale goods	The market price is comparable to the selling price to the third parties
Interest income - Interest expense	Interest rate is 1% per annum
Rental property	Contract price
Personal fee	Contract price
Consultant fee	Contract price

The following significant transactions were carried out with related person or parties:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Sales of goods - Subsidiaries	-	-	179,430,599	148,602,013
Purchases of goods - Subsidiaries	-	-	228,984,014	212,147,364
Purchases of goods - Related parties	1,622,161	46,688	146,161	46,688
Dividend income - Subsidiaries	-	-	139,999,974	24,159,995
Rental and services income - Subsidiaries	-	-	11,912,688	11,723,016
Other income - Subsidiaries	-	-	28,050	-
Interest expense - Subsidiaries	-	-	-	41,786
Rental of fixed assets (Director's son)	-	1,996,500	-	1,996,500
Consultant fee (Directors)	10,920,000	16,354,000	10,920,000	16,354,000



**Ubis (Asia) Public Company Limited**  
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**26 Related party transactions (Cont'd)**

The Company entered into the consultant agreements with related persons (directors) from 1 January 2015 to 31 December 2016 with the remuneration amounting Baht 0.84 million per month (2015: Baht 1.26 million per month) plus other remuneration subjected to the agreements

On 8 January 2016 directors who entered into consultant agreements resigned from being the Company's directors, so the related consultant agreements were terminated and the Company compensated them subjected to the agreements.

Outstanding balances arising from sales/purchases of goods, services and other.

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Receivables - Subsidiaries	-	-	153,511,957	89,159,587
Accrued income - Subsidiaries	-	-	-	228,000
Payables - Subsidiaries	-	-	144,221,773	189,019,881
Payables - Related parties	390,205	53,145	126,985	53,145
Deposits - Related parties	-	750,000	-	750,000

Key management includes directors (executive and non-executive), members of the executive committee. The compensation paid or payable to key management for employee services is shown below:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Short-term employee benefits	29,082,743	28,220,820	29,028,743	28,220,820
Post-employment benefits	1,152,833	1,005,464	1,152,833	1,005,464
	<u>30,235,576</u>	<u>29,226,284</u>	<u>30,181,576</u>	<u>29,226,284</u>

**27 Commitments**

**Fixed deposits pledged**

On 31 December 2016 a bank account held at Kasikorn Bank was used guarantee the electricity fee of Baht 412,000.

**Operating lease commitments - Where the Group is the lessee**

The group made an non-cancellable operating lease, office and car for the duration of the lease is between 1 to 5 years. Most of the lease can be renewed by the new rental rates which based on market rates.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Not later than 1 year	2,250,000	1,996,500	2,250,000	1,996,500
Later than 1 year but not later than 5 years	5,115,839	-	5,115,839	-
	<u>7,365,839</u>	<u>1,996,500</u>	<u>7,365,839</u>	<u>1,996,500</u>

**Contractual commitment**

On 28 December 2016 Vita International Trading (Guangzhou) Company Limited has entered into a contract with UV Tech Material Ltd., third party company, located at Republic of China for a container lacquer service and coating used in can production. Vita International Trading (Guangzhou) Company Limited should have production order not less than 800 tons per year and maintains the proportion of lacquered containers not over than 30% of the total production capacity. The contract will be effective for three years from 1 April 2017 to 31 March 2020.

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**28 Account receivable from void contract**

On 1 July 2015, the Company purchased 400,000 ordinary shares of Family Corporation Co., Ltd. from RF Vision Co., Ltd. ("the Seller") according to the Share Sale Purchase Agreement dated 5 June 2015 in the amount of Baht 280 million. The Company classified it as investment in associate with ownership interest of 40% in the financial statements as at 31 December 2015 as previously reported.

On 26 February 2016, Family Corporation Limited issued increased ordinary shares. The Company purchased 400,000 increased ordinary shares in the amount of Baht 40 million to maintain their ownership interest of 40%.

Subsequently on 15 March 2017, the Company's Board of Director has approved the cancellation of the Share Sale Purchase Agreement on ordinary shares of Family Corporation Co., Ltd. by referring to conditional right No. 11 "The Cancellation" in the Share Sale Purchase Agreement. It was because the Seller provided significant improper financial information of Family Corporation Co., Ltd. to invest in 2015 which caused the Company mistook the main content of investment. The Company's legal advisor has considered the Civil and Commercial Code and viewed that the investment in Family Corporation Co., Ltd. was void by law and retrospectively effective since the first investment amounting to Baht 280 million in 2015 and the additional investment amounting to Baht 40 million in 2016.

Therefore, on 21 March 2017, the Company and the Seller have signed on Memorandum of void contract and restitution that the Company shall immediately transfer the first investment of 400,000 ordinary shares and the additional investment of 400,000 ordinary shares, totally 800,000 ordinary shares of Family Corporation Limited back to the Seller when receiving full repayment of Baht 320 million. The Company has allowed the seller to repay by instalment 12 months as follows:

No. 1	By the end of June 2017	Not less than Baht 20 million
No. 2	By the end of July 2017	Not less than Baht 20 million
No. 3	By the end of August 2017	Not less than Baht 20 million
No. 4	By the end of September 2017	Not less than Baht 20 million
No. 5	By the end of October 2017	Not less than Baht 30 million
No. 6	By the end of November 2017	Not less than Baht 30 million
No. 7	By the end of December 2017	Not less than Baht 30 million
No. 8	By the end of January 2018	Not less than Baht 30 million
No. 9	By the end of February 2018	Not less than Baht 30 million
No. 10	By the end of March 2018	Not less than Baht 30 million
No. 11	By the end of April 2018	Not less than Baht 30 million
No. 12	By the end of May 2018	Not less than Baht 30 million
Total		<u>Baht 320 million</u>

The collaterals of the repayment comprise:

- 1) the 800,000 ordinary shares of Family Corporation Limited which will be transferred back to the seller when receiving full repayment.
- 2) Personal guarantee agreement by Mr. Phaisarn Pruangviriyi, the president of Family Corporation Co., Ltd.

As a result of the void contract, the Company has reversed all equity gain taken in the past year and recorded the seller as account receivable from void contract. The impacts to the financial statements for the year ended 31 December 2015 are as follows:

	<b>Consolidated financial statements Baht</b>	<b>Separate financial statements Baht</b>
<b>Statement of financial position as at 31 December 2015</b>		
Increase in account receivable from void contract	280,000,000	280,000,000
Decrease in investment in associate	(315,532,170)	(280,000,000)
Decrease in retained earnings	35,532,170	-
<b>Statement of income for the year ended 31 December 2015</b>		
Decrease in share profit from investment in associate	(35,532,170)	-
Basic earnings per share	(0.16)	-

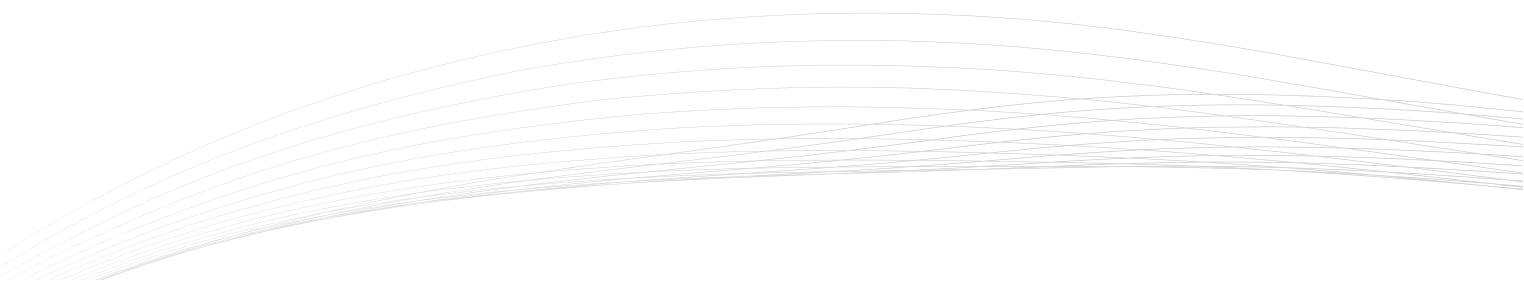
The impacts from the above adjustments are included together with other retrospective adjustments as refer in Note 4.

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**29 Promotional privileges**

The Company and its subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Under certain significant conditions, significant privileges are as follows:

Details	Ubis Prematech Company Limited
1. Certificate No. Dated	2363(5)/2555 5 March 2012
2. Promotional privileges for	Sealing Compound
3. The significant privileges are	
3.1 Exemption of corporate income tax for net income from promotional operations and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	8 years
3.2 Allowance for carry-forward of annual loss from operations incurred during the exemption of corporate income tax on net income to offset with net income for a period of 5 years, after exemption period in 3.1.	Granted
3.3 Exemption/Reduction of import duty on machinery as approved by the Board.	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production from the first import date.	Granted
4. Date of first earning operating income	20 March 2012



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