

PJJW

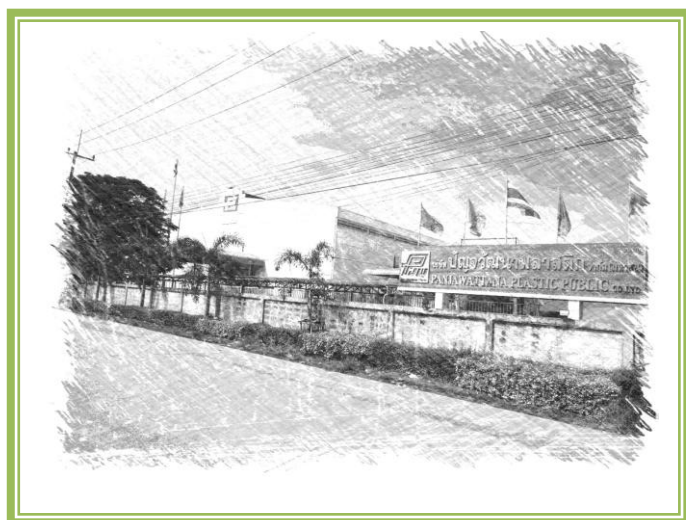
PANJAWATTANA PLASTIC

**MAXIMIZING YOUR VALUE
IS OUR ULTIMATE PRIDE**

ANNUAL REPORT 2012

รายงานประจำปี 2555

ANNUAL REPORT 2012



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Message from the Board

To our shareholders,

During 2012, Panjawattana Plastic Public Co., Ltd. became a MAI listed company, which marks the first step in significant corporate changes. The company is firmly committed to corporate development in under the guidelines of sustainable development by giving importance and adhering to the principles of good governance. Over the past year, the company was ranked as in a “Very Good” group in a surveillance project on the governance of registered company businesses, which was the first year the company was evaluated following its listing. The company’s Board of Directors realizes the significance of this accomplishment and is determined to continue with corporate development until the company earns an “Excellent” level of good governance systems, which is the foundation of successful business operations for the corporation with security and sustainability alongside financial wealth and strength. The company participated in a project for developing registered companies in the area of good governance in 2012 with the Stock Exchange of Thailand with Pricewaterhouse Coopers ABAS Co., Ltd. as a consultant.

In terms of growth, the company emphasizes investments in projects with effective growth directions for the industry. During the past year, the company invested in the construction of factory buildings at Pinthong Industrial Estate, Chonburi, and ordered the purchase of machinery for manufacturing automobile parts, which was an extension of the project on empty plots of land purchased in 2011. The company constructed dairy packaging warehouse buildings and expanded the clean room building in Samutsakorn together with modifying the clean room system, purchasing machinery and equipment with machinery modifications for use in producing packages in other industries, such as lubricant oils, agricultural chemicals and consumer goods. The value of investment in both projects was approximately five hundred and sixty-six million baht. The first phase of the project for constructing the factory buildings at Pinthong Industrial Estate, Chonburi, is anticipated to be completed during the second quarter of 2013 while the second phase is anticipated to be completed with commencement of production in 2014. The project for constructing dairy packaging warehouse buildings and expanding the clean room building in Samutsakorn was completed and began production during the first quarter of 2012. Investments in both projects were made to support the growth of the automobile parts industry and the packaging industry concerned with milk, lubricant, agricultural chemical and consumer goods industries which have high growth rates due to economic trends of domestic consumption and indirect exports, including the support of economic growth in the ASEAN region with the launching of the ASEAN Economic Community in 2016.

Concerning the company’s performance in 2012, the company and its subsidiaries grew with income from sales amounting to approximately 2,014 million baht (an increase of 22.8% from the previous year) with a net profit of approximately 203 million baht (an increase of 39.5% from the previous year). Confidence in product and service quality contributed to growth in sales figures, which was noted by the administration and work teams with great importance. The company has always maintained its main strategy of becoming a “World Class Manufacturing Company”. In addition to management meeting international quality work system standards including ISO 9000, ISO 14000, GMP, HACCP and ISO/TS 16949 automobile industry quality system standards, the company also adheres to and implements Japan’s world class quality management philosophy (TPM: Total Productive Maintenance) as its core system for the management of production and service quality systems aimed at promoting effective quality management throughout the corporation. Over the past year, the company applied for TPM evaluations for the first time and received the 2012 TPM Excellence Awards Winner (Outside Japan) award, which is an internationally valued and accepted honorary award in the field of industry for world class quality standards from Japan. PJW can be

praised as the first Thai plastic packaging production company to have received this prestigious award as confirmation of PJW's status as a World Class Manufacturing Company.

The Board of Directors and the executive team together with all company employees intend to maintain growth rates with emphasis on sustainable growth and adherence to the policy framework outlined by the Risk Management Committee together with allocating returns to stakeholders in compliance with the company's business ethics while helping society, communities and environmental conservation. During the previous year, the company participated in social development and raised awareness about environmental conservation through various activities whether in the form of scholarships, mangrove reforestation, weir construction, shore reef propagation and planting and hosting trips for students to visit Safari World to give our youth a global perspective, etc.

On behalf of the company's Board of Directors, we would like to thank the shareholders, customers, trading partners and employees of all related parties, including financial institutions, which have contributed to the strong growth of Panjawattana Plastic Public Co., Ltd. and development as a public company listed on the Stock Exchange of Thailand. The Board of Directors promises to operate the business with diligence, expedience, transparency and adherence to the principles of good governance to maintain the interests of stakeholders associated with the organization. Furthermore, the Board of Directors will develop the company into an innovated and quality organization in the plastic molding industry in order to achieve production standards and become a World Class Manufacture with secure future growth.



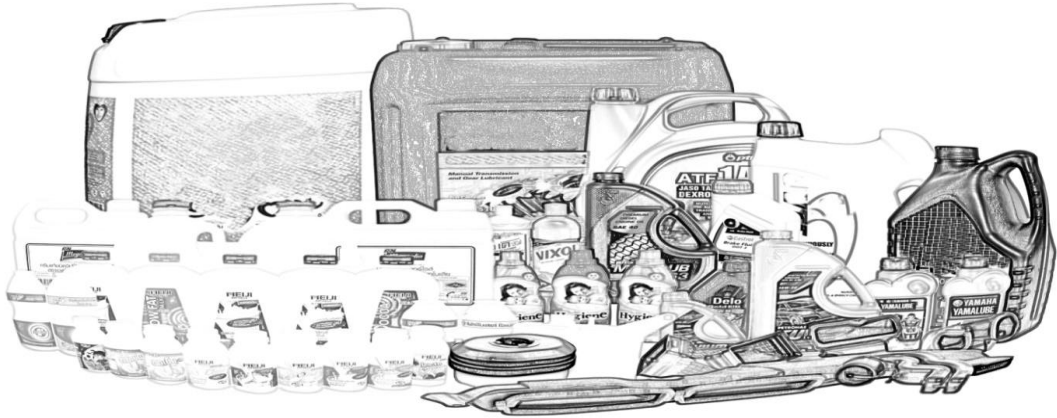
(Dr. Damri Sukhotanang)
Chairman of the Board
of Directors



(Mr. Wiwat Hemmondharop)
Chairman of the Board
of Executive Directors



(Mr. Satit Hemmondharop)
Chief Executive Officer



VISION :

“Panjawattana Plastic as one of the largest plastic manufacturing based in Thailand, we determine to become the most successful plastic manufacturer not only in Thailand but also in the region. With our strong believe in building solid partnership with our customers and suppliers, we will be the most competitive and trustable corporate that produce to serve with the dynamic needs of our customers in the plastic world.”

MISSION :

“We will proactively seek growth and profitable opportunities in market segments for which we can use our manufacturing capabilities to serve and to win the competition through business model supremacy. Our intent is to be the recognized leader by our customers in providing value through manufacturing capabilities and strive to dominate the markets we operate in or enter.

We will do this in multiple market segments where manufacturing proximity can be an additional competitive advantage.”

Corporate Social Responsibility



Rebuild the dam and mouth of a spring
At Amphur Kaeng Krachan, Phetchaburi



Mangrove Forest Conservation
At Amphur Ampawa, Samutsangkham



Drinking Milk Donation
With Children / Disadvantaged



Growing Coral
At Amphur Sattahip, Chonburi



Let the children go to the field trip
With Foundation of Child Development

Financial Highlights

Important Financial ratio table

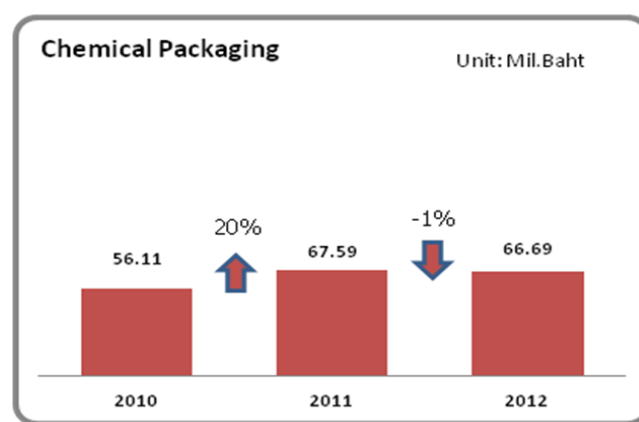
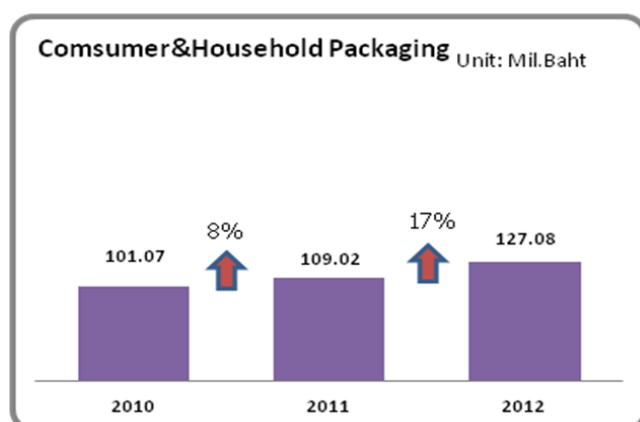
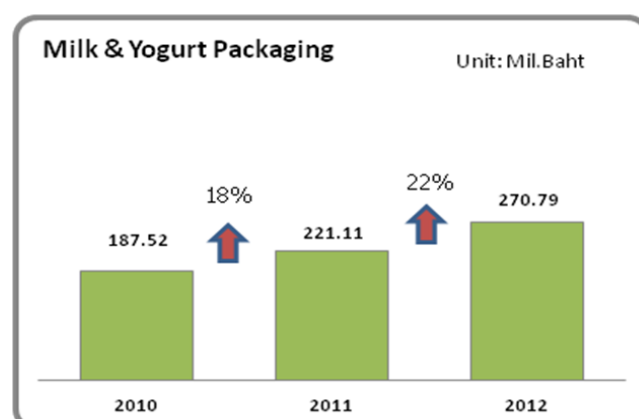
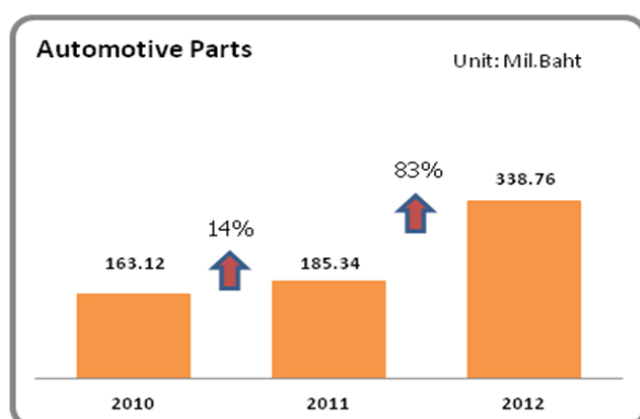
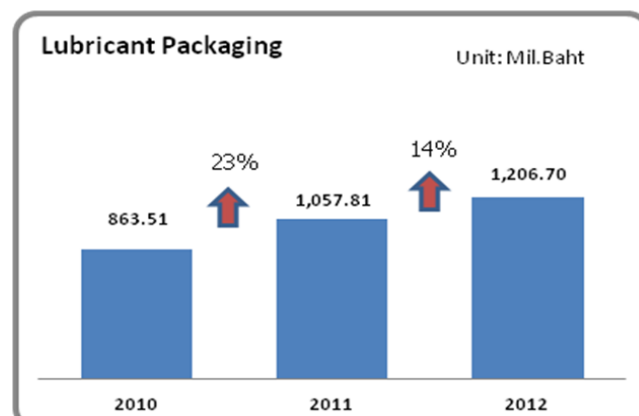
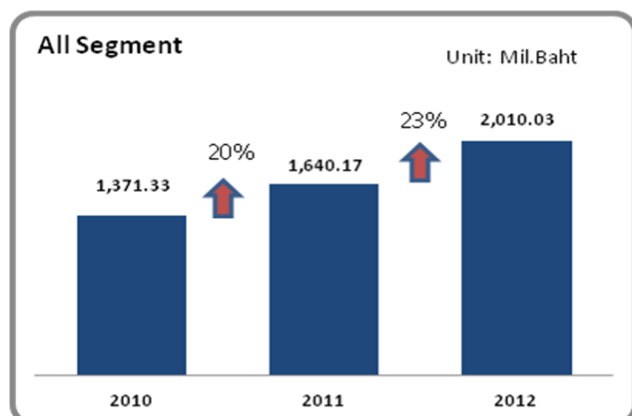
	Consolidated financial statement		
	2010	2011	2012
<u>Liquidity Ratio</u>			
Current ratio (times)	0.86	0.82	1.26
Quick ratio (times)	0.61	0.55	0.85
Account receivable turnover (times)	6.53	6.26	6.48
Avg. A/R day on hand (days)	55.88	57.54	55.55
Inventory turnover (times)	15.72	13.04	11.65
Avg. Inventory day on hand (days)	23.22	27.60	30.89
Account payable turnover (times)	6.50	5.90	6.31
Avg. A/P day on hand (days)	56.19	61.05	57.02
Cash Cycle (days)	22.91	24.09	29.42
<u>Profitability Ratio</u>			
Gross profit margin (%)	20.58	21.76	21.24
Operating profit margin (%)	11.51	12.56	12.29
Net profit margin (%)	8.62	8.84	10.05
Return on equity (%)	42.84	44.63	33.61
<u>Asset Management Ratio</u>			
Return on asset (%)	17.87	14.81	15.36
Return on fixed asset (%)	52.84	36.65	36.15
Total asset turnover (times)	2.07	1.68	1.53
<u>Financial Controlling Policy Ratio</u>			
Debt to equity ratio (times)	1.42	2.58	0.66
Interest coverage ratio (times)	16.62	11.56	16.63
Dividend payout ratio (%)	42.23	107.69	27.24

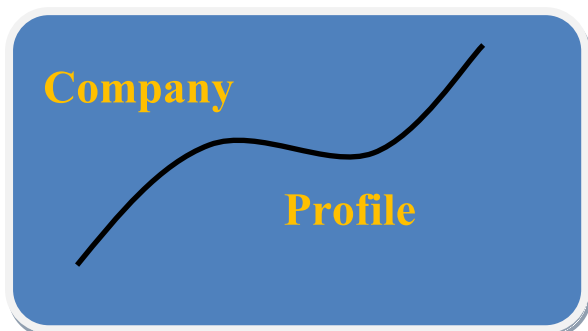
Operation Performance

Unit: Mil.Baht	Consolidated Financial Statement		
	2010	2011	2012
<u>Financial Position</u>			
Total Assets	771.19	1,190.70	1,447.73
Total Liabilities	452.94	857.83	574.87
Total Equities	318.25	332.87	872.86
Total Sales Revenue	1,385.21	1,643.68	2,016.95
Cost of Sales	1,089.17	1,285.97	1,588.62
Gross Profit Margin	296.04	357.71	428.33
Operating Expense	124.34	151.22	180.35
Other Revenues	13.87	3.50	6.92
Net Profit	119.40	145.30	202.62
Net Profit per Share (Baht)	0.33*	0.33	0.37

* For comparative benefits, it is used in calculation with par value 0.5 baht per share.

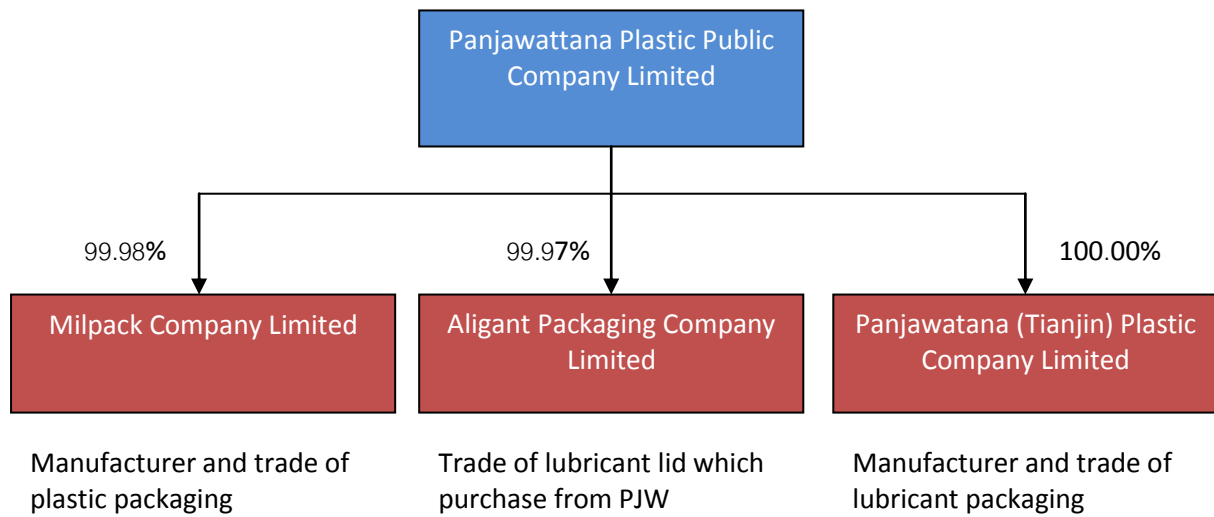
Sales Revenue by Segment





Company Name	:	Panjawattana Plastic Public Company Limited
Registered Number	:	0107554000208
Head Office	:	19, 21 Soi Ekachai 63, Ekachai Road, Kwang Bangbon, Khet Bangbon, Bangkok Tel: 0-2415-1894 Fax: 0-2415-0951
Samutsakhon Branch	:	28 Moo 2, Tumbol Chaimongkol, Amphur Muang, Samutsakhon 74000 Tel: 0-3483-9130-1 Fax: 0-3483-9320
Chonburi Branch	:	Pinthong Industry 2, 150/62 Moo 9, Tumbol Nongkham, Amphur Sriracha 20110 Tel: 0-3834-7187-8 Fax: 0-3834-7189
Homepage	:	www.pjw.co.th
Type of Business	:	producer and supplier of plastic containers & closures and automotive plastic parts of high quality and with custom designs according to clients' requirements for the product brands

The Structure of the Company and its Subsidiaries



OTHER REFERENCE

REGISTRAR

THAILAND SECURITIES DEPOSITORY CO., LTD.

62 The Stock Exchange of Thailand Building,

Rachadapisek Road, Klongtoey, Bangkok 10110

Tel: 0-2229-2888

AUDITOR

DHARMNITI AUDITING CO., LTD.

267/1 Pracharaj Soi 1 Road, Bangsue

Bangsue, Bangkok 10800

Tel: 0-2587-8080

LAW CONSULTANT

WAYUPARTNERS CO., LTD.

9/8 Soi Thanaarkhom, Sukhumvit 63 Road,

Khlong Tan Nuea, Watthana, Bangkok

Tel: 0-2714-2799

The list of Board of Directors, Board of Audit Committee and Board of Risk management Committee

Board of Directors

1. Dr.Damri	Sukhotanang	Chairman/Independent Director
2. Mr.Kongsak	Hemmontharop	Vice Chairman
3. Assoc.Prof. Dr. Aekkachai	Nittayakasetwat	Independent Director
4. Mr.Natthawut	Khemayotin	Independent Director
5. Miss Charanya	Sangsukdee	Independent Director
6. Mr.Wiwat	Hemmondharop	Director
7. Mrs.Malee	Hemmontharop	Director
8. Mr.Satit	Hemmondharop	Director
9. Mr.Pirun	Hemmondharop	Director

Board of Audit Committee

1. Miss Charanya	Sangsukdee	Chairman of Audit Committee
2. Assoc.Prof. Dr. Aekkachai	Nittayakasetwat	Audit Committee
3. Mr.Natthawut	Khemayotin	Audit Committee

Board of Risk Management Committee

1. Assoc.Prof. Dr. Aekkachai	Nittayakasetwat	Chairman of Risk Management Committee
2. Miss Charanya	Sangsukdee	Risk Management Committee
3. Mr.Natthawut	Khemayotin	Risk Management Committee
4. Mr.Satit	Hemmondharop	Risk Management Committee
5. Mr.Pirun	Hemmondharop	Risk Management Committee



Dr. Damri Sukhotanang
Independent Director
Chairman



Mr. Kongsak Hemmontharop
Director
Vice Chairman



Assoc. Prof. Dr. Aekkachai Nittayakasetwat
Independent Director
Chairman of Risk Management Committee
Audit Committee



Mr. Natthawut Khemayotin
Independent Director
Risk Management Committee
Audit Committee



Miss Charanya Sangsukdee
Independent Director
Chairman of Audit Committee
Risk Management Committee



Mr. Wiwat Hemmondharop
Director



Mrs. Malee Hemmontharop
Director



Mr. Satit Hemmondharop
Director
Risk Management Committee



Mr. Pirun Hemmondharop
Director
Risk Management Committee

The list of Board of Executive Committee, Executive Management Team

Board of Executive Committee

- | | | |
|-------------|--------------|--|
| 1. Mr.Wiwat | Hemmondharop | Chairman of The Board of Executive Committee |
| 2. Mr.Satit | Hemmondharop | Executive Committee |
| 3. Mr.Pirun | Hemmondharop | Executive Committee |

Executive Management Team

- | | | |
|----------------|--------------|--|
| 1. Mr.Wiwat | Hemmondharop | Chairman of The Board of Executive Directors |
| 2. Mr.Satit | Hemmondharop | Chief Executive Officer |
| 3. Mrs.Malee | Hemmontharop | Vice President |
| 4. Mr.Pirun | Hemmondharop | Vice President / Chief Operating Officer – Samutsakhon Branch / Chief Human Resource Officer |
| 5. Ms.Penchan | Tobaramikul | Chief Operating Officer – Chonburi Branch |
| 6. Mrs.Kunnika | Jenjulporn | Chief Procurement Officer |
| 7. Ms.Thitima | Tantivutikul | Chief Marketing Officer – Samutsakhon Branch |
| 8. Mr.Asda | Keawrax | Chief Marketing Officer – Chonburi Branch |
| 9. Mr.Seksan | Sinbanluekul | Chief Technology Officer |
| 10. Mrs.Prim | Chaiyawat | Chief Financial Officer |

Type of Business and Nature of Business Operation

Nature of Business Operation

PJW is a producer and supplier of plastic containers & closures and automotive plastic parts of high quality and with custom designs according to clients' requirements for the product brands that are recognized in each end-use industry and among consumers in general. Its products are manufactured through two main processes: blow molding and injection molding. The product range covers plastic bottles and gallons of various shapes, bottle closures, and plastic parts for automobiles and motorcycles. A variety of plastic packaging products are manufactured for containing lubricants, fresh milk and yoghurt milk, consumer products, farm chemicals and automotive parts. Major raw materials are polyethylene and polypropylene.

Currently, PJW has four factories:

1. Factory located in Bang Bon, Bangkok
2. Factory located in Muang District, Samutsakhon Province
3. Factory located in Pinthong Industrial Estate 2, Sri Racha District, Chonburi Province
4. Factory located in Tian Jin, China

The plastic containers and plastic parts manufactured by PJW for each customer will have different specifications up to customers' needs which can be classified by their applications as follows:

1. Lubricant packaging
2. Fresh milk and yoghurt milk packaging
3. Consumer goods packaging
4. Agro chemicals packaging
5. Automotive plastic parts

PJW's revenue structure classified by type of customers, for the years 2010-2012

	2010		2011		2012	
	Bt. million	%	Bt. million	%	Bt. million	%
Lubricant packaging	863.51	62.97	1,057.11	64.45	1,206.70	60.04
Milk and yoghurt milk packaging	187.52	13.67	221.11	13.48	270.79	13.47
Consumer goods packaging	101.07	7.37	109.02	6.65	127.08	6.32
Agro chemicals packaging	56.11	4.09	67.59	4.12	66.69	3.32
Automotive parts	163.12	11.90	185.34	11.30	338.76	16.85
Total revenues from sales	1,371.33	100.00	1,640.17	100.00	2,010.03	100.00

Types of Products

The plastic containers and plastic parts manufactured by PJW can be classified by type of application by customers as follows:

- a) **Lubricant packaging:** The Company produces and distributes plastic bottles, gallons and tanks of various sizes and shapes for containing lubricating oil up to customers' needs. These products range from small plastic containers sized 0.5, 0.8, 1, 3, 4, 5 and 6 liters, and larger ones sized 18 and 20 liters.



- b) **Milk and yoghurt milk packaging:** The Company produces and distributes plastic packaging for containing fresh milk and yoghurt milk of various sizes. As these plastic products are used to contain food, the Company has paid high attention to the production process. Its production process and operation units are separated, e.g. clean room, machinery and workers, are separated from the production lines hence

preventing contaminated dust and bacteria as well as enhancing quality control according to the standards of the GMP (Good Manufacturing Practice) and the HACCP (Hazard Analysis and Critical Control Point). These product sizes range from 80 ml., 100 ml., 190 ml., 200 ml., 450 ml., 830 ml., 2 liters and 5 liters.



- c) Consumer goods packaging: The Company produces and distributes plastic containers for consumer goods, including cleaning liquid products such as bathroom & sanitary ware cleaner, floor cleaner, dishwashing liquid, etc.; fabric softener; talcum powder; and others.



- d) Agro chemicals packaging: The Company produces and distributes plastic containers for agro chemicals such as pesticide, herbicide, etc.



- e) Automotive plastic parts: The Company produces automotive plastic parts and distributes to its customers, both the car and motorcycle product makers and the 1st Tier Suppliers. The car makers use PJW products as components of the vehicles, such as windshield washer tank, radiator coolant reserve tank, air duct, lid, spoiler, gear cover, etc.



Competition Strategy

PJW is a producer and supplier of plastic containers & closures and automotive plastic parts of high quality and with custom designs according to clients' requirements for the product brands that are recognized in each end-use industry and among consumers in general. The Company places great importance and attention to product designs, procurement of raw materials, production control, and quality control and punctual delivery of

the finished products to ensure that the products meet the customers' demand and specifications.

The Company's competition strategies are as follows:

- (1) Quality of the products The Company places great importance to quality control to ensure that the products meet its customer demand. It will emphasize on the quality of product designs, procurement of raw materials according to each customer's specifications, production process control, and inspection of the finished products. Two stages of quality control on the finished products are carried out:
 1. Inspection and quality control during the production process;
 2. Final inspection before delivering the products to the customer to ensure that the products have specifications as required by the customer.
- (2) Punctual delivery of products The Company emphasizes on control and delivery of the products to its customers as scheduled and uninterruptedly as a way to boost customers' confidence in the Company's operations.
- (3) Production stability The Company is able to produce and supply products that meet its customers' demand in volume and in time as specified by the customers to assure them of punctuality either in terms of volume or timing, especially plastic products for the auto industry for which JIT (Just-in-Time) strategy is required.
- (4) Ability to increase or expand production capacity The Company is able to increase or expand its production capacity to serve its customers' business growth and expansion. It can produce in higher volumes on request of the customers.
- (5) Production process development to increase efficiency in cost management The Company is determined to continuously develop its production process and cost management to enhance its competitiveness and attract more customers. As the industry's price structure is on a cost plus pricing basis, thus its management and reduction of cost will in turn help cut the customers' costs, leading to higher competitiveness of its customers.

The Company has developed and applied the operational process and system to increase efficiency in managing costs. Since 2000, the TPM (Total Productive Maintenance) strategy has been applied which enables the Company to control production costs and maintain its profitability.

(6) Responsibility for and relationship with customers

- Ability to adjust or increase production capacity to meet customers' demand In case where customers need to urgently increase their orders in some periods of time, the Company is able to adjust its production line and increase production capacity to meet the customers' demand just within a short period of time.
- Long term relationship with customers The Company has a policy to maintain long term relationship with the customers. It will prepare, maintain, and increase its production capacity to support and serve its customers' demand, as well as to bring in new innovation to provide fully integrated services to them.
- Confidentiality of customers' information The Company gives importance to keeping customers' information confidential. It will ensure that no technical information related to its customers' products or any other customers' trade secrets including any other information that will have effects on the customers' competitiveness and business will be disclosed to outsiders or used for personal interests.

Industry Outlook

¹The Thai economy in 2012 is forecast to expand at a normal rate of 4.5% – 5.5%, Inflation rate of 2.5% - 3.5%, private consumption expansion 4.0%, private investment expansion 8.0% and government investment expansion 8.5% report from the Thailand Economic Report, the Office of the National Economic and Social Development Board. In the report, our company believes that our sales all sectors will significantly grow up following the Thai economy growth in 2013

In trend year 2013 of automotive part will raise continuously from year 2012 according to the report of the Office of Industrial Economics which has disclosed that Ministry of

Industry changes the target of automotive production in Thailand from 2.5 million cars in year 2012 to 2.8 million cars in year 2013 include that domestic trade 1.6 million cars or increase 12.24% from year 2012 and export trade 1.2 million cars or increase 17.29%. This trend of automotive is affected by the increase of purchasing automotive in domestic and foreign demand which cause of automotive sector in Thailand 100% full productive capacities after taxed refunds from the first car purchase by government programs ending previous year and will be late delivery cars not cover all orders in year 2013. The cars already delivered the amount 723,000 cars or 58% of total in year 2012 and remain the amount 534,000 cars or 42% of total from reservation total amount 1,257,000 cars. The remain amount will plan to deliver in first quarter 231,000 cars, second quarter 155,000 cars, third quarter 80,000 cars, fourth quarter 55,000 cars and next year 13,000 cars in year 2014. Besides, the demand automotive in foreign market will be highly special in Asia, Middle East, America also expect that the company will grow well the productivity.

In trend of Thailand's lubricant industry in year 2013 which the Company's Executives expect that the growth rate of this industry will rise 10 – 15% closely previous year positive effect from the first car purchase to increase the demand of lubricant oil consumption even in Thailand and China where The Economic of China expect to raise 20 -25 % of previous year after initial economic recovery. And, the Thailand has one the center of production base of ASEAN's lubricate industry.

In trend of Thailand's daily milk industry in year 2013 which the Company's Executives expect that the growth rate of this industry will rise normally and smoothly due to Thai people intent in good healthy very much and change in the behavior of milk consumption. The quantity milk of consumption in year 2012 rise up 14 liters from 13 liters in year 2011 effected from marketing and public information about nutrition fact.

Therefore, the Company's production and sales growth have almost benefited from every the Company's product segment according to the growth of economic in domestic and foreign country as above mentions.

¹ Source: Thailand Economic Report Quarter 4/2012 and Prospects for 2013, the Office of the National Economic and Social Development Board

Risk Factors

The Company is well aware of these risks and has from time to time monitored the impacts that may be posed on its business. To ensure effective and rigorous risk management, the Company has appointed a Risk Management Committee to perform the duties in analyzing risk factors and assessing associated risks, and thus to set measures that are adequate to prevent or manage the risks. The Risk Management Committee will at least submit a semi-annual report to the Audit Committee and the Board of Directors for consideration. The risks that may have significant impacts on the Company are summarized below:

1. Risk from reliance on major customers and automotive customers

In 2012, the Company's reliance on revenues earned from lubricant packaging customers was as high as 61% of its total sales revenues, and the aggregate sales to its top 10 customers made up 70% - 75% of total sales revenues. However, there is not any single customer whose orders are greater than 30% of the Company's total sales revenues. If the Company loses its revenues from its major customers, or in the case of dropping demand for lubricant packaging products, its total revenues could be affected. Nonetheless, viewing its performance over the past years, the Company has never lost any of its large customers thanks to its continuous product quality development and improvement. To mitigate risk from its over-reliance on any particular group of customers, the Company has a policy to diversify its revenue sources more to customer segments other than lubricant packaging, such as milk and yoghurt packaging and automotive parts.

2. Global economic system risk

Direction of the global economic and the recession in the U.S. and in the euro zone the affect the economy in the region and the country as a risk factor of uncertainty that may be pressured to grow business revenue in the future. The company invested to support the growth of the automotive and packaging industries in the consumer goods market, lubricant, milk and agricultural chemical packaging.

In present, the recession of global economic may not effect directly of the company's income. The company realized its risk that would be diversified in the customer other business sector not be concentrated only business sector. Also the sales growth increased smoothly will not impact the cyclical of all business sectors. The indirectly increase of sales proportion in lubricant packaging and automotive part trade into high increase potential economic such as Indonesia, Latin America, Singapore. The company always controls the financial structure in debt to equity ratio and interest coverage ratio. In confident, the company would be able to confront the uncertainty and volatility of economic system in the future.

3. Risk from a lack of long-term contracts

In the plastic packaging business, sales are usually executed through a short-term agreement of around 1-2 years. In some cases, sales are settled without a contract, but merely through a purchase order, depending on the contracting policy of each customer. As for the segment acquired by the Company through bid competition with other suppliers, the customers will upon expiry of the contract arrange a new round of supplier selection. Hence, the Company may risk losing this customer segment, if it is not re-selected. Nonetheless, based on the historical records, the Company has been continuously awarded a contract renewal from these customers. Thanks to its products and delivery services of standard quality, and capability to expand production to meet the customers' demand, the customers have all along had trust in the Company.

As regards the automotive parts segment, risk of the termination of the supply contract is very low since the customers will not change a supplier until the end of the product life cycle, which is around 5-7 years or more based on the model and nature of products in each industry. In addition, it takes a long time in quality testing before the customers are confident and agree to place orders for the products. The customers will not shift to other producers insofar as the Company remains able to supply parts that meet the customers' satisfaction.

4. Raw material price and procurement risk

Prices of raw materials such as PE and PP could either rise or fall, driven by global oil prices and world demand and supply of any of such products in each period, which are beyond control by the Company. These factors, however, have only a slight and short-term effect on the Company's gross profit since the Company is able to negotiate the selling prices with most of its customers based on changes in raw material prices.

PJW has arranged for a close follow-up of raw material price movements on the global market and assigned a working team to keep abreast of raw material price movements, analyze price trend in each period of time, and estimate the Company's raw material demand in each period to ensure its raw material procurement could be managed with the highest efficiency.

5. The lack of skill labors and cost control risk

Between year 2012 and year 2013 the government announced a minimum wage 300 baht and the raised energy cost which affected the operation cost increased. The company has recognized the importance of improving processes to increase productivity by up to TPM (Total Productive Maintenance) to improve and maintain the machine in good condition and consistency control. The company focuses on reduction of waste, production of waste, product quality and added value to customers with competitive in the industry. The cost of the system by using the TPM performed and maintained a good profit margin which has also been significant growth in the current expansion. The company has human resource policy that training skilled and experienced labors will be forced to achieve the company's goal.

Capital Structure

The Company's Securities

As at 27 December 2012, PJP has a registered capital of Bt. 276,000,000. divided into 552,000,000. Ordinary shares with a par value of Bt. 0.50

The company's major shareholders as shown:

The shareholder's name			At 27 December 2012	
			Amount (shares)	%
1.	Mrs.Malee	Hemmontharop	171,360,000	31.04
2.	Mr.Kongsak	Hemmontharop	102,086,000	18.49
3.	Mr.Wiwat	Hemmondharop	72,154,000	13.07
4.	Mr.Charvan	Hemmondharop	15,119,300	2.74
5.	Mr.Suntorn	Sripachayanan	9,332,500	1.69
6.	Mr.Pirun	Hemmondharop	8,000,000	1.45
7.	Mr.Satit	Hemmondharop	8,000,000	1.45
8.	Mr.Nares	Garmapichon	7,800,000	1.41
9.	Mr.Teerachad	Pongwattanakijkul	4,500,000	0.82
10.	Mr.Pongsak	Uratnanon	4,446,600	0.81
The others			402,798,400	72.97
Grand total			552,000,000	100.00

Dividend Payment Policy

Dividend payment policy of the Company

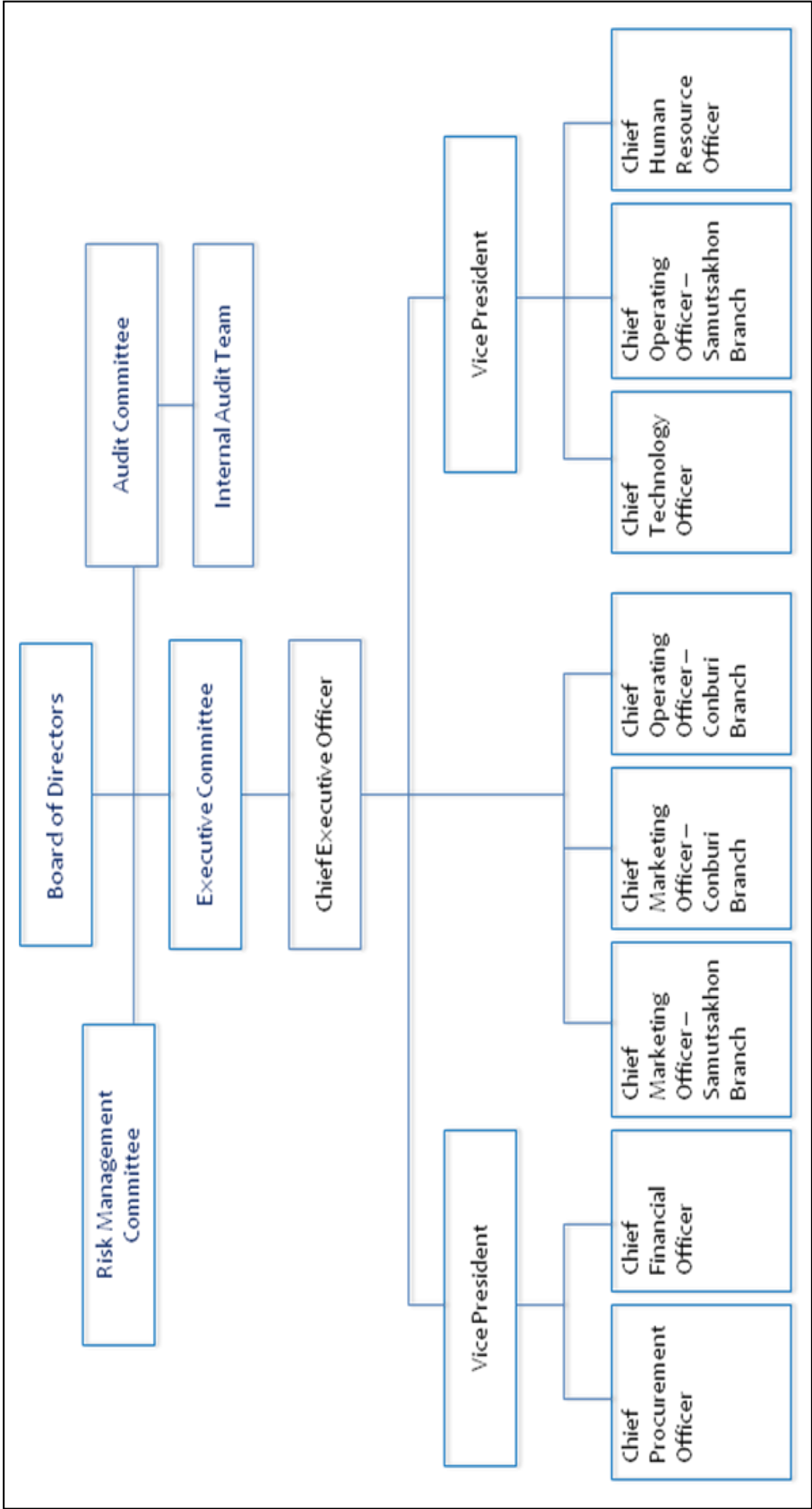
The Company has a policy to pay dividend at not less than 40% of net profit after corporate income tax in the company-only financial statements and after legal reserve. However, the Company may set to pay less than the rate specified in the policy, depending on its operational performance, financial position, liquidity, necessity to use working capital, business expansion plan, and other rationales and factors as deemed appropriate by the Board of Directors and/or the shareholders.

Dividend payment policy of subsidiary companies

Each subsidiary company has a policy to pay dividend at not less than 50% of net profit after corporate income tax in its company-only financial statements and after legal reserve. However, each subsidiary company may set to pay less than the rate specified in the policy, depending on its operational performance, financial position, liquidity, necessity to use working capital, business expansion plan, and other rationales and factors as deemed appropriate by the board of directors and/or the shareholders of each company.

Organization Structure

Organization Structure



PJW organization structure consists of the Board of Directors, the Executive Committee, the Audit Committee, and the Risk Management Committee. Its executives are qualified as stipulated in Section 68 of the Public Limited Companies Act 1992 and in accordance with the relevant notifications of the Capital Market Supervisory Board. The Company has organized its management structure as follows:

Board of Directors

As of 31 December 2012, the Board of Directors is composed of nine members below:

No.	Name	Position
1.	Dr. Damri Sukhotanang	Board Chairman/Independent Director
2.	Mr. Kongsak Hemmontharop	Vice Chairman
3.	Mr. Wiwat Hemmondharop	Director/Chairman of The Board of Executive Directors
4.	Mrs. Malee Hemmontharop	Director/Vice President
5.	Mr. Satit Hemmondharop	Director/Executive Committee Member/Chief Executive Officer/Risk Management Committee Member
6.	Mr. Pirun Hemmondharop	Director/Executive Committee Member/Vice President/Risk Management Committee Member
7.	Miss Charanya Sangsukdee	Director/Independent Director/Audit Committee Chairman/Risk Management Committee Member
8.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Director/Independent Director/Audit Committee Member/Risk Management Committee Chairman
9.	Mr. Natthawut Khemayotin	Director/Independent Director/Audit Committee Member/Risk Management Committee Member

Mrs. Prim Chaiyawat acts as Secretary to the Board of Directors.

Authorized Directors

Directors authorized to sign on behalf of the Company are two of the four directors, namely Mr. Wiwat Hemmondharop, Mr. Satit Hemmondharop, Mr. Pirun Hemmondharop and Mrs. Malee Hemmontharop, to co-sign documents with the Company seal affixed.

Term of office

At each annual general meeting of shareholders, one-third of the total directors are due to vacate the office. If the number of directors cannot be divided by three, the closest number to one-third shall apply. The method for vacating directors from office in the first and second year after the Company's registration is by drawing lots. On the following years, the directors who are in office the longest shall retire. The retiring directors may be re-elected as the directors for another term.

Scope of duties and responsibilities of the Board of Directors

1. Have power and responsibility for performance according to the laws, objectives and Articles of Association of the Company, as well as the resolutions of the shareholders' meetings, with adherence to "The Best Practices for Directors of Listed Company" as stipulated by the SET;
2. Make available the balance sheet and profit and loss statements at end of the Company accounting period that have been audited and certified by external auditors and propose to the annual general meeting of the shareholders;
3. Determine goals, directions, policies, business plans and budget of the Company; monitor and supervise the performance and administration of the Executive Committee to ensure that it is effectively and efficiently in accordance with the policies, plans and budget. The Executive Committee also has the duties to monitor and ensure that the Company has complied with the law on securities and exchange, notifications of the Capital Market Supervisory Board, and the rules and regulations of the SET, such as connected transactions, acquisition and disposal of assets or other laws relevant to the Company's business;

4. Consider and have power to determine organization structure, appoint Executive Committee, Chief Executive Officer and other sub-committee as appropriate, determine the scope of duties of Executive Committee, Chief Executive Officer and sub-committees. Such authorization must not be made in the manner that empowers the person to determine and approve transactions that he/she or other person may be involved in conflicts of interest or conflicts of interest in any other nature with the Company or its subsidiary (if any) (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) except the case of approving a transaction according to the policy and criteria earlier considered and approved by the Board.
5. Prepare an Annual Report and take responsibility for preparation and disclosure of duly audited financial statements to reflect the Company's financial position and operational performance in the previous year, and present them to the annual general meeting of shareholders for their approval;
6. Ensure that the business ethics and code of conducts for the management and the employees have been made available in writing and acknowledged by the management and the employees. The Board shall earnestly monitor compliance with the code of conducts;
7. Determine and set out a risk management policy; ensure adequacy of system or procedures for risk management by setting out appropriate measures and controls to mitigate impacts on the business operations;
8. The Board may authorize one or more than one directors or any other person to act on its behalf under supervision of the Board, or may delegate power to the person within a specified timeframe as the Board deems it appropriate. The Committee may revoke, withdraw, change or correct that authorization as appropriate.

Such authorization must not be made in the manner that empowers the person to determine and approve transactions that he/she or other person may be involved in conflicts of interest or conflicts of interest in any other nature with the Company or its subsidiary (if any) (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) except the case of approving a transaction according to the policy and criteria earlier considered and approved by the Board.

Audit Committee

As of 31 December 2012, there are three Audit Committee members as follows:

No.	Name	Position
1.	Miss Charanya Sangsukdee	Chairman of Audit Committee
2.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Audit Committee Member
3.	Mr. Natthawut Khemayotin	Audit Committee Member

Miss Thasmasa Dechaphongwaranon acts as Secretary to the Audit Committee.

The Audit Committee members are knowledgeable and have sufficient experience to perform the duties of reviewing the accuracy and adequacy of the Company's financial reporting.

Term of office

1. Audit Committee Chairman 3 years
2. Audit Committee Member 3 years

Upon completion of the term of service, the Audit Committee Chairman and members may be re-appointed.

Scope of duties and responsibilities of the Audit Committee:

1. Review and ensure the accuracy and adequacy of the Company's financial reporting;
2. Review and make certain that the Company's internal control and internal audit systems are proper and effective, determine the independence of its internal audit

unit, and approve the appointment, transfer and dismissal of head of the internal audit unit or any other unit concerned with internal audit function;

3. Review and make sure that the Company complies with the law on securities and exchange, the SET's regulations and the laws relevant to its business;
4. Consider, select, and nominate an independent person to serve as the Company's auditor and propose remuneration for such person, as well as participate in a meeting with the auditor, without presence of the management, at least once a year;
5. Consider any connected transaction or transaction prone to a conflict of interest to ensure that it conforms to the relevant laws and the SET regulations and that it is a reasonable transaction with the utmost benefit to the Company;
6. Prepare a report of the Audit Committee, duly signed by the Audit Committee Chairman, for publishing in the Company's Annual Report, containing at least the following details:
 - (a) Opinion on the accuracy, completeness and reliability of the Company's financial report;
 - (b) Opinion on the adequacy of the Company's internal control system;
 - (c) Opinion on the Company's compliance with the law on securities and exchange, the SET regulations or the laws relevant to its business;
 - (d) Opinion on the suitability of the auditor;
 - (e) Opinion on the transaction with a possible conflict of interest;
 - (f) Number of the Audit Committee meetings held and attendance by individual Audit Committee members;
 - (g) Opinion or observation received by the Audit Committee from its performance of duties in accordance with the Charter; and

- (h) Other transactions that should be notified to the shareholders and the general investors within the scope of duties and responsibilities designated by the Board of Directors.
7. Perform any other act as assigned by the Board of Directors, with the approval of the Audit Committee;
8. Report the Board of Directors when the Audit Committee discovers or suspects any of the following transactions or acts which might have a material effect on the Company's financial position and business performance, for further rectification within the period of time deemed appropriate by the Audit Committee:
- (a) A transaction involving a conflict of interest;
- (b) A fraud or irregular practice or material error in relation to the internal control activities; and
- (c) A violation of the law on securities and exchange, the SET regulations or the laws relevant to the Company's business.

In the outlines above of duties and responsibilities of the Audit Committee which is responsible for the duties of The Board of Directors directly. And The Board of Directors is responsible for the managing of company acts on third party outside company.

Executive Committee

The meeting of the Board of Directors at its 8/2011 meeting on 18 August 2011 appointed the three persons as members of the Executive Committee as follows.

No.	Name	Position
1.	Mr. Wiwat Hemmondharop	Chairman of Executive Committee
2.	Mr. Satit Hemmondharop	Executive Committee Member
3.	Mr. Pirun Hemmondharop	Executive Committee Member

Mrs. Prim Chaiyawat acts as Secretary to the Executive Committee.

Term of office

Executive Committee members have a term of service for three years. The retiring members may be re-elected for another term. The Executive Committee shall report to the Board of Directors and have power, duties and responsibilities as assigned by the Board.

Scope of duties and responsibilities of the Executive Committee:

The Executive Committee has power, duties and responsibilities in managing the day-to-day conduct and administration of company business, setting out policies, business plans, budgets, management structure and managerial powers of the Company, criteria for business conducts in accordance with the economic conditions for submitting to the Board of Directors for consideration and approval and/or endorsement, as well as monitoring the company performance according to the policies of the Board. Scope of duties and responsibilities of the Executive Committee are outlined below.

1. Administer the business of the Company according to the objectives, rules, policies, regulations, requirements, directives and resolutions of the meetings of the Board of Directors and/or the shareholders;
2. Examine and screen the proposals submitted by the management, determine organization structure, policies, directions and strategies for the business operations, business expansion, financial plans, budgets, human resource management, investment in information technology for proposing to the to the Board of Directors for its endorsement;
3. Appoint a sub-committee and/or working group to conduct the operations or manage the Company, assign their powers, duties and responsibilities including oversee their performing of duties in accordance with the goals and policies;
4. Monitor the Company performance and ensure that the operations are efficient, of high quality in compliance with the goals and policies set out by the Board;

5. Consider the annual budget proposals submitted by the management before proposing to the Board of Directors for consideration and approval;
6. Have power to approve the expenditure for normal business conduct in amount not exceeding 30 million Baht per item, but not more than the budget endorsed by the Board of Directors;
7. Approve the expenditure for major investment as stated in the annual budget paper as the Board of Directors may assign, or as the Board may have approved in principle;
8. Have power to approve borrowing, acquisition for credits or any loans for a period not over 5 years in amount not exceeding Bt.30 million per item, but not more than the budget endorsed by the Board of Directors. In the case of using the Company's assets as collateral, approval must be sought from the Board of Directors;
9. Consider signing of contract relating to the Company's performing normal business conduct under the terms not over 8 years in amount not exceeding Bt. 100 million per item, but not more than the budget approved by the Board of Directors;
10. Determine organization structure and power in management, including appointment, employment, transfer, termination, wages, remuneration, and bonuses for the directors of department or equivalent and higher except the Chief Executive Officers;
11. Have power to authorize one or more than one person to perform any act under supervision of the Executive Committee, or for that person to have power as the Executive Committee deemed it appropriate within a specified timeframe, of whom the Board has the authority to revoke, withdraw, change or correct as appropriate;
12. Perform any other act as assigned by Board of Directors on a case by case basis.

The Executive Committee's authorization of powers and responsibilities must not be made in the manner that empowers the authorized person to approve transactions that he/she or other person may be involved in conflicts of interest (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant

agencies) or conflicts of interest in any other nature with the Company or its subsidiary and/or associated companies. The Executive Committee has no authority to approve the said matter. Hence, the Committee must propose to the meeting of the Board of Directors and/or shareholders (as the case may be) for its approval, except the case of approving a normal transaction under normal trade conditions in accordance with the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies.

Risk Management Committee

At the 8/2011 meeting of the Board of Directors on 18 August 2011, the meeting appointed five members of the Risk Management Committee:

No.	Name	Position
1.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Chairman of Risk Management Committee
2.	Miss Charanya Sangsukdee	Risk Management Committee Member
3.	Mr. Natthawut Khemayotin	Risk Management Committee Member
4.	Mr. Satit Hemmondharop	Risk Management Committee Member
5.	Mr. Pirun Hemmondharop	Risk Management Committee Member

Mrs. Prim Chaiyawat acts as Secretary to the Risk Management Committee.

Term of office

The Risk Management Committee shall report to the Board of Directors and have power, duties and responsibilities as assigned by the Board.

Scope of duties and responsibilities of the Risk Management Committee

1. Defined risk management policy and risk management framework including the company's overall risk management plan, risk management report covering the various risks affecting the company's business and operations such as financial

risk, investment risk both domestic and international, business risk in competitive and changing environment, political risk, reputation risk and fraud risk etc.

2. Monitoring and evaluating of risk management policies and programs continuously for the effective and efficient system.
3. Reviewing risk management policies and programs according to the change of the impact of internal and external factors
4. Reviewing and updating as appropriate and in accordance with the charter of the business environment and / or the rules and regulations of the relevant authorities to the board of directors.
5. Authority to appoint working group or more employee and hire external specialist as necessary for risk management team to provide an effective risk management and to prevent the risk exposure effectively.
6. Performing any other act in related risk management assigned by the board of directors

Company Secretary

At the 8/2011 meeting of the Board of Directors on 18 August 2011, the meeting appointed Mrs. Prim Chaiyawat as the Company Secretary in accordance with Section 89/15 of the Securities and Exchange Act 1992 as amended by the Securities and Exchange Act No.4, 2008 with the following scope of duties and responsibilities.

1. Provide basic advice to the Board of Directors concerning compliance with the laws, rules, regulations and the Company's Articles of Association, and monitor correct practices regularly;
2. Be responsible for disclosing Company information in line with the regulations and requirements of the SET and the Office of Securities and Exchange Commission;
3. Prepare and maintain the following documents;
 - 3.1 Registration of the Company's directors;

3.2 Invitation letters to the Directors meeting and minutes of the meetings;

3.3 Invitation letters to shareholders for meeting and minutes of the shareholders' meeting;

3.4 Company's annual reports;

3.5 Reports of conflicts of interest of Directors and executives.

Executives

As of 31 December 2012, the Company has nine executive members from The Meeting of the Board of Directors No.3/2012 held on 14 May 2012. The purpose of reorganization is to reinforce the business operation:

No.	Name	Position
1.	Mr. Satit Hemmondharop	Chief Executive Officer
2.	Mrs. Malee Hemmontharop	Vice President
3.	Mr. Pirun Hemmondharop	Vice President / Chief Operating Officer – Samutsakhon Branch/ Chief Human Resource Officer
4.	Miss Thitima Tantiwuthikul	Chief Marketing Officer
5.	Mr. Seksan Sinbunluekul	Chief Technology Officer
6.	Mrs. Prim Chaiyawat	Chief Financial Officer
7.	Miss Penchan To- Baramuekul	Chief Operating Officer - Chonburi Branch
8.	Mrs. Kannika Janejunporn	Chief Procurement Officer
9.	Mr. Asda Keawrax	Chief Marketing Officer – Chonburi Branch

Scope of duties and responsibilities of the Chief Executive Officer:

1. Supervise, manage and perform the duties of normal business conducts for the Company's interest in accordance with the objectives and the Articles of Association, rules, regulations, resolutions, policies, work plans and budgets endorsed by the Board's and/or the shareholders' meeting under relevant laws and/or scope of authority designated by the Board of Directors;
2. Control and oversee the business operations and/or daily administration of the Company;
3. Determine and propose the Company's business policies, business plans, targets, operational plans, business strategies, annual budgets for the Company's operations, budgets shown in annual report, management authority to the Executive Committee and Board of Directors for approval;
4. Implement the policies of Board of Directors by translating them into directions, guidelines, strategies and business targets which will be assigned to the management team for further action;
5. Oversee and follow up the performance of the executives; give advice on rectifications of problems and obstacles to ensure that the executives and management team act in accordance with the strategies and business plan and in line with the Company's policy;
6. Monitor and evaluate performances of duties of the management team; report the results of operations, management and progress of the operations to the Executive Committee, the Audit Committee and the Board of Directors on a regular basis;
7. Approve the expenditures for the Company's normal business conducts such as the purchase of property, major investment and other transactions for the Company's benefits. The power to approve shall be for normal commercial transactions in an amount not more than Bt. 15 million per item and not exceed the budget endorsed by the Board of Directors;

8. Perform any other duties as assigned by the Executive Committee or the Board.

In undertaking any matter that the Chief Executive Officer or his authorized person or other person that may have conflicts of interest (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) or conflicts of interest in any other nature with the Company or its subsidiary and/or associated companies, the Chief Executive Officer has no authority to approve the said matter. Hence, he must propose to the meeting of the Board of Directors and/or shareholders (as the case may be) for its approval, except the case of approving a normal transaction under normal trade conditions in accordance with the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies.

Selection of Directors and Executives

- **Board of Directors and Chief Executive Officer**

The Company has no Nomination and Remuneration Committee. In the selection of qualified persons to take office as directors or executives, it has set up a selection procedures by which the major shareholders, and/or representatives of each group of the major shareholders, professionals in related fields, directors, independent directors and executives of the Company jointly propose name list of persons who possess qualifications, experience, and potentiality with emphases on those who have skills and experience necessary for the Company's business. The following qualifications will be taken into consideration.

- 1) Have qualifications in accordance with the Public Limited Companies Act, the Securities and Exchange Act, regulations of the Securities and Exchange Commission and SET, and the Company's corporate governance policies;
- 2) Have knowledge, expertise, and experience in various fields that will benefit and add value to the Company's operations;

- 3) Have characteristics that will support and promote the corporate governance in order to add value to the Company; perform duties with accountability, care and loyalty and fully committed to the work.

The selection and appointment of directors shall be in accordance with the Articles of Association of the Company. The appointed directors must be endorsed by the meeting of the shareholders. The resolution of the meeting shall be made by majority votes of the shareholders who are present and have voting right.

1. The Board of Directors is composed of not less than five directors appointed by the meeting of the shareholders. Not less than half of the total directors shall have residence in the Kingdom.
2. The meeting of the shareholders shall elect directors according to the following criteria and methods:
 - i. Each shareholder has the number of votes equal to the number of shares held;
 - ii. Each shareholder may use his or her votes to elect one or more directors. If many directors are to be elected, he or she must use all of his or her votes. He or she may not divide his or her votes among more than one candidate at any one time.
 - iii. Candidates with the greatest number of votes and all runners up are elected directors, based on the number of directors needed at that time. In the event that the last director position to be filled is met with more than one qualified candidate winning equal numbers of votes, the Chairman of the meeting is the final arbiter.
3. At each annual general meeting of shareholders, one-third of the total directors are due to vacate the office. If the number of directors cannot be divided by three, the closest number to one-third shall apply.

The method for vacating directors from office in the first and second year after the Company's registration is by drawing lots. In the following years, the directors who are in office the longest shall retire. The retiring directors may be re-elected as the directors for another term.

4. Any director desiring to resign shall submit his/her resignation letter to the Company. The resignation shall take effect on the date of submission.

The director who resigned under paragraph one may inform the Registrar under the law on public company of his/her resignation.

5. In the case where the directors retire due to reasons other than a retirement by rotation, the Board may select and propose names of qualified persons not having prohibited qualifications according to the law on public company limited and the securities and exchange law as a replacement at the next Board meeting. Except when the remaining terms of the directors are less than two months, the person appointed as replacing director may take office for the remaining period of the director he replaces.

The Board's resolution under paragraph one must consist of votes made by not less than three-fourths of the existing directors.

6. The annual general meeting of shareholders has the right to terminate directorship of any director before his completion of term of service by not less than three-fourths votes of the shareholders who attend the meeting in person and have the rights to vote, and hold total shares of not less than half of the shares held by the shareholders who are present at the meeting and have the rights to vote.

- **Independent director**

At least one-third of the members of the Board of Directors shall be independent directors.

The Board of Directors or the meeting of shareholders (as the case may be) shall appoint independent directors as members of the Board of Directors. The Company has the policy to appoint at least one-third of the members of the Board of Directors from independent directors and there shall be three independent directors sitting in the Board.

The criteria and procedures for appointing independent directors are according to the criteria and procedures for appointing the Board of Directors. General qualifications of the persons nominated as independent director shall be considered from qualifications and prohibitive characteristics as prescribed in the Public Limited Companies Act and the Securities and Exchange Act, including relevant notifications, rules and/or regulations. The independent directors must hold education degree, expertise, working experience and other suitable qualifications for consideration and appointment by the meeting of the shareholders. In the case that any independent director has vacated the office before his completion of term of service, the Board of Directors may appoint qualified independent director in replacement. The person appointed as replacing director may take office for the remaining period of the director he replaces.

The Board of Directors set out qualifications of independent directors as follows;

- 1) Not own shares exceeding 1% of total shares with voting right in the Company, the parent company, the Company's subsidiaries, associated companies, major shareholders or persons with controlling power including shareholding of that independent director's related persons;
- 2) Not get involved in management as a director, either in the past or at present, not be an employee or corporate advisor receiving a regular salary, or having controlling power of the Company, subsidiaries, associated or related companies, or a major shareholders or persons with controlling power, except having retired from such work for not less two years before being appointed as an independent director;

- 3) Not relate by blood or by law such as being parents, spouse, siblings and children, including children's spouse of the executives or a major shareholder of the Company, person with controlling power, or person who will be nominated as an executive or person with controlling power of the Company or its subsidiaries
- 4) Have no business relationship with the Company, subsidiaries, associated, a major shareholder of the Company, person with controlling power, in the manner that may obstruct the exercise of independent judgment; not being, either in the past or at present, a major shareholder, or person with controlling power of the person who has business relationship with the Company, subsidiaries, associated, or a major shareholder, or person with controlling power of the Company, except having retired from such work for not less two years before being appointed as an independent director;
- 5) Not be, either in the past or at present, an auditor of the Company, subsidiaries, associated, or a major shareholder, or person with controlling power of the Company; not being a major shareholder, person with controlling power or partner of an audit company to which the auditor of the Company, subsidiaries, associated, or a major shareholder, or person with controlling power of the Company is attached, except having retired from such work for not less two years before being appointed as an independent director;
- 6) Not be, either in the past or at present, a provider of professional services which shall include legal advisory service or financial adviser whose service fees are more than Bt. two million per year obtainable from the Company, subsidiaries, associated, a major shareholder, or person with controlling power of the Company. It shall include the major shareholder, person with controlling power or partner of that provider of professional service, except having not involved in such manner for not less than two years before being appointed as an independent director;

- 7) Not be a director appointed to represent the director of the Company, major shareholder, or shareholders having related with the Company's major shareholders;
- 8) Not operate the same business which is competitive with the businesses of the Company or its subsidiaries, or not be a major partner in partnership company, or a director involved in management, an employee or corporate advisor receiving a regular salary, or holds more than 1.0% shares of total shares with voting right in other company which operate the same business which is competitive with the businesses of the Company or its subsidiaries;
- 9) Not employ any other characteristics which make him incapable of expressing views independently concerning the Company's business operations.

Independent directors shall examine and declare their independency at least once a year, which will be attached to the Directors Profile Report at year-end in line with the submission of Annual Disclosure Statement Form (Form 56-1) and the Annual Report of the Company.

- **Audit Committee Members**

The Board of Directors or the shareholders' meeting (as the case may be) shall appoint at least three members of the Audit Committee to perform the duties of the Company's Audit Committee. Each member must be an independent director and not be a director assigned by the Board of Directors to make decisions in business operations of the Company, subsidiaries, associated, a major shareholder, or person with controlling power of the Company. He/she shall not be a director of the Company, parent company, subsidiaries and subsidiaries of the same level in particular a listed company. Members of the Audit Committee must be qualified in accordance with the law on securities and exchange including notifications, rules and/or regulations of the SET that set out qualifications and scope of work of the Audit Committee.

There shall be at least one member of the Audit Committee who has knowledge and experience in accounting and/or finance in order to review and judge the reliability of

the financial statements and the ability to perform other duties as member of the Audit Committee.

- **Executives**

The Company has the policy to select its executives from persons who possess knowledge, ability and experience relevant to the business. Selection shall be in accordance with the human resource management regulation. Approval must be sought from the Board of Directors/or the Board's authorized persons.

The Board of Directors is empowered to select a Chief Executive Officer. Appointment of the Chief Executive Officer must be approved by the Board. The Chief Executive Officer is empowered to recruit and appoint persons who possess knowledge, ability and experience relevant to the business as the Company's employees. However, an appointment of the chief or responsible person for internal audit and control must receive prior endorsement from the Audit Committee.

9.1 Directors' and Executives' Remuneration

Directors' remuneration

a) Monetary Remuneration

The company has considered the directors' remuneration by properly comparison referring similar segment business with company. The 2012 Annual General Meeting of Shareholders on 30 April 2012 set out remuneration rates for the directors of the Company as follows.

1. Meeting allowance

- Board Chairman Bt. 25,000 / meeting
- Audit Committee Chairman Bt. 15,000 / meeting
- Risk Management Committee Chairman Bt. 15,000 / meeting
- Directors, Audit Committee members and Risk Management Committee Members Bt. 10,000/ meeting

2. Monthly remuneration for independent directors Bt. 10,000 /month

3. Bonus of Directors exclude who directors are responsible in Executive Committee Chairman and Members Total amount not over Bt. 1,000,000.-

Monetary Remuneration for the Directors of the Company in 2012 is detailed below.

Name	Remuneration (Baht)					
	Board of Director Meeting allowance	Audit Committee Meeting allowance	Risk Management Committee Meeting allowance	Monthly remuneration of Independent Director	Bonus	Total (Baht)
1.Dr. Damri Sukhotanang	150,000	-	-	120,000	250,000	520,000
2. Mr. Kongsak Hemmontharop	50,000	-	-	-		50,000
3.Mr. Wiwat Hemmondharop	60,000	-	-	-		60,000
4.Mrs. Malee Hemmontharop	60,000	-	-	-		60,000
5.Mr. Satit Hemmondharop	60,000	-	10,000	-		70,000
6.Mr. Pirun Hemmondharop	60,000	-	10,000	-		70,000
7.Miss Charanya Sangsukdee	60,000	75,000	10,000	120,000	200,000	465,000
8.Assoc. Prof. Dr. Aekkachai Nittayakasetwat	60,000	50,000	15,000	120,000	200,000	445,000
9.Mr. Natthawut Khemayotin	60,000	50,000	10,000	120,000	200,000	440,000
Total	620,000	175,000	55,000	480,000	850,000	2,180,000

b) Other remuneration

- The company has provided The Directors & Officers Liability Insurance (D&O) for directors

Executives

a) Monetary Remuneration

The Company paid remuneration, i.e. salaries and bonuses for the executives as detailed below:

	2012	
	Persons	Remuneration (Baht)
Salary and Bonus	10	26,358,236.27
Provident Fund	10	1,074,730.28

b) Other remuneration

- The company has provided the healthy insurance and the private vehicle for highly executives.

The company does not have other remuneration policy such as common stock, bond and other securities to remunerate all directors and executives.

Good Corporate Governance

The Company is well aware of, and places high importance to an efficient, transparent and accountable management system which will consequently build trust and confidence amongst all stakeholders, and contribute to sustainable growth of the Company's businesses. For the business to operate based on the code of ethics and in observance of relevant laws, the Company has instituted the corporate governance policy to upgrade the existing practices, set up a clear standard system for employees of all levels to comply, and hence instill the real culture of good corporate governance. The Company has adopted the Good Corporate Governance, 2006, prescribed by the Stock Exchange of Thailand (SET), which covers five chapters as follows:

Chapter 1 Rights of Shareholders

The Company realizes the importance of fundamental rights of its shareholders as company owners and investors, such as right to buy, sell or transfer the securities they hold, right to profit sharing from the Company, right to adequately access the Company's information, rights at a shareholders' meeting, right to express opinions, and right to make joint decisions on such critical matters as profit appropriation for dividend payment, appointment or removal of a director, appointment of the auditor, approval of transactions with impact on its business framework, amendment to the Company's memorandum of association, and articles of association, etc.

In addition to the fundamental rights above, the Company has taken several measures to facilitate the exercise of rights by the shareholders as follows:

1. The company, allows shareholders to propose the agenda for the Annual General Meeting in advance during October and December of each year, and submits questions related to the agenda for the Annual General Meeting in advance. Their agendas will be published in the Stock Exchange of Thailand News channel together with clearly guidelines and regulations at the company's website in the Investor Relation section.
2. The Board of Directors, executives, relevant work units, and the auditor are encouraged to attend the shareholders' meeting.

3. Notice of annual general meeting of shareholders together with supporting documents will be sent to the shareholders seven days prior to the date of the meeting or as required by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The notice will be posted on a newspaper for three consecutive days at least three days in advance of the meeting date. Each agenda item will be accompanied by the Board's opinion to support the shareholders' consideration well in advance.
4. If a shareholder is unable to attend the meeting, he/she may appoint one of the independent directors or any other person as proxy to attend the meeting on his/her behalf using any one type of the forms delivered together with the notice.
5. Prior to the meeting date, shareholders are given an opportunity to submit their opinions about agenda of the meeting, suggestions and questions.
6. At the meeting, shareholders are given opportunities to raise questions, give suggestions, or express their opinions to the meeting on various issues independently and equally. A shareholder meeting will be attended by relevant directors and executives to answer to any questions raised at the meeting. Record of the questions and opinions expressed at the meeting shall be made available for the shareholders' inspection and information.
7. At the meeting to elect a director, shareholders are given opportunities to vote for a director one by one. They shall have the right to nominate a qualified person from various backgrounds to represent them and protect their interests.
8. After the shareholders' meeting, the Company will prepare the minutes of the meeting containing complete and accurate information for consideration of the shareholders.

Chapter 2 Equitable Treatment of Shareholders

The Company has a policy to ensure equitable treatment of all shareholders, particularly the minor shareholders by allowing them to propose agenda items for the annual general meeting and nominate qualified persons as directors ahead of time, plus detailed information

and/or qualifications, and consent of the nominees for the meeting's consideration during October and December of each year. Their agendas will be published in the Stock Exchange of Thailand News channel together with clearly guidelines and regulations at the company's website in the Investor Relation section. The Company will screen and contain only beneficial agenda items and select only qualified persons through the Audit Committee before proposing to the Board of Directors for consideration and placing on the agenda of the meeting.

At each general meeting, the Company has a policy of treating all shareholders on an equitable basis. Before commencing a meeting, the Chairman will explain to the attendees about their right to vote, details on how to cast ballots are announced for each agenda and votes are tallied for each resolution. Sufficient time will be allocated for the shareholders to express their views, offer advice, and ask questions at each agenda item. The Chairman will proceed according to the meeting agenda as outlined in the invitation notice. No additional agenda items that have not been indicated in the invitation notice will be raised without notifying the shareholders in advance. Thus each shareholder should have time to study the information before making any decisions.

The Company has stringent control on the use of insider information to prevent the abuse of information for personal or others' benefits, and to ensure fairness for all stakeholders. The Company has set out guidance for safekeeping and protecting against the use of the Company's insider information. It has issued a written order prohibiting the directors, executives and employees from trading the Company's shares by using secret and/or insider information and/or using secret and/or insider information in conducting any juristic act that will cause damage to the Company either directly or indirectly. In addition, the directors, executives, and employees in work units related to insider information must not use that information before it is publicly disclosed. The persons concerned with insider information are also prohibited from trading Company shares, either by themselves, their spouses or under-aged children, directly or indirectly (such as a nominee through private fund), within one month before the quarterly and annual financial statements are released and to wait for at least 3 days after such disclosure to the public.

Directors and executives are informed of their obligation to report their securities holding in the Company and of the penal clause pursuant to the Securities and Exchange Act B.E. 2535 (1992) and the SET requirement. In the event of Company shares trading by directors or executives, they are required to report to the SEC within 3 business days in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) on their shareholding in the Company, including those of their spouses and under-aged children, for further disclosure to the public

The Company has set disciplinary penalty in case of violation of using internal information for personal benefits, or disclosing the information that may cause damage to the Company. The penalty is imposed according to the severity beginning from verbal warning, written warning, temporary suspension without pay, termination of employment, dismissal, removal, and discontinuation of employment, as the case may be.

In addition, the Company has adhered to the equitable treatment principle for the benefits of all shareholders and set out guidance for managing conflicts of interest in a transparent and accountable manner, in particular transactions between the Company and interested or concerned parties. In the event that there is such a case, the concerned persons must promptly report to the Company and refrain from taking part in the consideration of or voting on that matter. Guidelines are also set to prohibit the directors or executives who may have benefits from joining in decision making on respective transaction. At the Board of Directors' meeting, the directors who have been involved in any conflicts of interest must not vote on the matter.

Chapter 3 Role of Stakeholders

The Company has given importance to the rights of all groups of stakeholders, consisting of such internal ones as shareholders, employees and executives and such external ones as creditors, customers, suppliers, competitors, government agencies, society and community, etc. Realizing that supports and comments from all groups of stakeholders benefit the Company's operation and business development, the Company will comply with the applicable laws and requirements to ensure that the rights of such people are well maintained. Besides, the Company promotes the rights of all stakeholders, political and universal human

and non-infringement of intellectual property and realizes important environmental and social responsibility based on the following guidelines:

- Shareholders : Treat all shareholders equally; protect shareholders' benefits; will not violate the shareholders' right or deprive them of their right; build maximum satisfaction with due regards to the Company's sustainable growth; ensure regular and suitable earnings; and uphold the principles of good corporate governance in doing business.
- Employees : Ensure that all employees are fairly and equally treated in terms of opportunities, rewards, welfare and potential development; recognize that all employees are valuable resources and are the key to the success of the organization; the Company is determined to develop the organization into a learning organization, enhance culture and working environment, promote teamwork, increase employees' knowledge and competency for their advancement and career stability and realized safety and environment, assure them of quality of life and safety at work, maintain occupational health and environment; pay attention to opinions and suggestions from employees of all levels fairly and equally.
- Customers : Enhance satisfaction and confidence among the customers; be attentive and responsible for the customers; deliver premium products/services of high quality and safety at reasonable prices, in compliance with the standards; strictly follow the conditions and agreements with the customers; upgrade standards of products/services on a continual basis; regularly maintain good and sustainable relationship with the customers; use the customers' information for the benefits of the Company and concerned parties.

<u>Business</u>	:	Have due regards to equality, equity, fairness and honesty in doing
<u>Partners and</u>		business; protect the interests of the partners and creditors by
<u>Creditors</u>		earnestly observing the laws and rules; have code of ethics in doing business, not asking, taking or offering any bribes when doing business with the partners; respectfully follow the agreed conditions; have fair treatment of the creditors including punctual debt settlement; ensure that collateral assets and other conditions under contracts are correct, complete and meet the principles of good corporate governance; report to the business partners and creditors in advance if the Company is not able to follow the obligations stated in the contracts and collaborate in making a solution.
<u>Competitors</u>		Treatment of business competitors shall be in compliance with international principles under the law on trade competition practice; uphold the rule on fair competition; not discriminate against others in entering the business; not tarnish competitor's reputation by accusation or giving false information or act in any manner that is an unfair treatment in competition.
<u>Public Sector</u>		Give importance to transparency and take into account honesty when making transactions with government agencies and the officials alike to avoid any acts that may lead to improper undertaking and conflicting with the good governance principles; deny any forms of bribing the state officials for the Company's convenience or business interests.
<u>Community,</u>	:	Have a policy to conduct the business with responsibility toward the
<u>Society and</u>		community, society and environment with due regards to safety,
<u>Environment</u>		quality of life, and natural resource conservation; promote efficient use of energy; be aware of quality of life of the community and society as well as the impacts from the manufacturing sector on the environment; ensure that any actions or decisions of the Company

relating to its production and business conduct are lawful and comply with the rules and regulations or standards; encourage the employees to have sense of responsibility toward the community, society and environment, and cooperate in the activities arranged by the community where the Company is located.

In 2012, the Company added good ways of practical performance as follows:

- 1) Stipulated Anti Corruption Policy on the Receipt and Giving of Thing or any other Benefit in order to motivate the illegal performance and cause the rising of the conflict of interest.
- 2) Policy on Political Right, International Human Right and Non-infringement of Intellectual Property Right.
- 3) Increased notification channels for complaints and recommendations, complaints receiving process, complaint protection measures.
- 4) Prescribed the rule of Code of Conduct and Work Practice as the Discipline with which all Board Members, Executives and employees must strictly comply. Any violation or non-compliance shall be deemed to be a disciplinary violation against Personnel Administration Regulation.

Thus, the Company has promote the use of resources with efficiency and worthiness, directed employees to be definitely attentive and perform duties with consciousness by taking into account the safety and environment, encouraging stakeholders of the Company to participate in the developments of the stakeholders continuously which the company has provided the employee training and other activities which has evaluated always its results.

Thus, The Company provides a channel for all shareholders and stakeholders which report and complain directly to Audit Committee via email at auditcommittee@pjw.co.th. And the Company set the channel of complaint for employees about the Corporate Governance of

company to report directly to secretary of Audit Committee who would submit to Audit Committee and Good Governance for consideration and report to the Board of Directors further.

Chapter 4 Disclosure and Transparency

The Company gives importance to accurate, complete, timely and transparent disclosure of both financial and general information in accordance with the rules of the SEC and the SET, as well as such other information as essentially affecting Company share price, all of which can influence the decision process of its investors and stakeholders. Accordingly, company information is disseminated to its shareholders, investors and the public through several channels including information channels of the SET.

The Company has a company's website so that all stakeholders can access to company's information which disclosure the practice of good corporate governance laws and regulations of the Stock Exchange of Thailand and of Securities and Exchange Commission Thailand include that disclosure the annual report, financial statement, governance and business ethics, nature of company's business, the meeting of shareholders' information, Letters to the Stock Exchange of Thailand , News Clippings and Information about the directors and the company's business structure.

The Company sets up investor relation team so as to be a channel in publishing company's information to domestic and foreign investors and corporate with analyst and news reporter. In year 2012, the Company has engaged in the Opportunity day of the Stock Exchange of Thailand so that has presented about business profile and operating performance of the Company every quarter. Besides, the Company has published the news and other reports to the public news reporter and has invited the investor company's visit corporate with the Thai Investor Association.

With respect to investor relations function, a work unit to take charge of this area has not yet been set up because of low level of activities. Mrs. Prim Chaiyawat or Mr. Supparoj Poolvanich, are tasked with communicating with investors, shareholders, analysts and public sector concerned.

The Board of Directors is responsible for financial statements and financial information appearing in the annual report. The financial statements have been prepared pursuant to the

generally accepted accounting standard for Thailand, with accounting policy appropriately selected and regularly used throughout the operation, including adequate disclosures in the financial statements. In this regard, the quality of the financial statements and internal control, as well as adequate disclosures in the notes to financial statements, will be reviewed by the Audit Committee.

Chapter 5 Responsibilities of the Board of Directors

1. Structure of Board of Directors

The Board of Directors is composed of the persons who are knowledgeable, competent and have experience in the areas that support the development of the Company's business. The Board plays an important role in supervising, inspecting and evaluating the results of operations of the Company in compliance with the set plan, as well as running the business in compliance with the law, regulations and resolutions of the shareholders' meeting. The Board is obligated to ensure honesty and morality under the code of conduct of the business, and to oversee the administration conducted by the management according the set goals and directions for the Company's and shareholders' maximum benefits.

One-third of the Board of Directors is represented by independent directors with the purpose of check and balance for voting on matters for consideration. The Audit Committee has been instituted consisting of three independent directors.

Currently, the Board of Directors is composed of nine members, of whom five members represent the major shareholders (three out of nine directors are managerial directors and/or members of the Executive Committee) and four members are independent directors (three out of the four directors are members of the Audit Committee). The number of independent directors is in accordance with the requirements of the SEC and the SET, thereby one-third of the Board of Directors shall be independent directors.

According to the articles of association, at the annual general meeting, one-third of the directors shall retire from office. If the number of directors is indivisible by three, the one nearest to one-third shall apply. Directors due to retire from office in the first and second anniversary of Company registration should be determined by drawing lot. For subsequent years, directors

being in office the longest shall retire from office. However, those directors who retire by rotation may be re-elected to resume their directorship.

Besides, the Board of Directors has appointed supporting committees comprising the Executive Committee, Audit Committee, and Risk Management Committee to perform specific duties and propose matters to the Board of Directors for consideration and acknowledgment. Each supporting committee has its own rights and duties as prescribed.

The Board of Directors has the policy that the person appointed as Chairman of the Board and the Chief Executive Officer must not be the same person in order to clearly delineate the responsibilities in supervisory policies and daily management. Therefore, duties and responsibilities between the Board of Directors and executives are clearly separated and balanced. The Board of Directors has the duty to determine policies and supervise the performance of policy level executives, while the executives are responsible for managing the Company' operations in compliance with the set policy. Accordingly, the Chairman of the Board and the Chief Executive Officer are different persons.

So as to create the policy on the number of the Company directors can hold the committee position according to the guideline on corporate governance of the listed companies not over 5 companies and Chief Executive Officer and Executives can take the position at other companies not exceed 5 companies excluding its subsidiaries with the approval from the company's directors

The Board of Directors has appointed Company Secretary having the duties and responsibilities in accordance with the Securities and Exchange Act (name of the company secretary and duties and responsibilities are provided in Content of Organization Structure).

2. Role, Duty and Responsibilities of the Board of Directors

The Board of Directors has the duties to consider and approve important matters relating to the Company operations, such as defining vision, mission, strategies, risks, work plan and budget, including overseeing the management to ensure that they perform the duties in line with the policies and work plans in an efficient and effective manner (details of their duties and responsibilities are provided in Content of Organization Structure).

Delineating of Duties between the Policy Setting and Daily Wok Management

The Board of Directors has clearly delineated the roles and responsibilities of the policy level and the daily management. The Chairman and the Chief Executive Officer will be elected by the Board of Directors. The Chairman must not be assigned as the Chief Executive Officer. But he will be the leader and take key role in making policy decisions resulting from the Board of Directors' meeting at which business targets will be considered and defined together with the management team. The Chairman shall efficiently and effectively lead the Board of Directors' meetings, support all directors' active and independent involvement in the meeting. He will also chair the shareholders' meetings. The Chairman of the Board does not get involve in daily management, but he should support and advise the management team concerning the business through the Chief Executive Officer. The Chief Executive Officer shall be responsible for managing the Company within the scope of powers assigned by the Board of Directors (details of their duties and responsibilities are provided in Content of Organization Structure).

Corporate Governance Policy

A corporate governance policy was defined in writing and agreed to by the 8/2554 Board meeting on 18 August 2011, with the policy and its compliance reviewed on a regular basis. The Company has disseminated the policy to all staff for their common and correct understanding and for compliance with the set policy.

The Board of Directors on 20 February 2013 has approved changing name of the Audit Committee to the Audit and Corporate Governance Committee so as to study, promote, improve, evaluate and review the role of Corporate Governance and Business Ethics to update in the present and to be consistent with the regulation of Stock Exchange of Thailand and The Securities and Exchange Commission of Thailand.

Code of Conduct

The Board of Directors is committed to conduct ethical and fair business. It has the policy to develop a written code of conduct for adherence by the employees in performing their duties with transparency, morality and responsibility toward all groups of stakeholders, the society, and environment. The policy has been disseminated to the employees through training and internal communications. The code of conduct reflects values and practices to which all

employees shall adhere, for example, respect and compliance with the laws, conflicts of interest, the use of internal information and protection of confidential information, internal control and auditing system, receiving and giving gifts, properties or other benefits, property right, information technology and communications, political right and impartiality, treatment toward the employees and responsibility toward the stakeholders.

To this end, all employees have been informed of the Code, including their compliance therewith.

Conflicts of Interest

A conflict of interest policy was defined on the basis that any decision made in the course of business activity should inure to the best interests of the Company and to avoid any action leading to conflicts of interest. Directors, executives and employees must review and inform the Company of their relation or linkage with such transaction. The person relating or linked to the transaction being considered must not participate in the consideration and approval of such transaction. Connected transactions and transactions in conflicts of interest must be carefully considered in terms of appropriateness based on the price and same conditions as conducted with outsiders.

Connected transactions and transactions in conflicts of interest carefully considered by the Audit Committee in terms of appropriateness and in accordance with the rules of the SET will be proposed to the Board of Directors.

The directors and the executives including their spouse and minors are required to report on any change to their shareholding to the Company and the Office of the SEC in accordance with Section 59 of the Securities and Exchange Act, B.E. 2535 (1992) within 3 working days following the date of buying, selling, transferring or having been transferred. The directors, executives, and employees who have known about significant internal information must not disclose internal information to outsiders or unauthorized persons and must refrain from buying and selling the Company's shares for at least one month before the financial statements or internal information are released to the public, and at least three days after disclosure to the public in order to prevent the abuse of internal information.

Internal Control

The Company gives importance to efficient supervision and internal control at both executive and operational levels. Internal control system is the key mechanism to assure the management in mitigating business risks. It enables efficient business operations by appropriately allocating resources to achieve the set targets, guards against asset loss due to corruption, ensures accuracy and creditability of financial statements, guides the employees toward compliance with the relevant laws and regulations, and protects the shareholders' capital. Therefore, the obligations, duties and authority for operatives and executives have been clearly defined in writing. The use of Company assets in meaningful ways is put under control. Delineating of duties among the operatives, supervisors and evaluators is clear-cut to ensure appropriate check and balance.

The Board of Directors assigns the Audit Committee to take charge of reviewing efficiency and reliability of the internal control system arranged by the management, arrange and revise the control systems relating to the operations, financial reporting, compliance with the rules, regulations, and policies, and supervise overall performance as well as manage risks, including any signaling warnings and irregular transactions. The Company hires Karin Audit Co., Ltd. as its internal auditor to monitor and examine the internal control system and to ensure that it has adequate internal control system. To guarantee the internal auditor's independence and ability to perform its duties in the check and balance work, the auditor will report directly to the Audit Committee. The Company has regularly followed up the work and assess adequacy of the internal control system at least once a year to ensure that the system is functioning in an efficient manner.

Risk Management

The Board of Directors emphasizes the importance of risk management and is responsible for setting out risk management policy of the organization, carrying out risk assessment, and managing the organization's risks at an acceptable level. At present, the Company has set up the Risk Management Committee to ensure efficient risk management in line with the policies based on the principle that the Company must have risk management measure in place to mitigate any risk that may obstruct the achievement of business in

accordance with the plan. The Company would also promote and instill the culture of risk awareness, raise understanding about the causes of risks, undertake rectifications such as improving working procedures, using resources responsibly, and the use of tools to prevent or reduce the risks that may incur. These measures have the objectives of preventing and reducing risks, whereas the said systematic approaches will open up new business opportunity that may add greater value to the organization.

Report of the Board of Directors

The Board of Directors is responsible for the Company's financial statements. It assigns the Audit Committee to review the financial report and make sure that the report is correct and has the quality in compliance with the generally accepted accounting standards. Disclosure of important information must be adequate and transparent. The accounting department and/or the auditor will participate in the meeting and submit the report to the Board of Directors on a quarterly basis. The Board of Directors is responsible for Company consolidated financial statements and financial information (Report on the Responsibility of the Board of Directors for the Financial Report) as appeared in the annual report. The financial statements are produced based on the generally-accepted accounting standards and audited by the auditor. Disclosure of essential information, including financial and non-financial information, is based on complete and regular facts.

3. Board Meeting

Board meeting is convened every 3 months and additional special meetings may be held as necessary. The Company will issue invitation letters to the Board, complete with the agenda and related documents before the meeting so the directors have sufficient time to study the information before attending the meetings except in urgent case. The minutes of the meeting will be recorded and all adopted reports will be kept for reference and examination. The Company will report its performance to the Board of Directors every month to allow the Board to oversee the management's performance regularly in a timely manner.

The Chairman of the Board of Directors and the Chief Executive Officer will jointly define meeting agenda and consider which matters should be included in the agenda of a Board meeting. Each director is given an opportunity to suggest matters for such inclusion.

The Chairman of the Board of Directors as the chairman of the meeting will allow all directors to discuss and express their opinions openly. The high level executives, as concerned parties, may join the meeting to provide additional, useful information as well as to directly acknowledge the policy for further action. In voting at a meeting, the Board of Directors adheres to majority of votes. One director has one vote. The director having conflicts of interest should not join the meeting and/or vote for the matter thereof. In the event of tie, the meeting chairman should have another casting vote.

All directors have the right to examine the agenda and other important documents. If independent directors or members of the Audit Committee have any queries, other directors and the executives must answer to the queries without delay and as much complete as possible.

In the case that a director disagrees with the meeting resolution, he/she may either ask the company secretary to record his/her objections, or lodge an objection letter to the Chairman of the Board of Directors.

At each meeting of the Board of Directors, the company secretary will join the meeting and record the minutes of the meeting and submit it to the Chairman of the Board of Directors for his signature. This record of the meeting will be proposed to the next meeting for adoption. The company secretary is also responsible for keeping information or documents for ease of reference. Normally, all members of the Board of Directors will attend the meeting. Except in case of necessity that they are unable to attend, a notice must be lodged in advance. In addition, the Board of Directors would encourage non-management directors to have meeting among themselves as necessary to discuss issues relating to management and to report the results of discussion to the Chief Executive Officer. Details of each director's attendance are shown below.

Name	Attendance in 2012 (Time)		
	Board of Directors	Audit Committee	Risk Management Committee
	Meeting 6 times	Meeting 5 times	Meeting 1 time
1. Dr. Damri Sukhotanang	6/6	-	-
2. Mr. Kongsak Hemmontharop	5/6	-	-
3. Mr. Wiwat Hemmondharop	6/6	-	-
4. Mrs. Malee Hemmontharop	6/6	-	-
5. Mr. Satit Hemmondharop	6/6	-	1/1
6. Mr. Pirun Hemmondharop	6/6	-	1/1
7. Miss Charanya Sangsukdee ⁴	6/6	5/5	1/1
8. Assoc. Prof. Dr. Aekkachai Nittayakasetwat	6/6	5/5	1/1
9. Mr. Natthawut Khemayotin	6/6	5/5	1/1

4. Remuneration

The Company has put in place an appropriate remuneration policy for the Board of Directors and its executives taking into account the Company's performance and compatibility with other companies in the same industry, as well as at a level suitable for each director's duties and responsibilities. Remuneration is in the form of allowance, and/or salaries and bonuses.

Directors' Remuneration and Committee Members' Remuneration

The 5/2011 extraordinary shareholders' meeting on 5 September 2011 approved a remuneration for the Board of Directors and the Audit Committee, details of which appear in Directors' and Executives' Remuneration.

Chief Executive Officer's and Executives' Remuneration

The Company at its discretion will set remuneration rate for its executives at a suitable level and at a rate compatible with its peers which should be sufficient for retaining knowledgeable and capable directors. Directors who have been assigned with more duties and responsibilities will receive more remuneration as appropriate.

5. Director and Executive Development

The Board of Directors has a policy to provide training and knowledge to the directors involved in the Company's corporate governance system, consisting of directors, Audit Committee members and Company executives, etc. in order for continued development and visitation company's factory at least 1 time per year and collaboration altogether with the Directors and Executives . In the event of changing a director or appointing a new director, the Company will prepare documents and information useful for his/her works, as well as introduction the Company's profile, nature of business and business framework to the new director.

6. Self-evaluation of the Board of Directors

The Board of Directors has provided self-evaluation in the results of past work at least one time per year so that using of information management to improve the efficiency even more by using form of self-evaluation of the Board of Stock Exchange of Thailand.

7. Evaluation of the performance's Chief Executive Officer

The Board of Directors has assigned the evaluation of the performance's Chief Executive Officer annually in order to determine their remuneration, appropriate incentives and rewards by using evaluation form of the Board of Stock Exchange of Thailand.

8. A succession plan of inheritance

The Board of Directors has determined a succession plan of The Chief Executive Officer and Vice president next generation who are competent enough to perform the following functions.

- 1) The Board of Directors has determined the management of development plan.
- 2) The Board of Directors is authorized to determine the knowledge, skill and experience of each position to elect leaders who are qualified and able to inherit the job position.
- 3) Chief Executive Officer has assessed the performance and knowledge of executives in level of requirement to be individual in the development plan.
- 4) Chief Executive Officer has reviewed and summarized of a succession plan of Chief Executive Officer and Vice President always and has reported to the Board of Directors each year.

Treatment of Insider Information

The Company has set rules and regulations enforcing directors, executives, employees and contract employees to keep the Company's secret and internal information confidential. They are prohibited from disclosing the Company's secret or internal information for their own or other persons' benefits, either directly or indirectly, and whether or not any benefits will be given to them. They are also prohibited from trading or transferring the Company's securities using the secret and/or insider information, and/or conducting any juristic act, by using the secret and/or insider information that may cause damage to the Company either directly or indirectly. Directors, executives, employees and contract employees who have access to the Company's insider information must not make use of that information that has not yet been disclosed to the public. All persons concerned are also prohibited from trading the Company's shares within one month before quarterly and annual financial statements are publicly disclosed and after publicly disclosed already at least 3 days. These rules are also applicable to the spouse and under-aged children of the directors, executives and employees.

Besides, the Company has notified the directors and executives about the duty to report their holding of PJW shares, and the holding of PJW shares by their spouse and under-aged children, as well as any changes thereof, to the Office of the Securities and Exchange Commission pursuant to Section 59 and the penalties under Section 275 of the Securities and Exchange Act, B.E. 2535 (1992).

The Company has set disciplinary penalty in case of any person's use of internal information for personal benefits, or disclosure thereof that may cause damage to the Company. The penalty for violation of or failure to comply with the regulations may range from verbal warning, written warning, probation, or termination of employment by dismissal, removal or discontinuation of employment, as the case may be.

Internal Control

The Company is fully aware of the importance of appropriate internal control management system to ensure its efficient business operations. The Audit Committee is tasked to assess and ensure that the Company's internal control and internal audit systems are efficient and appropriate, as well as ascertain that its operations comply with the securities and exchange law, the stock exchange requirements, and other relevant laws.

The Audit Committee will have meeting at least every quarter to consider the financial statements and ensure the accuracy of financial reports and the adequacy of disclosure thereof; consider connected transactions or transactions that may involve conflicts of interest so they comply with the laws and regulations stipulated by the stock exchange and the Capital Market Supervisory Board; and verify the appropriateness and efficiency of the internal control and internal audit systems in place.

The Audit Committee at its 1/2013 meeting on 20 February 2013 with the attendance of the three members assessed the internal control system in five perspectives below:

- 1) Organization control and environment measure
- 2) Risk management measure
- 3) Management control activities
- 4) Information and communication measure
- 5) Monitoring

The Audit Committee has opined that the Company has adequate and appropriate internal control system, as well as the monitoring system, that can protect its assets from unlawful or unauthorized use by its executives, and the internal control procedure on the conduct of transactions with major shareholders, directors, executives, and their related persons.

Nevertheless, the Board of Directors realizes that any internal audit control system cannot guarantee the occurrence of influence whole mistake but it can protect and make a confidence in reasonable level.

Related Transactions

The Company has transactions with its related person and related companies. The significant related transactions shown in year 2012

Details of Related Party Transaction

Unit : Million baht

	Company's Name	Nature of Relationship	Shareholding by the company (%)	Transaction	Value
1.	C.C.H. Packaging Co., Ltd.	D	-	- Purchase of product	1.08
2.	Mr. Kongsak Hemmontharop	B		- Land rent	1.62

Nature of Relation

A = Major shareholders B = Shareholders & Executives C = Subsidiaries D= Shareholders

Measures or Procedures regarding Related Party Transactions

As no regulations were formerly in place regarding the conduct of related party transactions (RPT), approval from the Audit Committee was not required for past RPT. Later, since its institution of such regulations on RPT, the Company's conduct of RPT has been subject to approval by the Audit Committee with due regard to the Company's best interests.

The Company's RPT with persons who may have conflict of interest or persons with beneficial interests, either at present or in the future, shall be subject to opinion or recommendation by the Audit Committee as to the necessity and appropriateness of such RPT. In case the Audit Committee has no expertise in examining the RPT, an independent expert or the auditor of the Company may be engaged to give opinion thereon to support the decision of the Board of Directors and/or the Audit Committee and/or the shareholders, as the case may be. Persons with possible conflict of interest or with beneficial interest are not entitled to vote on the RPT.

In case where the Company provides loans to, or borrows loans from, related companies or persons, including provision of loan guarantee or placing of Company assets as collateral for loans or other liabilities of the related companies or persons, the Company must submit the project to the Audit Committee to seek its opinion as to the necessity and reasonableness of the transaction, amount, liabilities, tenor, and interest rate as well as relevant

financial costs, before proposing the matter to the Board of Directors for its approval. The Board will consider the criteria, conditions and justifications of the transaction taking into account the appropriateness of the tenor and the financial costs. Directors with beneficial interest in the transaction have to abstain from voting on and are not entitled to attend the meeting for consideration of the transaction.

Policy and Trends of Related Party Transactions

The Company will maintain the transaction of procuring corrugated boxes from related companies on reasons of convenience in making contacts and the fact that the procurement is at market price and based on normal business conditions. Rent of land from directors and shareholders will also be maintained because MPC factory is located on such land with rental contract made at a reasonable rate.

For future RPT that may involve conflicts of interest, the Board of Directors shall comply with the law on securities and exchange, and rules, notifications, ordinance or requirements of the Stock Exchange of Thailand, together with requirements regarding disclosure of information on connected transactions and acquisition or disposal of assets of the Company and its subsidiaries, as well as the generally accepted accounting standards set out by the Institute of Certified Accountants and Auditors of Thailand.

Audit Committee Report

The Audit Committee of Panjawattana Public Co., Ltd. was appointed by the company's Board of Directors and consists of three independent directors as appearing in the following list of names:

- | | |
|----------------------------------|-----------------------------|
| 1. Miss Charanya Sangsukdee | Chairman of Audit Committee |
| 2. Dr. Aekkachai Nittayakasetwat | Audit Committee |
| 3. Mr. Natthawut Khemayotin | Audit Committee |

In 2012, the Audit Committee held a total of five meetings in which all Audit Committee Directors attended and reported opinions together with providing independent recommendations for the company's Board of Directors. The Audit Committee performed its duties within the scope of responsibilities assigned by the company's Board of Directors together with rendering opinions on various issues which can be summarized as follows:

1. Accuracy, Completeness and Reliability of Financial Reports

The Audit Committee has reviewed quarterly financial statements, annual financial statements, key accounting policies and adequate disclosure of information with auditors and holds the opinion that the company's financial reports have been accurately, completely and reliably prepared in compliance with generally accepted accounting principles.

2. Adequacy of Internal Control, Internal Audit and Risk Management Systems

The Audit Committee has approved of the annual audit plan, acknowledged the auditing results of the Internal Audit Office and follow-up on the progress of modifications and corrections, including assurance that the company has proper internal control systems, systematic and effective risk management, policy review, risk management operations and risk management performance. The Audit Committee has rendered the opinion that the company has arranged and maintained effective, appropriate and adequate internal control systems with proper risk management.

3. Compliance With Laws On Securities and Stock Exchanges, Stock Exchange Specifications and Laws Related to the Company's Business

The Audit Committee reviewed compliance with the laws governing securities and stock exchanges, stock exchange specifications and laws related to the company's businesses, rendering the opinion that the reviews of compliance with various laws discovered no significant violations or non-compliance.

4. Suitability of Auditors, Consideration, Selection and Proposals to Appoint Auditors

The Audit Committee met with auditors once without the attendance of the management to request the auditors' opinions regarding operations and coordination with related management departments. Overall independence and performance of 2012 was assessed and found to be satisfactory.

In considering the selection of auditors and setting appropriate returns for 2013, the Audit Committee considered the evaluations of auditor independence and performance and deemed

it fitting to propose that the company's Board of Directors request approval from Shareholders' Meeting to appoint the following:

1. Mr. Thanawut Piboonsawat, Auditor License No. 6699 and/or;
2. Mr. Pojana Asawasantichai, Auditor License No. 4891 and/or;
3. Ms. Sulasit Ardsawang, Auditor License No. 7517.

Dharmniti Auditing Co., Ltd. is the auditor for the company and its subsidiaries in 2013 with auditor's remuneration in 2013 set according to the audited financial statements for specific businesses, the annual financial statement and the financial statements of the company's subsidiaries with review of the aforementioned quarterly financial statements at total audit fee and certification of compliance according to the conditions set forth by the BOI at no more than 1,670,000 baht. In cases involving audits and confirmation of practices in compliance with the conditions set forth by the BOI, the audit fee is 40,000 baht per certificate, not including other expenses such as expenses for vehicles required for traveling to other provinces, etc.

5. Transactions with Potential Conflicts of Interest

The Audit Committee has taken the issue under consideration and rendered the opinion that entry into transactions with potential conflicts of interest is reasonable for regular business transactions or support of regular business in transactions with general trading conditions in compliance with the principles approved by the company's Board of Directors. The Audit Committee has complied with the specifications set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand in transactions which are not regular business or transactions in support of regular business with disclosure of information regarding the aforementioned transactions in the remarks accompanying the interim financial statements and annual financial statements.

6. Performance of Duties in Compliance with the Audit Committee Charter

The Audit Committee has performed all assigned duties with independence, unlimited information and the Audit Committee has reviewed the Audit Committee Charter to ensure that the Audit Committee had complete and effective specifications for the scope of its duties and operations as assigned by the company's Board of Directors in compliance with principles of good governance.



(Miss Charanya Sangsukdee)
Chairman of Audit Committee

Report on the Responsibilities of the Board of Directors to Financial Reports

The Board of Directors of Panjawattana Plastic Public Co., Ltd. gives importance to the duties and responsibilities in governing the company's business in compliance with good business governance policies and the Board of Directors takes responsibility for the financial statements and financial information appearing in the 2012 Annual Report, which has been prepared in compliance with generally accepted accounting standards by using proper and continually practiced accounting policies with meticulous and cautious judgment in preparing the Annual Report with adequate disclosure of significant information in the remarks accompanying the financial statements, including compliance with the regulations set forth by the Stock Exchange of Thailand and the specifications set forth by the Securities and Exchange Commission to generate maximum benefits for shareholders and investors.

Furthermore, the company's Board of Directors has prepared effective and appropriate risk management and internal control systems for reasonable confidence that accounting information records are accurate, complete and adequate for monitoring assets and preventing corruption or nonstandard operations.

On this occasion, the Audit Committee, which consists of independent directors, has performed the duties of directing and reviewing accounting policies, the quality of financial statements, internal control systems and internal audits with consideration regarding the disclosure of information about related transactions. The opinions of the Audit Committee are disclosed in the Annual Report.

The financial statements for the company and its subsidiaries were audited by Dharmniti Auditing Co., Ltd., which is the company's auditor. In auditing, the company's Board of Directors and the Executive Committee supplied information and documents for auditors to audit and express opinions in compliance with accounting standards as shown in the auditor's report in the Annual Report.

The company's Board of Directors holds the opinion that the company's overall internal control system is adequate and suitable with capacity for building reasonable confidence in the financial statements for the company and its subsidiaries for the year ending 31 December 2012.



(Dr. Damri Sukhotanang)
Chairman of the Board
of Directors



(Mr. Wiwat Hemmondharop)
Chairman of the Board
of Executive Directors

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

REPORT OF THE AUDITOR

To The Shareholders and Board of Directors of
PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

I have audited the accompanying consolidated financial statements of PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and the accompanying financial statements of PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES as at December 31, 2012, and the consolidated results of its operations and its consolidated changes in their shareholders' equity and its consolidated cash flows for the year then ended and the financial position of PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED as at December 31, 2012, and the results of its operations and its changes in their shareholders equity and its cash flows for the year then ended in accordance with the Financial Reporting Standards.



(Miss Chantra Wongsri-Udomporn)

Certified Public Accountant

Registration No. 4996

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 20, 2013

2013/069/0273

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

		<u>ASSETS</u>			
		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2012	2011	2012	2011
Current assets					
Cash and cash equivalents	3.4, 5	63,611,471.92	52,796,555.71	29,419,781.73	16,218,691.21
Trade accounts receivable	3.5, 6				
- Related Companies	4	-	-	8,460,754.09	4,141,754.19
- Other Companies		316,690,122.30	305,750,805.20	291,793,674.54	295,192,318.19
		<u>316,690,122.30</u>	<u>305,750,805.20</u>	<u>300,254,428.63</u>	<u>299,334,072.38</u>
Other account receivable - related companies	4	-	-	8,007,589.51	6,347,273.02
Short - term loans to related person and related companies	4, 7	-	-	10,331,682.00	10,693,850.00
Inventories	3.6, 8	148,941,979.97	123,681,508.90	130,526,995.37	106,852,327.77
Deposit from the acquisition of assets		9,891,989.10	22,387,707.68	3,202,795.10	8,483,831.26
Deposit paid to mold		9,056,750.12	10,038,473.02	9,056,750.12	10,038,473.02
Other current assets	9	14,341,442.39	14,354,682.44	9,933,050.82	8,947,406.44
Total current assets		<u>562,533,755.80</u>	<u>529,009,732.95</u>	<u>500,733,073.28</u>	<u>466,915,925.10</u>
Non-current assets					
Investment in subsidiaries	3.8, 10	-	-	97,286,807.20	97,286,807.20
Property, plant and equipment	3.9, 11	865,577,980.16	645,094,251.89	771,428,762.30	597,578,406.17
Intangible assets	3.11, 12	6,457,694.17	5,246,590.27	6,185,940.32	4,914,976.69
Other non-current assets	13	13,164,549.80	11,352,039.47	7,225,153.00	5,719,756.89
Total non-current assets		<u>885,200,224.13</u>	<u>661,692,881.63</u>	<u>882,126,662.82</u>	<u>705,499,946.95</u>
Total assets		<u><u>1,447,733,979.93</u></u>	<u><u>1,190,702,614.58</u></u>	<u><u>1,382,859,736.10</u></u>	<u><u>1,172,415,872.05</u></u>

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2012 AND 2011

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	14	45,342,280.40	191,411,755.91	45,342,280.40	191,411,755.91
Trade accounts payable					
- Related companies	4	143,499.84	275,250.22	14,337,728.79	28,765,379.86
- Other companies		236,572,826.80	266,200,486.88	209,398,870.51	241,131,059.34
		<u>236,716,326.64</u>	<u>266,475,737.10</u>	<u>223,736,599.30</u>	<u>269,896,439.20</u>
Other account payable - related companies	4	-	-	-	304,751.00
Current portion of long-term liabilities					
- Long-term loans	15	45,275,900.28	58,122,000.00	38,744,000.00	58,122,000.00
- Liabilities under financial lease contracts	16	16,043,094.33	34,920,133.65	13,558,105.04	34,920,133.65
- Provision employee benefit liabilities	17	-	80,101.00	-	80,101.00
Account payable from purchase fixed assets		25,629,920.85	19,653,479.83	22,506,744.33	14,944,213.05
Accrued corporate income tax		11,887,533.61	18,649,645.56	11,664,119.47	18,535,819.71
Accrued expenses		49,657,631.29	40,005,778.50	46,113,160.11	37,281,599.51
Deposit received to mold		7,282,000.00	10,823,100.00	7,282,000.00	10,823,100.00
Other current liabilities		9,161,692.73	5,974,658.50	6,589,115.10	5,397,302.82
Total current liabilities		<u>446,996,380.13</u>	<u>646,116,390.05</u>	<u>415,536,123.75</u>	<u>641,717,215.85</u>
Non-current liabilities					
Long-term loans	15	90,810,124.48	168,133,144.00	88,349,325.89	168,133,144.00
Liabilities under financial lease contracts	16	18,939,365.10	28,136,113.39	18,076,293.97	28,136,113.39
Provision employee benefit liabilities	17	18,089,998.00	14,964,748.00	16,822,677.00	13,786,779.00
Other non-current liabilities		35,279.49	480,538.84	35,279.49	480,538.84
Total non-current liabilities		<u>127,874,767.07</u>	<u>211,714,544.23</u>	<u>123,283,576.35</u>	<u>210,536,575.23</u>
Total liabilities		<u>574,871,147.20</u>	<u>857,830,934.28</u>	<u>538,819,700.10</u>	<u>852,253,791.08</u>

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2012 AND 2011

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Shareholders' equity					
Share capital	18				
Authorized share capital					
552,000,000 ordinary shares of Baht 0.50 each		276,000,000.00	276,000,000.00	276,000,000.00	276,000,000.00
Issued and fully paid-up share capital					
552,000,000 ordinary shares of Baht 0.50 each		276,000,000.00		276,000,000.00	
440,000,000 ordinary shares of Baht 0.50 each			220,000,000.00		220,000,000.00
Premium on share capital	18	338,128,000.00	-	338,128,000.00	-
Retained earnings					
Appropriated					
legal reserve	19, 20	22,182,233.16	7,919,764.78	22,182,233.16	7,919,764.78
Unappropriated		225,116,442.81	91,855,458.96	215,856,110.40	100,547,552.87
Other components of equity					
Differences on the fixed assets acquired under common control company	11	-	-	(8,126,307.56)	(8,305,236.68)
Deficits from business combination under common control company	10	3,086,493.16	3,086,493.16	-	-
Differences from translation of foreign entity		3,453,721.59	5,022,916.39	-	-
Total equity attributable to equity holders of the parent company		867,966,890.72	327,884,633.29	844,040,036.00	320,162,080.97
Non - controlling interests		4,895,942.01	4,987,047.01	-	-
Total shareholders' equity		872,862,832.73	332,871,680.30	844,040,036.00	320,162,080.97
Total liabilities and shareholders' equity		1,447,733,979.93	1,190,702,614.58	1,382,859,736.10	1,172,415,872.05

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Revenues	3.3				
Sales	4, 29, 30	2,010,033,018.73	1,640,174,033.72	1,899,990,975.78	1,587,460,934.42
Other income	4, 29, 30	6,916,263.27	3,501,853.57	8,171,309.15	11,400,378.63
Total revenues		2,016,949,282.00	1,643,675,887.29	1,908,162,284.93	1,598,861,313.05
Expenses	3.3				
Cost of sales	4	1,588,623,129.97	1,285,967,373.87	1,512,202,784.90	1,250,703,436.08
Selling expense		60,132,655.83	43,055,828.49	58,373,889.00	41,136,871.12
Administrative expenses	4	81,316,374.99	70,099,711.76	69,521,137.23	63,419,246.21
Management benefit and director's remuneration	23	38,897,858.67	38,069,005.94	38,753,868.36	37,569,874.94
Finance cost		16,820,042.26	20,851,028.33	16,505,877.10	20,754,832.55
Total expenses		1,785,790,061.72	1,458,042,948.39	1,695,357,556.59	1,413,584,260.90
Profit before income tax expenses		231,159,220.28	185,632,938.90	212,804,728.34	185,277,052.15
Income tax expenses	3.20, 24, 29	28,536,873.06	40,332,296.33	28,043,702.43	39,690,801.87
Profit for the years		202,622,347.22	145,300,642.57	184,761,025.91	145,586,250.28
Other comprehensive income					
Differences on the fixed assets acquired under common control company		-	-	178,929.12	36,859.62
Deficits from business combination under common control	10	-	3,086,493.16	-	-
Differences from translation of foreign entity		(1,569,194.80)	5,022,916.39	-	-
Total comprehensive income for the years		201,053,152.42	153,410,052.12	184,939,955.03	145,623,109.90
Profit attributable to					
Equity holders of the parent company		202,713,452.22	145,236,252.67	184,761,025.91	145,586,250.28
Non - controlling interests of the subsidiary		(91,105.00)	64,389.90	-	-
		202,622,347.22	145,300,642.57	184,761,025.91	145,586,250.28
Total comprehensive income attributable to					
Equity holders of the parent company		201,144,257.42	153,345,662.22	184,939,955.03	145,623,109.90
Non - controlling interests of the subsidiary		(91,105.00)	64,389.90	-	-
		201,053,152.42	153,410,052.12	184,939,955.03	145,623,109.90
Earnings per share	3.17, 26				
Basic earnings per share					
Profit attributable to equity holders of the parent company		0.38	0.37	0.34	0.37

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Baht

	Note	Equity holders of the parent company						Non - controlling interests	Total shareholders' equity	
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity				Total equity attributable to equity holders of the parent company
				Legal reserve	unappropriated	unappropriated	Deficits from business combination under common control			
<u>Consolidated financial statement</u>										
Balance as at January 1, 2011		184,000,000.00	-	-	104,955,291.07	-	-	288,955,291.07	16,781,522.27	305,736,813.34
Increase in share capital	18	36,000,000.00	-	-	-	-	-	36,000,000.00	-	36,000,000.00
Legal reserve	20	-	-	7,919,764.78	(7,919,764.78)	-	-	-	-	-
Dividend	20	-	-	-	(150,416,320.00)	-	-	(150,416,320.00)	(6,050,000.00)	(156,466,320.00)
Dividend received from non-controlling interest	10	-	-	-	-	-	-	-	19,828.00	19,828.00
Increasing of paid-up share capital from non-controlling interest		-	-	-	-	-	-	-	750,000.00	750,000.00
Non-controlling interest reduced from purchase the entity by the parent company		-	-	-	-	-	-	-	(6,578,693.16)	(6,578,693.16)
Total comprehensive income for the year		-	-	-	145,236,252.67	3,086,493.16	5,022,916.39	153,345,662.22	64,389.90	153,410,052.12
Balance as at December 31, 2011		220,000,000.00	-	7,919,764.78	91,855,458.96	3,086,493.16	5,022,916.39	327,884,633.29	4,987,047.01	332,871,680.30
Increase in share capital	18	56,000,000.00	-	-	-	-	-	56,000,000.00	-	56,000,000.00
Premium on share capital	18	-	338,128,000.00	-	-	-	-	338,128,000.00	-	338,128,000.00
Legal reserve	20	-	-	14,262,468.38	(14,262,468.38)	-	-	-	-	-
Dividend	20	-	-	-	(55,190,000.00)	-	-	(55,190,000.00)	-	(55,190,000.00)
Total comprehensive income for the year		-	-	-	202,713,452.22	-	(1,569,194.80)	201,144,257.42	(91,105.00)	201,053,152.42
Balance as at December 31, 2012		276,000,000.00	338,128,000.00	22,182,233.16	225,116,442.80	3,086,493.16	3,453,721.59	867,966,890.71	4,895,942.01	872,862,832.72

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		Baht					
		Issued and	Premium on	Retained earnings		Differences on the	Total
		paid-up	share capital	Legal reserve	unappropriated	fixed assets acquired	
		share capital				under common	
	Note					control company	
<u>Separate financial statement</u>							
Balance as at January 1, 2011		184,000,000.00	-	-	113,297,387.37	(8,342,096.30)	288,955,291.07
Increase in share capital	18	36,000,000.00	-	-	-	-	36,000,000.00
Legal reserve	20	-	-	7,919,764.78	(7,919,764.78)	-	-
Dividend	20	-	-	-	(150,416,320.00)	-	(150,416,320.00)
Total comprehensive income for the year		-	-	-	145,586,250.28	36,859.62	145,623,109.90
Balance as at December 31, 2011		220,000,000.00	-	7,919,764.78	100,547,552.87	(8,305,236.68)	320,162,080.97
Increase in share capital	18	56,000,000.00	-	-	-	-	56,000,000.00
Premium on share capital	18	-	338,128,000.00	-	-	-	338,128,000.00
Legal reserve	20	-	-	14,262,468.38	(14,262,468.38)	-	-
Dividend	20	-	-	-	(55,190,000.00)	-	(55,190,000.00)
Total comprehensive income for the year		-	-	-	184,761,025.91	178,929.12	184,939,955.03
Balance as at December 31, 2012		276,000,000.00	338,128,000.00	22,182,233.16	215,856,110.40	(8,126,307.56)	844,040,036.00

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Cash flows from operating activities :</u>				
Profit for the years	202,622,347.22	145,300,642.57	184,761,025.91	145,586,250.28
Reconciliations of profit for the years to net cash provided by (used in) operating activities :				
Allowance for declining in value of inventories	99,128.19	1,292,746.12	308,660.47	900,336.52
Depreciation and amortization	76,982,352.00	54,600,315.71	67,979,975.79	50,148,976.98
Amortization of mold	3,531,351.98	1,301,032.49	3,490,440.30	1,301,032.49
(Gain) loss on exchange rate	(4,885.66)	741,456.65	357,282.34	152,260.93
(Gain) loss on sales of fixed assets	(818,637.40)	(975,388.81)	(818,637.40)	(5,667,642.14)
Loss on write off fixed assets	10,292.85	1,536,214.68	10,292.85	1,536,214.68
Provision for employee benefit	3,045,149.00	2,662,303.00	2,955,797.00	2,597,478.50
Interest income	-	-	-	(173,167.16)
Interest expenses	16,820,042.26	20,851,028.33	16,505,877.10	20,754,832.55
Income tax expenses	28,536,873.06	40,332,296.33	28,043,702.43	39,690,801.87
Profit provided by operating activities before changes in operating assets and liabilities	330,824,013.50	267,642,647.07	303,594,416.79	256,827,375.50
(Increase) decrease in operating assets				
Trade accounts receivable				
- Related companies	-	-	(4,318,999.90)	2,434,820.95
- Other companies	(10,939,317.10)	(86,075,115.89)	3,398,643.65	(79,104,417.01)
Other account receivable - related companies	-	16,413.80	3,330,414.07	(2,759,411.98)
Short-term loans to related person and related companies	-	2,000,000.00	-	(10,196,600.00)
Inventories	(25,359,599.26)	(51,453,209.98)	(23,983,328.07)	(34,231,619.25)
Deposit paid to mold	981,722.90	(4,025,047.02)	981,722.90	(4,025,047.02)
Other current assets	13,240.05	(9,411,134.72)	(985,644.38)	4,040,810.70
Mold for amortization	(3,669,660.00)	(1,886,900.00)	(3,669,660.00)	(1,366,900.00)
Other non-current assets	(1,674,202.31)	2,044,600.42	(1,326,176.41)	2,315,893.00

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Increase (decrease) in operating liabilities				
Trade accounts payable				
- Related companies	(131,750.38)	(99,485.72)	(14,427,651.07)	28,390,643.92
- Other companies	(29,608,837.12)	96,335,636.92	(31,713,365.87)	71,266,209.38
Other account payable-related companies	-	-	(304,751.00)	(362,052.78)
Accrued expense	9,651,852.79	10,333,531.38	8,831,560.60	8,067,622.24
Deposit received to mold	(3,541,100.00)	8,133,768.35	(3,541,100.00)	8,133,768.35
Other current liabilities	3,187,034.23	(4,382,453.39)	1,191,812.28	(370,910.14)
Other liabilities	-	(511,421.75)	-	(512,598.09)
Cash provided by (used in) operating activities	269,733,397.30	228,661,829.47	237,057,893.59	248,547,587.77
Cash received from interest income	-	-	-	27,261.84
Payment of employee benefit liabilities	-	(128,019.00)	-	(128,019.00)
Payment of transferring on employee benefit liabilities to a subsidiary company	-	-	-	(1,113,144.50)
Payment of corporate income tax and withholding income tax	(35,298,985.01)	(48,701,814.79)	(34,915,402.67)	(47,467,344.63)
Net cash provided by operating activities	234,434,412.29	179,831,995.68	202,142,490.92	199,866,341.48
<u>Cash flows from investing activities :</u>				
Cash paid for investment in subsidiaries	-	-	-	(97,286,807.20)
Cash paid dividend to non-controlling interest	-	(6,050,000.00)	-	-
Cash received from non-controlling interest on paid-up share capital	-	750,000.00	-	-
Cash received from dividend from non-controlling interest	-	19,828.00	-	-
Cash paid for non-controlling interests	-	(3,492,200.00)	-	-
Cash received from sales of fixed assets	4,376,542.09	9,346,447.63	7,811,772.21	17,015,270.79
Cash paid for purchase of fixed assets	(259,972,936.42)	(228,213,736.23)	(229,821,812.66)	(198,487,692.01)
Cash paid for differences on the fixed assets acquired under common control company	-	-	-	(72,907.47)
Cash paid for deposit from purchase of fixed assets	(9,891,989.10)	(22,387,707.68)	(3,202,795.10)	(8,483,831.26)
Cash paid for purchase of computer software	(2,774,703.51)	(2,762,144.94)	(2,774,703.51)	(2,407,130.00)
Net cash used in investing activities	(268,263,086.94)	(252,789,513.22)	(227,987,539.06)	(289,723,097.15)

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Cash flows from financing activities :</u>				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(146,069,475.51)	90,261,509.65	(146,069,475.51)	90,261,509.65
Increase (decrease) in short-term loans from related person-net	-	(694,086.97)	-	-
Cash received from increase in sharecapital	394,128,000.00	36,000,000.00	394,128,000.00	36,000,000.00
Cash received from long-term from financial institution	62,682,181.89	219,305,144.00	52,082,181.89	219,305,144.00
Cash paid for long-term loans	(152,851,301.13)	(42,708,000.00)	(151,244,000.00)	(42,708,000.00)
Cash paid for dividend	(55,157,699.00)	(150,416,000.00)	(55,157,699.00)	(150,416,000.00)
Cash paid for liabilities under financial lease contract payable	(38,784,596.16)	(30,670,672.07)	(38,186,991.62)	(29,571,984.10)
Cash paid for interest expenses	(16,820,042.26)	(22,766,681.50)	(16,505,877.10)	(22,670,485.72)
Net cash provided by financing activities	47,127,067.83	98,311,213.11	39,046,138.66	100,200,183.83
Differences from translation of foreign entity	(2,483,476.97)	5,022,916.39	-	-
Net increase in cash and cash equivalents	10,814,916.21	30,376,611.96	13,201,090.52	10,343,428.16
Cash and cash equivalents, at beginning of the year	52,796,555.71	22,419,943.75	16,218,691.21	5,875,263.05
Cash and cash equivalents, at end of the year	63,611,471.92	52,796,555.71	29,419,781.73	16,218,691.21

Supplemental disclosure of cash flows information :-

Cash and cash equivalents consisted of

Deposits from purchase of fixed assets, paid in

the previous period	22,387,707.68	13,530,257.20	8,483,831.26	13,530,257.20
Account payable from purchase fixed asset - other companies	5,962,503.72	7,366,161.77	7,548,593.98	2,656,894.99
Liabilities under financial lease contracts	10,710,808.55	28,601,093.02	10,710,808.55	28,601,093.02
Amortization of income on the sale and lease back assets	-	42,312.31	-	42,312.31
Increasing in fixed assets from loan T/R	-	16,426,130.98	-	16,426,130.98
Sale of fixed assets, which not receive in the previous period	-	-	4,990,730.56	-

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited company on November 30, 1987 and changed to be a public company on September 8, 2011.

On February 13, 2012, the Company had received the permission to list their common stocks in the Stock Exchange of Thailand (MAI). Securities trading is start on February 28, 2012.

The address of its registered office is as follows :

19, 21 Soi Ekachai 63, Ekachai Road, Kwang Bangbon, Khet Bangbon, Bangkok 10150, Thailand.

As at December 31, 2012 and 2011, the operating branches are as follows :

No.	Branch	Address
1	Samuthsakorn	28 Moo 2 Chaimongkol Subdistrict, Muang District, Samuthsakorn Province 74000, Thailand.
2	Bangkok	19, 21 Soi Ekachai 63, Ekachai Road, Kwang Bangbon, Khet Bangbon, Bangkok 10150, Thailand.
3	Chonburi	150/53 Moo 9 NongKham Subdistrict, Sriracha District, Chonburi Province 20110, Thailand.
4	Chonburi	150/62 Moo 9 NongKham Subdistric, Sriracha District, Chonburi Province 20110, Thailand.

(b) Nature of the Company's business

The Company's main businesses are manufacturer and distributor of packaging, automotive parts and materials from plastic imitation.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

2. CRITERIA FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT

- (a) This consolidated financial statement has included the financial statement of Panjawattana Plastic Public Company Limited and its subsidiaries, as well as the mutually controlled entity or has the significant influence as follows:

Company	Type	Location	Shareholding ratio	
			(Percentage of registered shares amount)	
			2012	2011
<u>Subsidiaries</u>				
Millpack Co., Ltd.	Manufacturer of packaging	Bangkok	99.98%	99.98%
Elegance Packaging Co., Ltd.	Trading of lid	Bangkok	99.97%	99.97%
Panjawattana (Tianjin) Plastic Co., Ltd.	Manufacturer of packaging	Tianjin (China)	100.00%	100.00%
<u>A combination of entities or business under common control:-</u>				
Panjawatana Maketing Co., Ltd.	Manufacturer (Dormant)	Bangkok	-	-

- (b) The Company has included the financial statement of subsidiaries and the mutually controlled entity or has the significant influence in the consolidated financial statement since the acquisition date (date that the Company has authority to control the subsidiaries and the mutually controlled entity or has the significant influence) to the date that the Company has ended its authority to control the subsidiaries and the mutually controlled entity or has the significant influence.
- (c) The financial statement of the subsidiaries and the mutually controlled entity or has the significant influence has been prepared by adoption of significant accounting policies the same as the financial statement of the Company.
- (d) Assets and liabilities as specified in the financial statement of the subsidiaries, which established in foreign countries, are converted into Thai Baht at the date of exchange rate specified in statement of financial position. For converted revenues and expenses into Thai baht by using monthly average exchange rates and difference from the conversion have been shown in transaction of “Differences from translation of foreign entity” in shareholders’ equity.
- (e) The remaining balances for significant transactions between the Company and its subsidiaries and the mutually controlled entity or has the significant influence have been deleted from the consolidated financial statement.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis for preparation of the financial statements

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

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

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

3.2 New accounting standards issued during the period and not yet effective

On March 15, 2012, the Federation of Accounting Professions (FAP) has issued the financial reporting standard TFRS 8: Operating Segments, which is effective for fiscal year beginning on or after January 1, 2013.

The management of the Company is evaluating the impact on the financial statements when this financial reporting standard is initially applied.

3.3 Recognition of revenues and expenses

Sale of goods

Sale of goods are recognized upon delivery and the significant risks and rewards of ownership of the goods have passed to the buyer. And the Company and its subsidiaries will not recognized the revenues, if the management retains either continuing managerial involvement or effective control over the goods sold or unable to measured reliably on the amount of revenues and its costs or having uncertainty on return of the goods sold.

Interest income

The Company and its subsidiaries recognized interest income on the accrued basis by consider the effective rate.

Other income and expense

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

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

3.4 Cash and cash equivalents

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

3.5 Trade accounts receivable

Trade accounts receivable and other accounts receivable are stated at their invoice value less allowance for doubtful accounts (if any).

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of the debtor aging.

3.6 Inventories

Inventories are stated at cost in the first in - first out method or at the lower of cost and net realizable value.

Cost comprises all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Mold cost paid by the Company incurred by hiring outside suppliers. Normally, the Company jointed with customers to design a mold instruction. The Company shall transfer mold costs to cost of sales when they are delivered and accepted by customers.

3.7 Mold for amortization

Mold for amortization is used to manufacture goods for customers. The Company is paying for the mold and later charged customers based on agreed number of pieces produced and sold to such customers. The Company will amortized the cost of mold to be the cost of sales according to items produced and sold to customers which is determined base on the estimated number of production unit can be made available throughout the usage period as agreed between the parties.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

3.8 Investment in subsidiaries

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

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements.

3.9 Property, plant and equipment

Property is stated at cost less impairment loss (if any).

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

The initial perception value

Cost of property, plant and equipment comprises the purchase price including import duty, tax on non-refundable and other direct costs associated with providing the property is in good condition to be valid for the purpose (e.g. the cost of site preparation, the initial cost of transportation and storage, cost of installation, fees visual life, estimated expenditure on transport and dispose of or demolish, location and restoration after the required assets) of trade discounts and taxes are to be returned must be deducted from the purchase price.

Remaining value at the disabled

The Company and its subsidiaries have estimated remaining value at the disabled machine, some plant and equipment. The value of the remaining 10 percent of the cost of the first to acquire property.

Depreciation

Depreciation are computed from cost less remaining value by the straight-line method based on the estimated useful lives of each asset. The estimated useful lives and remaining value at the disabled of the assets are as follows :-

	years	Residual value at disabled date
Plant	20, 30	No
Improvement on building	5, 10	No
Support machine system	5, 10	10% of Cost Price
Machinery and equipment	3, 5, 10, 15	10% of Cost Price
Office equipment	5	10% of Cost Price
Vehicle	5, 7, 10	Market value

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

The Company and its subsidiaries do not charge for depreciation of property and assets under construction and installation. Repair and maintenance are charged to the statements of comprehensive income during the period incurred. The cost of significant improvement is recorded in the book value of assets if it is probable that the improvements will enable them to benefit returns over the use of the benefits without improving the assets acquired. Major renovations are depreciated over the remaining useful life of the related assets.

Gains and losses on sales of fixed assets is the difference between the sale amount of fixed assets and the book values. The gains and losses account is presented under the statements of comprehensive income.

The Company and its subsidiaries recognize the interest expense arose from construction in progress as capitalized to be cost of property.

Estimated costs of asset decommission, removal and renovation have to be included as asset costs and subject to annual depreciation.

The depreciation charge has to be determined separately for each significant part of an asset, when each of components has material cost compare to total cost of such asset.

The Company and its subsidiaries have to review the residual value and useful life of assets base on consistency basis.

3.10 Borrowing costs

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

3.11 Intangible assets

Intangible assets are stated at cost less amortization and net loss on impairment (if any).

Amortization

Amortization recorded as an expense in the statements of comprehensive income calculated by the straight - line basis period is expected to receive economic benefits of each type of intangible assets. Long expected economic benefits are listed below.

	<u>years</u>
Computer software	5

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

3.12 Impairment of assets

The Company and its subsidiaries reviews the impairment of assets for property, plant and equipment and other assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company and its subsidiaries will recognize the impairment losses in the statements of comprehensive income. And this impairment losses shall be reversed to be an other income, when impairment indications moved or declined.

3.13 Employee Benefits

Short-term employment benefits

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

Post-employment benefits (Defined contribution plans)

The Company and its subsidiaries have jointed with its employees to establish a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

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

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

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in profit or loss.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

3.14 Foreign currency transactions

Items included in the financial statements of each entity in the Company and its subsidiaries are measured using Thai Baht. The consolidated financial statement are presented in Thai Baht.

Transactions denominated in foreign currencies during the year are translated into Baht at the rates of exchange ruling on the transaction dates. Realized gains and losses on foreign exchange transactions are recognized in the statements of comprehensive income as incurred. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the exchange rates ruling at that date. Unrealized gains and losses on exchange are recognized in the statements of comprehensive income when incurred.

The statements of comprehensive income and cash flows of foreign entities are translated into the Company and its subsidiaries' reporting currency at the average exchange rates for the year and financial position report are translated at the exchange rates ruling on the financial position report date and shareholders' equity is translated at the rates prevailing on the transaction date.

3.15 Finance lease

Leases of assets that substantially transfer to the Company and its subsidiaries all the rewards and risks of ownership of assets and that the Company and its subsidiaries intends to exercise the option of the leases to purchase the assets at the expiration of the lease term, are accounted for as finance leases.

At the inception of a finance lease, the cost of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals. Finance charges are charged to the current period operations at the effective rate of interest.

3.16 Operating lease

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

3.17 Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue during the year.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

3.18 Related parties

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

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

3.19 The Use of Discretion and Critical Accounting Estimates

In preparation of financial statements in conformity with generally accepted accounting standards in Thailand, the management has to use discretion and estimation regarding matters that are uncertain as always. Because it affects to the amount of the revenues, expenses, assets and liabilities and information shown in notes to financial statements relating to assets and liabilities that may arise. The actual result might be different from estimated number. The Use of Discretion and Critical Estimates are as follows:

3.19.1 Lease

In considering the type of lease that it is operating lease or finance lease, the management has used discretion in assessing the conditions and details of the contract in order to determine whether the company has transferred or transferred the risks and benefits of the leased assets.

3.19.2 Allowance for doubtful accounts receivable

In estimating the allowance for doubtful accounts receivable, it requires management to use discretion in the estimate of losses expected to arise from the inability to receive repayment from each debtor by taking into payment history, age of outstanding debts, and financial position as at that moment.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

3.19.3 Property, plant and equipment, and depreciation

In calculating the depreciation of plant and equipment, the management is required to estimate the useful life and salvage value when stop using the equipment and has to review the useful life and salvage value if such change occurs.

In addition, the management requires reviewing impairment of property, plant and equipment in each period and record the impairment loss if expected that the recoverable amount which will be recovered are lower than book values of assets. In this regard, management is required to use discretion relating to the expected income and expenses in the future relating to the assets.

3.19.4 Intangible Assets

In recording and measurement of software at the date of acquisition, as well as tested for impairment in the future, the management requires estimating cash flows expected to be received in the future from the assets or units of the assets that generate cash, as well as choose the appropriate discount rate to calculate the present value of those cash flows.

3.20 Income tax expense

The Company records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (year 2012 : 23%, year 2011 : 30%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

The subsidiaries record income tax expense, if any, based on the amount currently payable under the Revenue Code. Income tax is calculated at the tax rates from net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. Income tax is calculated at the rates as follows.

Net profit before income tax (Baht)	Tax rate	
	2012	2011
1 - 150,000	0%	0%
150,001 - 1,000,000	15%	15%
1,000,001 - 3,000,000	23%	25%
More than 3,000,000	23%	30%

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

4. TRANSACTIONS WITH RELATED PERSON AND RELATED COMPANIES

The Company has transactions with its related person and related companies. The significant related transactions shown in this financial statement are applied by normal prices of business which are based on general marketing price or inter - company contract price, in case of unable to refer to any market price.

Relationship conditions :

Name	Country	Relationship
Subsidiaries		
Millpack Co., Ltd.	Thailand	Share and management
Elegance Packaging Co., Ltd.	Thailand	Share and management
Panjawattana (Tianjin) Plastic Co., Ltd.	Tianjin (China)	Share and management
A combination of entities or business under common control:-		
Panjawatana Maketing Co., Ltd.	Thailand	Share and management
Other related companies:-		
C.C.H. Packaging Co., Ltd.	Thailand	Share
Mr. Kongsak Hemmontharop	Thailand	Share

Significant transactions with related person and related companies show in this financial statement are applied by normal price of business which are based on general marketing price or inter-company contract price incase of on able to refer to any market price are as follows :

Transaction in statement of comprehensive income	Relationship
Sale	Market price less discount
Gain on sales of fixed assets	Mutual agreed price
Other income	Mutual agreed price
Purchase of goods	Market price less discount
Rental and service expenses	Mutual agreed price
Administration expenses	Mutual agreed price

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

Significant transactions with related companies for the years ended December 31, 2012 and 2011 are as follows :

Transaction	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Sale				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	2,596,452.04	3,775,240.85
Elegance Packaging Co., Ltd.	-	-	44,408,901.57	38,627,550.80
	<u>-</u>	<u>-</u>	<u>47,005,353.61</u>	<u>42,402,791.65</u>
Gain on sales of fixed assets				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	368,466.52	4,732,375.74
Interest income				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	-	5,945.21
Panjawattana (Tianjin) Plastic Co., Ltd.	-	-	336,650.37	142,033.31
	<u>-</u>	<u>-</u>	<u>336,650.37</u>	<u>147,978.52</u>
Other income				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	1,450,000.00	2,859,811.38
Elegance Packaging Co., Ltd.	-	-	360,000.00	360,000.00
Other related companies:-				
C.C.H. Packaging Co., Ltd.	-	49,855.00	-	49,855.00
	<u>-</u>	<u>49,855.00</u>	<u>1,810,000.00</u>	<u>3,269,666.38</u>
Purchase of goods				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	139,606,446.21	55,346,254.44
Other related companies:-				
C.C.H. Packaging Co., Ltd.	1,083,697.76	4,402,262.39	1,083,697.76	4,402,262.39
	<u>1,083,697.76</u>	<u>4,402,262.39</u>	<u>140,690,143.97</u>	<u>59,748,516.83</u>
Rental and service expenses				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	11,594,780.66	1,441,014.43
Administration expenses				
A combination of entities or business under common control:-				
Panjawattana Marketing Co., Ltd.	-	-	-	102,300.00
Subsidiaries:-				
Millpack Co., Ltd.	-	-	-	18,927.19
Other related companies:-				
C.C.H. Packaging Co., Ltd.	-	1,320.00	-	1,320.00
	<u>-</u>	<u>1,320.00</u>	<u>-</u>	<u>122,547.19</u>

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

Outstanding balances with related companies as at December 31, 2012 and 2011 are as follows:

	Baht			
	Consolidated financial statement		Separate financial statement	
	2012	2011	2012	2011
Trade account receivable				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	413,636.87	218,352.33
Elegance Packaging Co., Ltd.	-	-	8,047,117.22	3,923,401.86
	<u>-</u>	<u>-</u>	<u>8,460,754.09</u>	<u>4,141,754.19</u>
Short-term loans to related person				
Subsidiaries:-				
Panjawattana (Tianjin) Plastic Co., Ltd	<u>-</u>	<u>-</u>	<u>10,331,682.00</u>	<u>10,693,850.00</u>
Other account receivable				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	7,774,456.40	4,258,550.76
Elegance Packaging Co., Ltd.	-	-	64,200.00	32,100.00
Panjawattana (Tianjin) Plastic Co., Ltd	<u>-</u>	<u>-</u>	<u>168,933.11</u>	<u>2,056,622.26</u>
	<u>-</u>	<u>-</u>	<u>8,007,589.51</u>	<u>6,347,273.02</u>
Trade account payable				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	14,194,228.95	28,490,129.64
Other related companies:-				
C.C.H. Packaging Co., Ltd.	<u>143,499.84</u>	<u>275,250.22</u>	<u>143,499.84</u>	<u>275,250.22</u>
	<u>143,499.84</u>	<u>275,250.22</u>	<u>14,337,728.79</u>	<u>28,765,379.86</u>
Other account payable				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	-	304,751.00

5. CASH AND CASH EQUIVALENT

Cash and cash equivalents consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash in hand	357,874.71	2,268,649.31	314,809.05	280,000.00
Cash at banks - current account	58,306,097.54	47,581,238.75	24,157,473.01	12,992,023.56
Cash at banks - savings account	<u>4,947,499.67</u>	<u>2,946,667.65</u>	<u>4,947,499.67</u>	<u>2,946,667.65</u>
Total	<u>63,611,471.92</u>	<u>52,796,555.71</u>	<u>29,419,781.73</u>	<u>16,218,691.21</u>

Savings accounts earned floating interest rates at the rate of 0.75% per annum.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

6. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Related Companies</u>				
Not yet due	-	-	8,460,754.09	4,141,754.19
Overdue				
Less than 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
More than 12 months	-	-	-	-
	<u>-</u>	<u>-</u>	<u>8,460,754.09</u>	<u>4,141,754.19</u>
<u>Third parties</u>				
Not yet due	252,008,888.36	210,851,314.92	228,481,278.77	201,056,078.17
Overdue				
Less than 3 months	64,681,233.94	94,866,376.78	63,312,395.77	94,103,126.52
3 - 6 months	-	33,113.50	-	33,113.50
6 - 12 months	-	-	-	-
More than 12 months	-	-	-	-
	<u>316,690,122.30</u>	<u>305,750,805.20</u>	<u>291,793,674.54</u>	<u>295,192,318.19</u>
Total	316,690,122.30	305,750,805.20	300,254,428.63	299,334,072.38
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable, net	<u>316,690,122.30</u>	<u>305,750,805.20</u>	<u>300,254,428.63</u>	<u>299,334,072.38</u>

7. SHORT-TERM LOANS TO RELATED PERSON AND RELATED COMPANIES

As at December 31, 2012 and 2011, the Company has a short-term loan to Panjawattana (Tianjin) Plastic company Limited (Subsidiaries) in total amount of USD 340,000 (in amount of Baht 10,331,682.00 and Baht 10,693,850.00, respectively). The interest rate is at 3% per annum, and the receivable has completely repaid all amounts during 1 year.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

8. INVENTORIES

Inventories consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Finished goods	60,605,884.95	49,009,839.47	51,222,374.92	36,563,369.62
Work in process	17,625,559.90	16,842,896.97	15,250,035.11	14,194,203.52
Raw material	48,007,988.29	37,496,959.14	41,213,392.63	35,393,420.36
Supplies	3,505,541.50	5,074,136.99	3,461,310.06	5,051,248.34
Mold	20,533,146.21	17,637,600.00	20,533,146.21	17,637,600.00
Goods in transit	1,142,910.98	-	1,142,910.98	-
	151,421,031.83	126,061,432.57	132,823,169.91	108,839,841.84
<u>Less</u> Allowance for diminution at net				
realizable value	(2,479,051.86)	(2,379,923.67)	(2,296,174.54)	(1,987,514.07)
Inventories - net	148,941,979.97	123,681,508.90	130,526,995.37	106,852,327.77

The movement of allowance for diminution at net realizable value during the years were as follow:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Allowance for diminution at net realizable				
value - beginning	2,379,923.67	1,087,177.55	1,987,514.07	1,087,177.55
<u>Add</u> Reserve within years	2,012,733.68	1,809,714.94	1,977,621.29	1,417,305.34
<u>Less</u> Transferred out within years	(1,913,605.49)	(54,968.82)	(1,668,960.82)	(54,968.82)
<u>Less</u> Write off within years	-	(462,000.00)	-	(462,000.00)
Allowance for diminution at net realizable				
value – ending	2,479,051.86	2,379,923.67	2,296,174.54	1,987,514.07

Other current assets consisted of : -

10. INVESTMENT IN SUBSIDIARIES

Name							Separate financial statement	
	Paid up share capital (Baht)		(%)		Equity method (Baht)		Cost method present in	
	2012	2011	2012	2011	2012	2011	statements of financial position (Baht)	
<u>In Thailand</u>								
1. Millpack Co., Ltd.	30,000,000.00	30,000,000.00	99.98	99.98	49,668,343.24	32,629,747.35	29,992,500.00	29,992,500.00
2. Elegance Packaging Co., Ltd.	1,000,000.00	1,000,000.00	99.97	99.97	2,799,562.07	1,428,448.88	999,700.00	999,700.00
<u>In Foreign</u>								
3. Panjawanattana (Tianjin) Plastic Co., Ltd.	66,294,607.20	66,294,607.20	100.00	100.00	65,495,587.25	67,880,418.91	66,294,607.20	66,294,607.20
					117,963,492.56	101,938,615.14	97,286,807.20	97,286,807.20

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PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

- 10.2 According to the extraordinary general meeting of shareholders no. 1/2011 held on January 28, 2011, it has resolution. Approval to invest in Milkpack Company Limited by purchasing 997 shares of par value shares, the value is 2,500 per share and total amount of Baht 2,492,500, from former shareholders. In addition, approval to invest in increase ordinary share in amount of 5,000 shares, the value is 2,500 per shares and total amount is Baht 12,500,000.00. Payment is done on March 1, 2011. And later, According to the extraordinary general meeting of shareholders no.2/2011 held on November 30, 2011, it has resolution. Approval to invest in increase ordinary share in amount of 6,000 share, the value is 2,500 per shares and total amount is Baht 15,000,000.00. Payment is done on December 13, and 27, 2011.
- 10.3 According to the extraordinary general meeting of shareholders no. 1/2011 held on January 28, 2011, it has resolution. Approval to invest in Elegance Packaging Company Limited by purchasing 9,997 shares of par value shares, the value is 100 per share and total amount of Baht 999,700, from former shareholders. Payment is done on March 1, 2011.

At the date of purchase investment in the subsidiaries (on March 1, 2011), there are differences from book value and investment as following descriptions :

	Baht		
	Elegance Packaging Company Limited	Millpack Company Limited	Total
Assets			
Cash and cash equivalents	440,663.24	508,679.89	949,343.13
Trade accounts receivable	6,059,681.56	263,737.92	6,323,419.48
Other current asset	1,548.25	181,034.28	182,582.53
Equipment,net	7.00	2,687,483.21	2,687,490.21
Deposit	4,840,990.00	-	4,840,990.00
Total	11,342,890.05	3,640,935.30	14,983,825.35
Liabilities			
Trade account payable-related company	6,861,475.84	-	6,861,475.84
Short-term loans from related person	-	500,000.00	500,000.00
Accrued corporate income tax	100,199.98	-	100,199.98
Accrued expense	537,930.65	279,363.83	817,294.48
Other current liabilities	8,885.95	117,275.94	126,161.89
Total	7,508,492.42	896,639.77	8,405,132.19
Net asset value	3,834,397.63	2,744,295.53	6,578,693.16
Cash paid for investment	999,700.00	2,492,500.00	3,492,200.00
Variance	2,834,697.63	251,795.53	3,086,493.16

*The investments values are based on par value of issued and fully paid-up share capital.

Capital deficiency from business combination under common control totaling Baht 19,828 is the amount that Millpack Company Limited has recalled the dividend that exceed paid to the shareholders resulting in book value of investments in Millpack Company limited is high in the same amount.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of :-

	Baht				
	Consolidated financial statements				
	Balance as at	Movement during the year			Balance as at
	December 31, 2011	Addition	Deduction	Transfer in (Transfer out)	December 31, 2012
<u>At cost</u>					
Land	80,799,642.00	1,800,000.00	-	-	82,599,642.00
Plant and office building	138,782,026.38	2,846,705.25	-	10,912,624.80	152,541,356.43
Improvements on building	39,118,022.05	6,213,311.81	-	5,558,532.19	50,889,866.05
Support machine system	70,650,879.18	9,036,248.76	-	4,481,771.29	84,168,899.23
Machinery and equipment	346,778,016.57	129,414,747.85	(1,111,527.00)	96,593,482.89	571,674,720.31
Office equipment	21,378,044.67	7,083,025.87	(232,266.20)	905,480.79	29,134,285.13
Vehicles	51,841,293.71	18,844,231.72	(6,274,086.97)	-	64,411,438.46
Equipment in progress	32,614,827.06	85,368,579.36	-	(102,128,448.97)	15,854,957.45
Work in progress	1,658,214.00	40,173,439.98	(129,000.00)	(16,323,442.99)	25,379,210.99
Total	783,620,965.62	300,780,290.60	(7,746,880.17)	-	1,076,654,376.05
<u>Less Accumulated depreciation</u>					
Plant and office building	21,077,222.89	4,868,187.73	-	-	25,945,410.62
Improvements on building	8,531,017.83	4,654,041.99	-	-	13,185,059.82
Support machine system	13,741,705.58	8,323,028.02	-	-	22,064,733.60
Machinery and equipment	75,045,066.88	48,376,690.52	(885,311.04)	-	122,536,446.36
Office equipment	7,210,202.41	4,366,097.49	(196,506.82)	-	11,379,793.08
Vehicles	12,921,498.14	4,838,131.12	(2,701,534.54)	-	15,058,094.72
Total	138,526,713.73	75,426,176.87	(3,783,352.40)	-	210,169,538.20
	645,094,251.89				866,484,837.85
Differences from translation of					
foreign entity	-				(906,857.69)
Property, plant and equipment - net	645,094,251.89				865,577,980.16

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

	Baht				
	Consolidated financial statements				
	Balance as at	Movement during the year			Balance as at
	December 31, 2010	Addition	Deduction	Transfer in (Transfer out)	December 31, 2011
<u>At cost</u>					
Land	64,211,520.00	16,588,122.00	-	-	80,799,642.00
Plant and office building	67,328,586.95	-	(38,000.00)	71,491,439.43	138,782,026.38
Improvements on building	23,000,024.97	5,989,178.69	(881,691.25)	11,010,509.64	39,118,022.05
Support machine system	51,933,043.11	4,733,443.13	(1,868,547.86)	15,852,940.80	70,650,879.18
Machinery and equipment	225,616,351.57	88,253,053.39 *	(8,471,185.59) *	41,379,797.20	346,778,016.57
Office equipment	13,794,311.61	6,577,264.29	(1,058,075.23)	2,064,544.00	21,378,044.67
Vehicles	34,652,976.47	21,834,640.18	(4,646,322.94)	-	51,841,293.71
Equipment in progress	1,225,162.84	98,033,399.36	(8,033,240.00)	(58,610,495.14)	32,614,827.06
Work in progress	9,985,747.75	74,861,202.18	-	(83,188,735.93)	1,658,214.00
Total	491,747,725.27	316,870,303.22	(24,997,062.87)	-	783,620,965.62
<u>Less Accumulated depreciation</u>					
Plant and office building	17,266,458.45	3,830,753.52	(19,989.08)	-	21,077,222.89
Improvements on building	5,207,386.15	3,672,636.36	(349,004.68)	-	8,531,017.83
Support machine system	7,069,262.87	7,474,325.56	(801,882.85)	-	13,741,705.58
Machinery and equipment	44,427,263.08	32,080,463.77	(1,462,659.97)	-	75,045,066.88
Office equipment	5,434,036.12	2,640,087.81	(863,921.52)	-	7,210,202.41
Vehicles	10,479,403.21	4,224,188.89	(1,782,093.96)	-	12,921,498.14
Total	89,883,809.88	53,922,455.91	(5,279,552.06)	-	138,526,713.73
Property, plant and equipment - net	401,863,915.39				645,094,251.89

* The Company has sale and lease back of machine include in addition and deduction in amount of Baht 7.05 million.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

	Baht				
	Separate financial statements				
	Balance as at	Movement during the year			Balance as at
	December 31, 2011	Addition	Deduction	Transfer in (Transfer out)	December 31, 2012
<u>At cost</u>					
Land	80,799,642.00	1,800,000.00	-	-	82,599,642.00
Plant and office building	124,671,576.53	2,846,705.25	-	10,912,624.80	138,430,906.58
Improvements on building	37,140,239.93	6,143,311.81	-	5,338,422.19	48,621,973.93
Support machine system	69,371,714.55	8,494,078.76	-	4,481,771.29	82,347,564.60
Machinery and equipment	297,576,416.24	95,698,991.80	(8,492,422.08)	96,593,482.89	481,376,468.85
Office equipment	20,725,775.57	6,452,183.66	(232,266.20)	905,480.79	27,851,173.82
Vehicles	51,841,293.71	18,844,231.72	(6,274,086.97)	-	64,411,438.46
Equipment in progress	32,556,547.06	76,377,632.47	-	(102,128,448.97)	1,815,000.00
Work in progress	1,658,214.00	39,875,609.98	(4,990,730.56)	(16,103,332.99)	25,430,490.99
Total	716,341,419.59	256,532,745.45	(19,989,505.81)	-	952,884,659.23
<u>Less Accumulated depreciation</u>					
Plant and office building	6,992,608.07	4,848,665.29	-	-	11,841,273.36
Improvements on building	8,140,504.52	3,893,680.85	-	-	12,034,185.37
Support machine system	13,116,917.12	8,038,512.84	-	-	21,155,429.96
Machinery and equipment	70,521,022.43	40,656,434.89	(885,311.04)	-	110,292,146.28
Office equipment	7,070,463.14	4,200,810.92	(196,506.82)	-	11,074,767.24
Vehicles	12,921,498.14	4,838,131.12	(2,701,534.54)	-	15,058,094.72
Total	118,763,013.42	66,476,235.91	(3,783,352.40)	-	181,455,896.93
Property, plant and equipment - net	597,578,406.17				771,428,762.30

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

	Baht				
	Separate financial statements				
	Balance as at	Movement during the year			Balance as at
	December 31, 2010	Addition	Deduction	Transfer in	December 31, 2011
	(Restated)			(Transfer out)	
At cost					
Land	64,211,520.00	16,588,122.00	-	-	80,799,642.00
Plant and office building	53,218,137.10	-	(38,000.00)	71,491,439.43	124,671,576.53
Improvements on building	22,804,787.54	4,206,634.00	(881,691.25)	11,010,509.64	37,140,239.93
Support machine system	50,668,685.69	4,718,635.92	(1,868,547.86)	15,852,940.80	69,371,714.55
Machinery and equipment	223,144,842.26	41,522,962.37 *	(8,471,185.59)*	41,379,797.20	297,576,416.24
Office equipment	13,588,352.20	6,042,524.19	(969,644.82)	2,064,544.00	20,725,775.57
Vehicles	32,503,443.76	21,834,640.18	(2,496,790.23)	-	51,841,293.71
Equipment in progress	1,225,162.84	97,975,119.36	(8,033,240.00)	(58,610,495.14)	32,556,547.06
Work in progress	9,985,747.75	74,861,202.18	-	(83,188,735.93)	1,658,214.00
Total	471,350,679.14	267,749,840.20	(22,759,099.75)	-	716,341,419.59
Less Accumulated depreciation					
Plant and office building	3,881,726.81	3,130,870.34	(19,989.08)	-	6,992,608.07
Improvements on building	5,178,020.46	3,311,488.74	(349,004.68)	-	8,140,504.52
Support machine system	6,686,168.51	7,232,631.46	(801,882.85)	-	13,116,917.12
Machinery and equipment	43,041,742.56	28,941,939.84	(1,462,659.97)	-	70,521,022.43
Office equipment	5,273,385.80	2,572,575.45	(775,498.11)	-	7,070,463.14
Vehicles	9,857,511.55	4,154,697.20	(1,090,710.61)	-	12,921,498.14
Total	73,918,555.69	49,344,203.03	(4,499,745.30)	-	118,763,013.42
Property, plant and equipment - net	397,432,123.45				597,578,406.17

* The Company has sale and lease back of machine include in addition and deduction in amount of Baht 7.05 million.

Depreciation for the years ended December 31, 2012 and 2011 consist of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cost	66,740,425.87	46,908,788.33	57,889,235.04	43,069,351.18
Administration expense	8,685,751.00	6,171,968.71	8,587,000.87	5,583,468.49
Depreciation for the year	75,426,176.87	53,080,757.04	66,476,235.91	48,652,819.67

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

During the year 2012, the Company had investments in fixed assets for the production capacity expansion totaling Baht 256.53 million, consisting mainly of purchases of land of Baht 1.80 million, the new plant and building improvement construction of Baht 25.24 million, purchases of support machine system of Baht 12.97 million, purchases of machineries and factory equipment to open the new production line of Baht 190.32 million, purchases of vehicles of Baht 18.84 million and office equipment of Baht 7.36 million.

During the year 2012, a subsidiary in Thailand had investments in fixed assets for production capacity expansion totaling Baht 56.54 million, consisting mainly of purchase of machineries and factory equipment of Baht 55.54 million, support machine system of Baht 0.54 million and office equipment of Baht 0.46 million.

The Company has recorded the interest from loan in order to construct the building for the year ended December 31, 2011 first quarter total amount of Baht 1,915,653.17.

During year 2011, the Company had sold the fixed assets to the related companies and other companies as classified below.

	Baht			
	Sale*	Book value	Differences on the fixed assets acquired under control company	Gain (loss) from sale
<u>Subsidiaries</u>				
Improvements on building	69,050.69	69,050.69	-	-
Support machine system	14,807.21	14,807.21	-	-
Machinery and equipment	7,391,227.45	2,589,214.03	69,637.68	4,732,375.74
office equipment	193,737.81	193,737.81	-	-
	<u>7,668,823.16</u>	<u>2,866,809.74</u>	<u>69,637.68</u>	<u>4,732,375.74</u>
<u>Third parties</u>				
Machinery and equipment	7,492,729.00	7,233,203.39	-	259,525.61
Office equipment	194,841.12	409.00	-	194,432.12
Vehicles	1,658,878.51	1,406,079.62	40,129.41	212,669.48
	<u>9,346,448.63</u>	<u>8,639,692.01</u>	<u>40,129.41</u>	<u>666,627.21</u>
	<u>17,015,271.79</u>	<u>11,506,501.75</u>	<u>109,767.09</u>	<u>5,399,002.95</u>
Amortized revenue from sale and leaseback				<u>268,639.19</u>
Total gain from selling of assets				<u>5,667,642.14</u>

* Sale price is subjected to appraisal value.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

During year 2011, the Company has sold 3 machineries at the cost of Baht 7,134,783.26 to a local leasing company (at the original cost). Then, the Company leased back which is eligible financial lease contract.

The transaction resulted in a balance as at December 31, 2012 and 2011 as follows:

	Baht	
	Consolidated financial statements / Separate financial statements	
	2012	2011
Liabilities as in financial lease contract	2,931,725.93	11,011,078.51
Deferred revenue from sale and lease back	15,279.49	460,538.84

For the year ended December 31, 2012 and 2011, the Company has amortization of income on sale and lease back assets in amount of Baht 445,259.35 and Baht 268,639.19, respectively.

As at December 31, 2012 and 2011, the Company has the difference from the purchase of assets in the same entity group in total amount of Baht 8,126,307.56 and Baht 8,305,236.68, respectively. The Company has recorded the difference between purchase price and selling price from the purchase of property, plant and equipment from Panjawattana Marketing Company Limited in the account "Differences on fixed assets acquired under common control company" which separately shown in the shareholders' equity.

As at December 31, 2012 and 2011, the Company has total fixed assets at cost of Baht 19.81 million and 22.59 million, respectively, the depreciation of total fixed assets are already calculated until full useful life but are still in use.

Land and buildings which acquired as above, some have mortgaged as collateral for loans granted by local commercial banks as discussed in Note 14 and 15.

As at December 31, 2012 and 2011, the Company has insured for insurance against loss for protection of these fixed assets, such as, vehicles in the rate of hundred percent, buildings and constructions located in Bangkok and Samutsakorn province and assets of the factory located in Bangkok, Samutsakorn and Chonburi province. Most beneficiaries are lenders from financial institution and leasing company.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

12. INTANGIBLE ASSETS

Intangible assets consisted of:-

	Baht			
	Consolidated financial statements			
	Balance as at	Movement during the year		Balance as at
	December 31, 2011	Addition	Deduction	December 31, 2012
<u>At cost</u>				
Computer software	11,333,900.08	2,279,703.51	800,000.00	14,413,603.59
Computer software in progress	288,000.00	512,000.00	(800,000.00)	-
Total	11,621,900.08	2,791,703.51	-	14,413,603.59
<u>Less</u> Accumulated amortization	6,375,309.81	1,573,175.13	-	7,948,484.94
Differences from translation of				
foreign entity	-			(7,424.48)
Intangible assets - net	5,246,590.27			6,457,694.17

	Baht			
	Consolidated financial statements			
	Balance as at	Movement during the year		Balance as at
	December 31, 2010	Addition	Deduction	December 31, 2011
<u>At cost</u>				
Computer software	8,859,755.14	355,014.94	2,119,130.00	11,333,900.08
Computer software in progress	-	2,407,130.00	(2,119,130.00)	288,000.00
Total	8,859,755.14	2,762,144.94	-	11,621,900.08
<u>Less</u> Accumulated amortization	4,855,751.14	1,519,558.67	-	6,375,309.81
Intangible assets - net	4,004,004.00			5,246,590.27

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

	Baht			
	Separate financial statements			
	Balance as at	Movement during the year		Balance as at
	December 31, 2011	Addition	Deduction	December 31, 2012
<u>At cost</u>				
Computer software	10,978,885.14	2,262,703.51	800,000.00	14,041,588.65
Computer software in progress	288,000.00	512,000.00	(800,000.00)	-
Total	11,266,885.14	2,774,703.51	-	14,041,588.65
<u>Less</u> Accumulated amortization	6,351,908.45	1,503,739.88	-	7,855,648.33
Intangible assets - net	4,914,976.69			6,185,940.32

	Baht			
	Separate financial statements			
	Balance as at	Movement during the year		Balance as at
	December 31, 2010	Addition	Deduction	December 31, 2011
<u>At cost</u>				
Computer software	8,859,755.14	-	2,119,130.00	10,978,885.14
Computer software in progress	-	2,407,130.00	(2,119,130.00)	288,000.00
Total	8,859,755.14	2,407,130.00	-	11,266,885.14
<u>Less</u> Accumulated amortization	4,855,751.14	1,496,157.31	-	6,351,908.45
Intangible assets - net	4,004,004.00			4,914,976.69

During year 2012 and 2011, the Company has invested in ERP systems for branch of Chonburi and samuthsakorn at cost of Baht 1.13 million and 2.41 million, respectively. The systems are factory operation management programs which can link into financial information and accounting system.

13. OTHER NON-CURRENT ASSETS

Other non - current assets consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Retention	6,209,310.08	3,866,391.60	760,401.60	765,323.60
Mold for amortization	5,578,641.31	5,440,333.29	5,099,552.99	4,920,333.29
Rental deposit	1,376,598.41	2,045,314.58	1,365,198.41	34,100.00
Total	13,164,549.80	11,352,039.47	7,225,153.00	5,719,756.89

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

Mold for amortization movements are as follow :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Beginning balance	5,440,333.29	4,854,465.78	4,920,333.29	4,854,465.78
<u>Plus</u> Increase during the year	3,669,660.00	1,886,900.00	3,669,660.00	1,366,900.00
<u>Less</u> Amortized off during the year	(3,531,351.98)	(1,301,032.49)	(3,490,440.30)	(1,301,032.49)
Ending balance	<u>5,578,641.31</u>	<u>5,440,333.29</u>	<u>5,099,552.99</u>	<u>4,920,333.29</u>

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

	Interest rate (%)	Baht	
		Consolidated financial statements/ Separate financial statements	
		2012	2011
Promissory notes	MRR	38,000,000.00	-
Promissory notes	MOR+0.25	-	80,000,000.00
Promissory notes	MOR-0.50	-	85,000,000.00
Trust receipt	4.00	7,342,280.40	16,426,130.98
Factoring	7.50	-	9,985,624.93
Total		<u>45,342,280.40</u>	<u>191,411,755.91</u>

As at December 2012 and 2011, the Company and its subsidiaries has bank overdraft and short-term loans from financial institution with 2 and 1 local commercial bank as follow :

As at December 31, 2012, the Company has bank overdraft in limit of Baht 40 million at interest rate MOR per annum and has short-term loan in term of promissory note in limit of Baht 415 million at interest rate MRR per annum, opening limit of letter of credit and do trust receipt for ordering machineries from foreign country in limit of Baht 180 million (Total limit of Baht 635 million).

As at December 31, 2011, the Company has bank overdraft in limit of Baht 10 million at interest rate MOR per annum and has short-term loan in term of promissory note in limit of Baht 80 million at interest rate MOR + 0.25 per annum, and has short-term loan in term of promissory note in limit of baht 85 million at interest rate MOR-0.50 per annum, opening limit of letter of credit and do trust receipt for ordering machineries from foreign country in limit of Baht 85 million (Total limit of Baht 260 million).

The overdraft and short-term loan lines are secured by mortgage of property and construction of the Company and company's machinery as well as the benefits from property insurance for using as collateral for credit limit. (see note 11).

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

15. LONG-TERM LOANS

Long-term loans consist of :-

		Baht			
		Consolidated financial statements			
Loans	Interest rate	Balance as at December 31, 2011	Increase	Decrease	Balance as at December 31, 2012
1. Baht 54 million	MLR +0.25	4,902,000.00	-	(4,902,000.00)	-
2. Baht 20 million	MLR - 2.5	10,100,000.00	-	(6,600,000.00)	3,500,000.00
3. Baht 85 million	MLR - 2.5	82,198,000.00	-	(18,240,000.00)	63,958,000.00
4. Baht 45 million	MLR - 2.5	20,555,144.00	12,082,181.89	(9,000,000.00)	23,637,325.89
5. Baht 110 million	MLR	108,500,000.00	-	(108,500,000.00)	-
6. Baht 40 million	MLR - 2.5	-	40,000,000.00	(4,002,000.00)	35,998,000.00
7. Bath 30 million	MLR-2.25	-	10,600,000.00	(1,607,301.13)	8,992,698.87
Total		226,255,144.00	62,682,181.89	(152,851,301.13)	136,086,024.76
<u>Less</u> Payment due within one year		<u>(58,122,000.00)</u>			<u>(45,275,900.28)</u>
Net		<u>168,133,144.00</u>			<u>90,810,124.48</u>

		Baht			
		Separate financial statements			
Loans	Interest rate	Balance as at December 31, 2011	Increase	Decrease	Balance as at December 31, 2012
1. Baht 54 million	MLR +0.25	4,902,000.00	-	(4,902,000.00)	-
2. Baht 20 million	MLR - 2.5	10,100,000.00	-	(6,600,000.00)	3,500,000.00
3. Baht 85 million	MLR - 2.5	82,198,000.00	-	(18,240,000.00)	63,958,000.00
4. Baht 45 million	MLR - 2.5	20,555,144.00	12,082,181.89	(9,000,000.00)	23,637,325.89
5. Baht 110 million	MLR	108,500,000.00	-	(108,500,000.00)	-
6. Baht 40 million	MLR - 2.5	-	40,000,000.00	(4,002,000.00)	35,998,000.00
Total		226,255,144.00	52,082,181.89	(151,244,000.00)	127,093,325.89
<u>Less</u> Payment due within one year		<u>(58,122,000.00)</u>			<u>(38,744,000.00)</u>
Net		<u>168,133,144.00</u>			<u>88,349,325.89</u>

During year 2012, the Company has paid fully for close the fifth loans in amount of Baht 108.50 million.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

Loan from a local bank consists of :-

Loan 1st On March 5, 2010, the Company has entered into loan agreement in amount of Baht 54 million at interest rate MLR + 0.25 per annum. Repayment the principle, not included interest are 24 installments at the amount of Baht 2,338,000.00 per month, last installment is Baht 226,000.00. The first period is starting on April 30, 2010 and finishing on March 31, 2012.

Loan 2nd On March 5, 2010, the Company has entered into loan agreement in amount of Baht 20 million at interest rate MLR + 0.25 per annum. Repayment the principle, not included interest are 36 installments at the amount of Baht 550,000.00 per month, last installment is Baht 750,000.00. The first period on July 31, 2010 and finishing on June 30, 2013.

Loan 3rd On November 16, 2010, the Company has entered into loan agreement in amount of Baht 85 million with the interest rate MLR percent per annum. Repayment the principle, not included interest are 60 installments at the amount of Baht 467,000.00 per month. The rate for January 2012 to May 2016 is Baht 1,520,000.00 per installment and the rest amount will be repaid on June 2016.

Loan 4th On November 16, 2010, the Company has entered into loan agreement in amount of Baht 45 million with the interest rate MLR percent per annum. Repayment the principle, not included interest are 60 installments. The rate for August 2011 to November 2015 is Baht 750,000.00 per installment and the rest amount will be repaid on December 2015.

Loan 5th On June 6, 2011, the Company has entered into loan agreement in amount of Baht 110 million with the interest rate MLR percent per annum. Repayment the principle, not included interest are 48 installments after receipt the loan, starting on July 2011. Due payment are as follow:

Installment 1-12 Baht is Baht 250,000.00 per installment

Installment 13-47 Baht is Baht 2,980,000.00 per installment

Installment 48 rest amount will be repaid

Loan 6th On November 16, 2010, the Company has entered into loan agreement in amount of Baht 40 million with the interest rate MLR percent per annum. Repayment the principle, not included interest are 60 installments, starting on July 31, 2012. Due payment are as follow :

Installment 1 -59 is Baht 667,000.00 per installment.

Installment 60 rest amount will be repaid.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

Loan 7th On October 4, 2012, a subsidiary in Thailand entered into loan agreement in amount of Baht 30 million with the interest rate MLR-2.25 percent per annum. Repayment the principle and interest are 60 installments at the amount of Baht 570,000.00 per month. The final payment will pay the remaining amount which starts the first installment on October 31, 2012.

The loans facilities mentioned above are secured in full amounts by land and building of the Company and by machineries of the Company and its insurance benefits. (see note 11)

The Company has to comply with the significant conditions as specified in the agreements such as maintaining the financial ratio of debt to equity ratio not over 2.5 times to the end of 2013 (not over 1.5 times afterwards), debt service coverage ratio not less than 1.5 times, liquidity ratio : total current assets to total current liabilities not less than 1 time and ratio of accounts receivable (A/R) value plus inventories divided by trade accounts payable (A/P) plus short-term loan existing on the lenders more than 1 time until the maturity term of the loan agreement.

16. LIABILITIES UNDER FINANCIAL LEASE CONTRACT

Liabilities under financial lease contract is asset lease that the Company recorded the accounting followed by finance lease method and it consisted of:

		Baht							
		Consolidated financial statements							
		2012				2011			
		Principal	Deferred Interest	Input VAT	Total Payment	Principal	Deferred Interest	Input VAT	Total Payment
Payment due within one year		16,043,094.33	1,577,242.38	-	17,620,336.71	34,920,133.65	2,988,938.07	-	37,909,071.72
Payment due after one year									
But not over five years		18,939,365.10	1,251,034.32	-	20,190,399.42	28,136,113.39	1,726,779.19	-	29,862,892.58
Total		<u>34,982,459.43</u>	<u>2,828,276.70</u>	<u>-</u>	<u>37,810,736.13</u>	<u>63,056,247.04</u>	<u>4,715,717.26</u>	<u>-</u>	<u>67,771,964.30</u>

		Baht							
		Separate financial statements							
		2012				2011			
		Principal	Deferred Interest	Input VAT	Total Payment	Principal	Deferred Interest	Input VAT	Total Payment
Payment due within one year		13,558,105.04	1,439,487.68	-	14,997,592.72	34,920,133.65	2,988,938.07	-	37,909,071.72
Payment due after one year									
But not over five years		18,076,293.97	1,239,857.44	-	19,316,151.41	28,136,113.39	1,726,779.19	-	29,862,892.58
Total		<u>31,634,399.01</u>	<u>2,679,345.12</u>	<u>-</u>	<u>34,313,744.13</u>	<u>63,056,247.04</u>	<u>4,715,717.26</u>	<u>-</u>	<u>67,771,964.30</u>

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

During years 2012 and 2011, the Company enter 7 contracts and 9 contracts for vehicles and machinery's lease agreement. The total amounts of the contracts value are of Baht 12,065,784.48 and Baht 28,601,093.02, respectively.

As at December 31, 2012, the Company and its subsidiaries has vehicles and machinery long-term lease agreements in the form of finance lease with local leasing companies, totally 8 places with 24 contracts. The total amounts of the contracts value are of Baht 96,930,987.67 (excluding of VAT). Installments period are 36-60 months and the total repayments are of Baht 2,411,027.81 (excluding of VAT) per month.

Under the terms of the agreement mentioned above, the Company has the right to purchase the property or asset as indicated in lease agreements at the end of the lease for all 24 contracts in the total of Bath 17,372,377.39 (excluding VAT). Moreover, the Company and its subsidiaries has to practice by following the conditions and specifications as specified in the agreement.

Liability as in Finance Lease for payment due within one year shown in part of current liabilities in the statement of financial position.

17. Employee benefit obligations

The Company and its subsidiaries adopted TAS 19 Employee Benefits with effective from January 1, 2011

The statements of financial position

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Defined benefit obligations Beginning balance	15,044,849.00	12,510,565.00	13,866,880.00	12,510,565.00
Current service costs and interest	3,045,149.00	2,662,303.00	2,955,797.00	2,597,478.50
Benefits paid by the plan	-	(128,019.00)	-	(128,019.00)
Defined benefit obligations transferred to a subsidiary	-	-	-	(1,113,144.50)
Defined benefit obligations at Ending balance	18,089,998.00	15,044,849.00	16,822,677.00	13,866,880.00
<u>Less</u> Defined benefit obligations due within one year	-	(80,101.00)	-	(80,101.00)
Defined benefit obligations - net	<u>18,089,998.00</u>	<u>14,964,748.00</u>	<u>16,822,677.00</u>	<u>13,786,779.00</u>

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

Expense recognized in statement of comprehensive income

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current service costs				
Cost of sales	1,696,219.35	1,191,542.23	1,657,129.05	1,152,259.99
Administrative expenses	175,170.70	269,083.64	169,496.30	266,662.00
Management and directors' benefit expenses	606,880.65	603,727.13	606,880.65	600,446.51
	2,478,270.70	2,064,353.00	2,433,506.00	2,019,368.50
Interest on obligation	566,878.30	469,931.00	522,291.00	450,091.00
Total	3,045,149.00	2,534,284.00	2,955,797.00	2,469,459.50

Principal actuarial assumptions at the reporting date

	Baht	
	Consolidated financial statements	Separate financial statements
Discount rate	3.75%	3.75%
Salary increase rate	3%	3%
Employee turnover rate	6 - 18%	6 - 18%
Employee turnover rate	15 - 85%	15 - 85%
Disability rate	5% of Thai's Mortality Rate	5% of Thai's Mortality Rate

18. SHARE CAPITAL INCREASE

According to the minutes of Shareholder Extraordinary Meeting no. 4/2011 on August 4, 2011, it has the resolution to increase company's registered capital from Baht 184,000,000 to Baht 220,000,000. The increased registered capital amount Baht 36,000,000 is from issuance of 36,000 new ordinary shares, which has par value 1,000 Baht per share. The Company has registered in order to increase the share capital with the Ministry of Commerce on August 16, 2011.

According to minute of the Extraordinary General Meeting of Shareholders No.5/2011 on September 5, 2011, it was resolutions as follows:

1. Approve the conversion of the Company to Public Company Limited and listed on the MAI Stock Exchange.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

2. Approve the change in par value of its original par value of Baht 1,000 (one thousand Baht) per share to Baht 0.50 per share (fifty satang).
3. Approve the capital increase from Baht 220,000,000 to Baht 276,000,000 which is increased by Baht 56,000,000. It was new issuance of the ordinary shares totaling 112,000,000 shares at Baht 0.50 per share. The Company has registered for capital increase with the Ministry of Commerce on September 8, 2011.

On February 20-22, 2012, the Company had allocated the share capital increase of 112,000,000 shares at the par value of Baht 0.50 each, totaling Baht 56,000,000.00, and sold to the public 108,000,000 shares at the offering price Baht 3.60 per share in the amount of Baht 388,800,000.00, and sold to the directors, management and employees of the company 4,000,000 shares at the offering price Baht 3.60 per share in the amount of Baht 14,400,000.00. The total amount of new selling shares was Baht 403,200,000.00, and it has premium on share capital in amount of baht 338,128,000.00 (Net from underwriting fee amount of Baht 9.07 million). The Company has registered to the Ministry of Commerce on February 23, 2012.

19. LEGAL RESERVE

Under the provision of the Civil and Commercial code, the Company is required to set aside as statutory reserve at least 5% of its net income at each dividend declaration until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

20. ALLOCATION OF RETAINED EARNINGS

Parent company

Panjawattana Plastic Public Company Limited

According to the ordinary shareholders meeting no.1/2011 on April, 2011, it has approval resolution to pay the dividend from retained earning as at December 31, 2010 in the rate of Baht 274.00 per share, in the total amount of Baht 50,416,000.00 and appropriation of legal reserve at 5% of net profit in amount of Baht 5,664,869.36.

According to the Board of Directors' Meeting No. 7/2011 dated July 19, 2011, it had the resolutions to approve the payment of interim dividends from the retained earnings as at March 31, 2011 at the rate of Baht 543.48 per share totaling Baht 100,000,320.00, and appropriate an amount for legal reserve at 5% of the net profit amounting to Baht 2,254,895.42 and appoint the executive board to set the dividend payment date. Payment is done on October 14, 2011.

According to the ordinary shareholders meeting no. 1/2012 on April 30, 2012, it has approval resolution to pay the dividend from profit for the year ended December 31, 2011 in the rate of Baht 0.10 per share, in the total amount of Baht 55,190,000.00 and appropriation of legal reserve at 5% of net profit in amount of Baht 5,024,417.09. Payment will be done on May 21, 2012.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

Other mutually controlled entities or has the significant influence

Panjawatana Marketing Company Limited

According to the extraordinary shareholders meeting no.1/2011 on January 28, 2011, it has approval resolution to pay the dividend from retained earning as at December 31, 2010 in the rate of Baht 13.75 per share, in the total amount of Baht 6,050,000.00.

21. PROVIDENT FUND

According to the Board of Directors' Meeting No.7/2011 dated July 19, 2011, it had the resolution to approve the setting up of the provident fund under the Provident Fund Act in accordance with the Stock Exchange of Thailand's regulations concerning the acceptance of listed securities on the "Market for Alternative Investment (MAI)" B.E.2544 dated March 24, 2003 by appointing the Siam Commercial Asset Management Company Limited as the Fund Manager.

Provident funds' expense for the years ended December 31, 2012 and 2011 are as follow:-

	Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Provident funds' expense	2,882,987.02	572,240.03	2,755,956.93	539,533.00

22. CREDIT LIMIT

As at December 31, 2012 and 2011 the Company has many credit limits with two financial intuitions. The total amounts of credit limit are of Baht 986.50 million and U.S. dollars 0.00 million and Baht 595.50 million and U.S. dollars 2.50 million, respectively, which has many objectives, such as loan for working capital, overdrafts, loan to building construction. The bank issuing the guarantee and open letters of credit and trust receipts during the year has been used for many limits, the total amount of Baht 314.66 million. The remaining credit limits are is of Baht 671.84 million. This credit secured by the mortgage company's land (Please see note 11) and giving insurance benefits of the company's fixed assets to the financial intuitions.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

23. REMUNERATION FOR EXECUTIVE

Remuneration for Executive is the benefits paid to executives and directors of the Company. It comprises of the remuneration that paid in cash, such as salary, related benefits and remuneration for the committee including benefits in any other forms. As such, the Company's executive refers to the person required by law with the Securities and Stock Exchange.

Remuneration for executive for the years ended December 31, 2012 and 2011, are as follow:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term benefit	38,284,416.78	37,465,278.81	38,146,987.71	36,969,428.43
Benefit after leaving the Company	613,441.89	603,727.13	606,880.65	600,446.51
Other long-term benefit	-	-	-	-
Total	<u>38,897,858.67</u>	<u>38,069,005.94</u>	<u>38,753,868.36</u>	<u>37,569,874.94</u>

24. INCOME TAX

Corporate income tax for the year 2011 is calculated by multiplying from tax profits by the rate of 30% of net profits. Corporate income tax is calculated by multiplying earnings represents net profit before income tax for the period, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

According to the Royal Decree 530 (B.E. 2554) dated December 14, 2011 issued under the Revenue Code, regarding the reduction of income tax rates, corporate income tax for the year 2012 is calculated by multiplying from tax profits by the rate of 23% of net profits, and for the year 2013-2014 by the rate of 20% of net profits.

25. EXPENSE BY NATURE

Expense by nature has significant transaction for the years ended December 31, 2012 and 2011 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Changes in finished goods and work				
in progress	(12,378,708.41)	(30,560,183.57)	(15,714,836.89)	(15,465,020.27)
Purchases of finished goods	90,992,010.26	71,651,530.62	197,675,683.97	71,651,530.62
Used raw material and wasteful supply	843,450,652.98	857,147,161.54	708,176,001.27	782,805,435.60
Expenses for employees	264,334,620.89	217,468,312.69	238,037,546.97	207,398,350.34
Depreciation and amortization	76,982,352.00	54,600,315.71	67,979,975.79	50,148,976.98

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year by weighted average number of ordinary shares that issued and paid during the year.

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the year of ordinary share's shareholders (Baht)	202,713,452.22	145,236,252.67	184,761,025.91	145,586,250.28
Weighted average number of ordinary share (Share)	535,781,420.77	395,221,917.81	535,781,420.77	395,221,917.81
Basic earnings per share (Baht per share)	0.38	0.37	0.34	0.37

27. PROPOSAL OF FINANCIAL INFORMATION CLASSIFIED BY SEGMENT

The Company and its subsidiaries run the main business in manufacturing and selling the artificial plastic in packaging of engine oil, foods and plastic parts used in automotive industry and other related business that has financial data classified by geographical segments in two (2) countries. Financial data classified by geographical in the consolidated financial statement for years ended December 31, 2012 and 2011 are as follows:

	Baht					
	Consolidated financial statements					
	Thailand		China		Total	
	2012	2011	2012	2011	2012	2011
Income	1,899,759,597.38	1,585,718,722.77	110,273,421.35	54,455,310.95	2,010,033,018.73	1,640,174,033.72
Gross profit	415,249,689.63	349,268,107.49	6,160,199.13	4,938,552.36	421,409,888.76	354,206,659.85

28. LONG-TERM LEASE AGREEMENT

As at December 31, 2012 and 2011, the Company has long-term lease agreements as follows:

- 28.1 A subsidiary in the foreign country has entered into the lease for factory buildings with a company in foreign country for three years, starting from February 1, 2011 with the rental fee Baht 637,691.49 per month in 2012 and Baht 652,789.39 per month in 2011 (equal to Yuan 129,707, referred to exchange rate, as at December 31, 2012, Yuan is equal to 4.9164 and as at December 31, 2011, 1 Yuan is equal to 5.0328 Baht).

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

28.2 A local subsidiary has entered into the lease for land to be location of the factory from the related parties for three months, starting from January 1, 2011 with the rental fee Baht 134,360.00 per month.

As at December 31, 2012 and 2011, the Company and its subsidiaries have commitments to pay the property/asset and service rental fee as outstanding contract as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Paid within</u>				
1 year	9,264,617.88	9,445,792.68	-	-
More than 1 year but not over 5 years	637,691.49	10,098,582.07	-	-
More than 5 years	-	-	-	-

29. RIGHTS AND BENEFITS UNDER THE INVESTMENT PROMOTION ACT

Parent Company

2011

The Company had received privileges under the investment promotion certificate by the Board of Investment approved on December 28, 2009 to produce plastic packaging and plastic parts for various industries, type 6.12, Manufacture of plastic or coated with plastic. The example of tax benefits which are exemption of import duty for machines, an exemption for income tax for net income from operations that has been promoted for a period of seven years from start date revenue from operations (From April 1, 2010 to March 31, 2017), an allowance to take annual losses incurred during the exemption of corporate income tax deducted from net income arising in the period after income tax exemption (the period is not exceeding five years which started from 2017 to 2022).

2012

The Company had received privileges under the investment promotion certificate by the Board of Investment approved on June 18, 2012 to produce plastic packaging and plastic parts for various industries, type 6.12, Manufacture of plastic or coated with plastic. The example of tax benefits which are exemption of import duty for machines, an exemption for income tax for net income from operations that has been promoted for a period of seven years from start date revenue from operations an allowance to take annual losses incurred during the exemption of corporate income tax deducted from net income arising in the period after income tax exemption.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

Subsidiary

2011

A subsidiary had received privileges under the investment promotion certificate by the Board of Investment approved on September 26, 2011 to produce plastic packaging for various industries, type 6.12, Manufacture of plastic or coated with plastic. The example of tax benefits which are exemption of import duty for machines, an exemption for income tax for net income from operations that has been promoted for a period of eight years from start date revenue from operations (From October 5, 2011 to October 4, 2019), an allowance to take annual losses incurred during the exemption of corporate income tax deducted from net income arising in the period after income tax exemption (the period is not exceeding five year which started from 2019 to 2024.)

2012

A subsidiary had received privileges under the investment promotion certificate by the Board of Investment approved on July 9, 2012 to produce plastic packaging and plastic parts for various industries, type 6.12, Manufacture of plastic or coated with plastic. The example of tax benefits which are exemption of import duty for machines, an exemption for income tax for net income from operations that has been promoted for a period of eight years from start date revenue from operations (From May 31, 2012 to May 31, 2020), an allowance to take annual losses incurred during the exemption of corporate income tax deducted from net income arising in the period after income tax exemption (the period is not exceeding five years which started from 2020 to 2025).

As the parties are BOI. The Company shall comply with the terms and conditions in the investment promotion certificate.

30. THE OPERATIONS OF COMPANY

The Company and its subsidiaries have revenue from domestic sales which separating the part that have been promoted in investment and part that not be promoted in investment for the years ended December 31, 2012 and 2011 as follows:

	Baht					
	Consolidated financial statements					
	2012			2011		
	Business that have been promoted in investment (Note 29)	Business that not be promoted in investment	Total	Business that have been promoted in investment (Note 29)	Business that not be promoted in investment	Total
Revenue						
Sales	567,073,247.80	1,442,959,770.93	2,010,033,018.73	370,656,258.77	1,269,517,774.95	1,640,174,033.72
Other Revenues	3,611,925.26	3,304,338.01	6,916,263.27	1,259,478.99	2,242,374.58	3,501,853.57
Total Revenues	<u>570,685,173.06</u>	<u>1,446,264,108.94</u>	<u>2,016,949,282.00</u>	<u>371,915,737.76</u>	<u>1,271,760,149.53</u>	<u>1,643,675,887.29</u>

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

	Baht					
	Separate financial statements					
	2012			2011		
	Business that have been promoted in investment (Note 29)	Business that not be promoted in investment	Total	Business that have been promoted in investment (Note 29)	Business that not be promoted in investment	Total
Revenue						
Sales	567,073,247.80	1,332,917,727.98	1,899,990,975.78	370,656,258.77	1,216,804,675.65	1,587,460,934.42
Other Revenues	3,611,925.26	4,559,383.89	8,171,309.15	1,259,478.99	10,140,899.64	11,400,378.63
Total Revenues	<u>570,685,173.06</u>	<u>1,337,477,111.87</u>	<u>1,908,162,284.93</u>	<u>371,915,737.76</u>	<u>1,226,945,575.29</u>	<u>1,598,861,313.05</u>

31. FINANCIAL INSTRUMENTS

Financial instruments are any contract that enables the financial assets of a business and financial liabilities or equity increased at the same time.

Risk Associated with Financial Instruments, which are significant and management policies of the Company and its subsidiaries are as follows:

Credit risk

The credit risk that related to account receivable of the Company and its subsidiaries are rather low because the Company and its subsidiaries have carefully policy in giving credit by considering from the ability in repayment. The number may have lost most in giving credit of the Company and its subsidiaries will be equal to the book value of receivables in the statement of financial position.

Interest rate risk

The Company and its subsidiaries have interest rate risk because they have short - term and long-term loan from financial institutions. The risk from interest rate occurred from fluctuations in market interest rates in the future, which will affect the results of operations and cash flows of them. The Company and its subsidiaries' risk of interest rates mainly related to loans from local commercial banks because the majority of mentioned financial liabilities are categorized in short term type and interest rates fluctuate according to market rate. Therefore, the Company and its subsidiaries do not use derivative instruments to prevent such risk.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

Liquidity risk

Liquidity risk might occur from the fact that the Company and its subsidiaries are unable to sell financial assets in a timely manner with a price close to fair value. The Company and its subsidiaries might have liquidity risk as appeared in the company's statement of financial position, if the company and its subsidiaries cannot ask for bill payments from the accounts receivable of them to keep up with the payment of commercial debt.

Financial Assets of the Company and its subsidiaries comprises of cash and bank deposit and the accounts receivable which has liquidity and able rapidly change to money present in fair value.

Foreign currency risk

The Company and its subsidiaries have foreign currency risk due to having trade accounts payable for purchases of goods and machineries in foreign currency.

As at December 31, 2012, it has outstanding foreign currency liability as follows:

Consolidated financial statement		
Currency	Liability	Average selling exchange rate As at December 31, 2012 (Baht per foreign currency)
U.S. Dollar	383,921.01	30.7775
Euro	45,035.04	40.8603
Yuan	1,707,959.47	4.9164
Separate financial statement		
Currency	Liability	Average selling exchange rate As at December 31, 2012 (Baht per foreign currency)
U.S. Dollar	383,921.01	30.7775
Euro	34,003.04	40.8603

Fair Value of Financial Instruments

Fair Value is the amount of money that the buyer and seller agree to exchange financial Instruments together, while both parties are knowledgeable and willing to exchange and able to independently negotiate price in the form of non-association. The fair value derives from the market value or discounted cash flows.

Most financial assets and liabilities of the Company and its subsidiaries have book value approximate to the fair value.

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2012 AND 2011

32. FUND MANAGEMENT

The objective of company' significant fund management is to provide appropriate financial structures and maintain the ability to continuously operate.

33. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2012, the Company had commitments and contingent liabilities as follows:

- 33.1 The Company granted a local bank to issue a letter of guarantee for electricity consumption in factory in the amount of Baht 11.51 million.
- 33.2 The Company granted the main bank lender to issue a letter of guarantee for its sale contract with the contractor in the amount of Baht 75.32 million.
- 33.3 On July 19, 2012, the Company had entered into a factory and branch office construction contract with a local company in the contract value of Baht 51.99 million. As at December 31, 2012, the Company had paid wages that conform with the terms of the contract amount of Baht 25.15 million. The Company has outstanding obligation under the contract of Baht 26.84 million (exclude vat).
- 33.4 The company and its subsidiary had obligation that was agreed to acquire machinery and equipment in the amount of Baht 25.23 million.

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's directors on February 20, 2013.

1. Profile of Executives and Persons with Controlling Power

	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
1.	Dr. Damri Sukhotanang	Board Chairman/ Independent Director	63	<ul style="list-style-type: none"> - Bachelor's degree in Chemical Technology (Hon.), Faculty of Science, Chulalongkorn University - Master's degree in Ceramic Engineering, University of Missouri at Rolla, U.S.A. - Doctoral degree in Ceramic Engineering, University of Missouri at Rolla, U.S.A. - Diploma, National Defense College, Class 44 - Certificate, Senior Executive Courses Class 14, Office of Civil Service Commission - Certificate of Attendance Director Certification Program (DCP) Class DCP70/2006, Thai Institute of Directors 	-	0.05	2011 - Present 2009 - Present 2008 – 2009 2003 – 2008 2000 – 2003 1999 – 2000	Board Chairman /Independent Director Audit Committee member/Independent Director Permanent Secretary Deputy Permanent Secretary Director, Office of Industrial Economics Director-General, Department of Industrial Promotion	Panjawattana Plastic Plc. Siam Steel Service Center Plc. Ministry of Industry Ministry of Industry Ministry of Industry Ministry of Industry
2.	Mr. Kongsak Hemmontharop	Vice Chairman	73	<ul style="list-style-type: none"> - Primary School - Certificate of Attendance Director Accreditation Program Class 90/2011, Thai Institute of Directors 	Husband of Mrs. Malee Hemmontharop and father of Mr. Wiwat, Mr. Satit, Mr. Pirun Hemmontharop	18.49	2011 - Present 1987 – 2011	Vice Chairman Director	Panjawattana Plastic Plc. Panjawattana Plastic Co., Ltd.

	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
							2010 - Present 2003 - Present	Director Director	Mill Pack Co., Ltd. Elegance Packaging Co., Ltd.
3.	Mr. Wiwat Hemmondharop	Director/ Chairman of the Board of Executive Directors	47	- Bachelor's degree in Economics, Thammasat University - Master's degree in Business Administration, National Institute of Development Administration - Master's degree in Marketing (English program), Thammasat University - Certificate of Attendance Director Certification Program Class 32/2003, Thai Institute of Directors	- Son of Mr. Kongsak and Mrs. Malee Hemmondharop - Elder brother of Mr. Satit, Mr. Pirun Hemmondharop	13.07	2011 – Present	Director/ Chairman of the Board of Executive Directors Director	Panjawattana Plastic Plc. Panjawattana Plastic (Tianjin) Co., Ltd. Mill Pack Co., Ltd. Elegance Packaging Co., Ltd. Panjawattana Marketing Co., Ltd. PJ Composite Co., Ltd. Thammanamai Health Cuisine Co., Ltd. Pan Asia Chemical Co., Ltd.
4.	Mrs. Malee Hemmondharop	Director/Vice President	70	-Primary School, Ban Paew Wittaya School -Certificate of Attendance Director Accreditation Program Class 90/2011, Thai Institute of Directors	Spouse of Mr. Kongsak/Mother of Mr. Wiwat, Mr. Satit, Mr. Pirun Hemmondharop	31.04	2011 – Present 1990 – Present 2011 – Present 2011 – Present 2011 – Present 2008 – Present	Director/ Vice President Director Director Director Director Director	Panjawattana Plastic Plc. Mill Pack Co., Ltd. Elegance Packaging Co., Ltd. Panjawattana Plastic (Tianjin) Co., Ltd. PJ Composite Co., Ltd. PCP Marketing Co., Ltd.

	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
5.	Mr. Satit Hemmondharop	Director/Executive Committee Member/Risk Management Committee Member/ Chief Executive Officer	45	- Bachelor's degree in Commerce and Accountancy, Thammasat University - Master's degree in Marketing (English program), Thammasat University - Diploma, Human Resource Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University - Certificate of Attendance Director Certification Program Class 121/2011, Thai Institute of Directors - Certificate of Attendance Role of the Compensation Committee Class 11/2011, Thai Institute of Directors	- Son of Mr. Kongsak and Mrs. Malee Hemmontharop - Younger brother of Mr. Wiwat/ Elder brother of Mr. Pirun Hemmondharop	1.45	2011- Present 2003 - 2011 1993 – 2003 1991 - 1993 1990 – 1991	Director/Executive Committee Member/Risk Management Committee Member/ Chief Executive Officer Director Executive Committee Member Production Manager Marketing Officer	Panjawattana Plastic Plc. Panjawattana Plastic Co., Ltd. Panjawattana Plastic Co., Ltd. Panjawattana Plastic Co., Ltd. C.P. Intertrade Co., Ltd.

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	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
7.	Miss Charanya Sangukdee	Chairman of Audit Committee/Independent Director/ Risk Management Committee Member	48	executive Class 11, King Prajadhipok's Institute - Bachelor's degree in Management Science, Sukhothaimathmarat Open University - Master's degree in Business Administration, Kasetsart University - Mini Master of Management Program NIDA, University of California at Berkeley, USA - Certificate of Attendance Director Certification Program Class 96/2007, Thai Institute of Directors - Certificate of Attendance Audit Committee Program Class 27/2009, Thai Institute of Directors - Certificate of Attendance Director Accreditation Program Class 62/2007, Thai Institute of Directors - Certificate of Attendance Monitor Fraud Risk Management Class 1/2009, Thai Institute of Directors - Certificate of Attendance Monitor	-	0.05	2011 - Present 1997 – Present 1996 – Present 2007 – 2011 2006 – 2011	Chairman of Audit Committee /Independent Director /Risk Management Committee member Managing Director Managing Director Audit Committee member/Independent Director Audit Committee member/Independent Director	Panjawattana Plastic Plc. Tax Specialist Co., Ltd. Bangkok Training Center Co., Ltd. Group Lease Plc. Globlex Holding Management Plc.

	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
				of the Quality of Financial Reporting Class 9/2009, Thai Institute of Directors - Certificate of Attendance Monitor the Internal Audit Function Class 6/2009, Thai Institute of Directors - Certificate of Attendance the system of Internal Control and Risk Class 7/2009, Thai Institute of Directors					
8.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Audit Committee Member/Independent Director/ Chairman of Risk Management Committee	49	- B.Sc. (Chemical Engineering), Chulalongkorn University - Master's degree in Financial Management, National Institute of Development Administration - Doctoral degree in Finance, University of Mississippi, - Certificate of Attendance Director Accreditation Program (DAP) Class 35/2005 Thai Institute of Directors - Certificate of Attendance Role of the Compensation Committee Class 12/2011, Thai Institute of Directors	-	0.03	2011 – Present 2011 - Present 2010 – Present 2009 – Present 2008 – Present 2008 – Present	Audit Committee member/Independent Director/Chairman of Risk Management Committee Director/ Audit Committee member Independent Director/ Chairman of Audit Committee Director and Audit Committee member Director Director/ Audit Committee member	Panjawattana Plastic Plc. Stars Microelectronics (Thailand) Plc. Universal Adsorbents & Chemicals Plc. GT Wealth Management Co., Ltd. Association of Securities Companies Getabec Co., Ltd.

	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
				- Certificate of Attendance Compensation Survey Class 1/2011, Thai Institute of Directors			2006 – Present 2007 – 2010 2004 – 2006	Independent Director/ Audit Committee member Dean Deputy Dean	TRC Construction Co., Ltd. Faculty of Business Administration National Institute of Development Administration Faculty of Business Administration National Institute of Development Administration
9.	Mr. Natthavut Khemayotin	Audit Committee Member/Independent Director/ Risk Management Committee Member	44	- Bachelor's degree in Commerce and Accountancy, Thammasat University - Master's degree in Business Administration, University of Dallas, Irving, Texas - Certificate of Attendance Director Certification Program Class 70/2006, Thai Institute of Directors	-	0.05	2011-Present 2004 –Present 2005 – 2009 2002 – 2005 2001 – 2002 2000 – 2001	Audit Committee member/Independent Director/Risk Management Committee member Managing Director Managing Director Assistant Director, The Board of Directors Bureau Senior Officer, Investment Banking Department Senior Officer, Institutional Customer Department	Panjawattana Plastic Plc. Nu Na Co., Ltd. Globlex Holding Management Plc. Seamco Securities Plc. Thai Military Bank Plc. JF Thanakom Co., Ltd.

	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
10.	Miss Thitiima Tuntivuttikul	Chief Marketing Officer	39	- BA., Bangkok University - Master's degree in Business Administration, Chiang Mai University	-	0.06	2011 – Present 1996 – 2010	Chief Marketing Officer Sales and Marketing Manager	Panjawattana Plastic Plc. Panjawattana Plastic Co., Ltd.
11.	Mr. Seksan Sinbunluekul	Chief Technology Officer	39	- Bachelor's degree in Plastic Technology, Rajamangala University of Technology	-	0.06	2011- Present 1996- 2011	Chief Technology Officer Director, Research and Development Department	Panjawattana Plastic Plc. Panjawattana Plastic Co., Ltd.
12.	Mrs. Prim Chaiyawat	Chief Financial Officer/ Secretary	37	- Bachelor's degree in Commerce and Accountancy, Thammasat University - Master's degree in Business Administration, Kasetsart University - Certificate of Attendance Company Secretary Program Class 37/2010, Thai Institute of Directors - Certificate of Attendance Effective Minutes Taking Class 19/2011, Thai Institute of Directors - Certificate of Attendance Audit Committee Program Class 37/2011, Thai Institute of Directors - Certificate of Attendance	-	0.06	2008 - Present 2006 – 2007 2003 – 2006 2001 – 2002 1997 – 2001	Chief Financial Officer/ Secretary Accounting Manager Chief, Budget and Finance Section Senior Tax Auditor Senior Auditor	Panjawattana Plastic Plc. Panjawattana Plastic Co., Ltd. Panjawattana Plastic Co., Ltd. Ernst & Young Corporate Ernst & Young Office Limited

	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
				Monitoring Fraud Risk Management Class 6/2011, Thai Institute of Directors - Certificate of Attendance Monitoring of the Quality Financial Report Class 14/2011, Thai Institute of Directors - Certificate of Attendance Monitoring the System of Internal Control and Risk Management Class 12/2011, Thai Institute of Directors					
13.	Miss Penchan To- barameekul	Chief Operating Officer - Chonburi Branch	46	- Bachelor's degree in Business Administration, Siam University	-	0.06	2011 - Present 2010 - 2011 2003 – 2009 2001 – 2003 1996 – 2000 1995 – 1996 1988 – 1994	Chief Operating Officer, Chonburi Branch Director, Supply Chain Product Research and Development Manager Transport and Service Manager Manager, Product Planning Assistant Manager, Cost Analysis and Packaging Assistant Manager, Production Planning	Panjawattana Plastic Plc. Panjawattana Plastic Co., Ltd. Panjawattana Plastic Co., Ltd. Vatchara Packing Product Co., Ltd. Panjawattana Plastic Co., Ltd. Tre-Atthaboon Industry Co., Ltd. Tre-Atthaboon Industry Co., Ltd.

	Name – Surname/ Position	Position	Age (Yrs.)	Education	Nature of Relationship	Shareholding (%)	Past 5 years experience		
							Periods	Position	Company/ Type of Business
14.	Mrs. Kunnika Jenjulporn	Chief Procurement Officer	48	- Bachelor's degree in Political Science, Ramkhamhaeng University	-	0.06	2010 – Present 2010 – 2011 1996 – 2009 1997 – 2002 1995 – 1997 1993 – 1995	Chief Procurement Officer Chief Procurement Officer Procurement Manager Planning Manager Manager, Plastic Crushing Machine Room Planning Manager	Panjawattana Plastic Plc. Panjawattana Plastic Co., Ltd. Panjawattana Plastic Co., Ltd. Panjawattana Plastic Co., Ltd. Panjawattana Plastic Co., Ltd. Panjawattana Plastic Co., Ltd.
15.	Mr. Asda Kaewrux	Chief Marketing Officer - Chonburi Branch	48	-Bachelor's degree in Marketing, Ramkhamhaeng University - Master's degree in Marketing (English program), Thammasat University	-	0.02	2012 – Present 2005- 2012 2005 2004 1995 – 2003	Chief Marketing Officer - Chonburi Branch Marketing Manager Marketing Manager Marketing Manager Marketing Director	Panjawattana Plastic Plc. Panjawattana Plastic Co., Ltd. Solartron Plc. Amarin Printing and Publishing Plc. Daidomon Group Plc.

2. Work Position of the Executives and Persons with Controlling Power

	Name	Panjawattana Plastic Plc.	Subsidiary Companies		
			Mill Pack Co., Ltd.	Elegance Packaging Co., Ltd.	Panjawattana Plastic (Tian Jin) Co., Ltd.
1	Dr. Damri Sukhotanang	Board Chairman, Independent Dir.	-	-	-
2	Mr. Kongsak Hemmontharop	Vice Chairman, Dir.	Dir.	Dir.	-
3	Mr. Wiwat Hemmondharop	Executive Committee Chair, Dir.	Dir.	-	Dir.
4	Mrs. Malee Hemmontharop	Dir.	Dir.	Dir.	Dir.
5	Mr. Satit Hemmondharop	Dir., Exe.Com.member, Risk MGT Committee Member	Dir.	-	-
6	Mr. Pirun Hemmondharop	Dir., Exe.Com.member, Risk MGT Committee Member	-	Dir.	Dir.
7	Miss Charanya Sangsukdee	Audit Committee Chair, Independent Dir, Risk MGT Committee Member	-	-	-
8	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Audit Committee Member, Independent Dir, Risk MGT Committee Chairman	-	-	-
9	Mr. Natthawut Khemayotin	Audit Committee Member, Independent Dir, Risk MGT Committee Member	-	-	-
10	Miss Thitima Tuntivutikul	Exe.	-	-	-
11	Mr. Seksan Sinbunluekul	Exe.	-	-	-
12	Mrs. Prim Chaiyawat	Exe./Secretary	-	-	-
13	Miss Penchan To-Bameekul	Exe.	-	-	-
14	Mrs. Kunnika Jenjulporn	Exe.	-	-	-
15	Mr.Asda Kaewrux	Exe.	-	-	-

Note:	Board Chairman	=	Chairman of the Board of Directors
	Vice Chairman	=	Vice Chairman of the Board of Directors
	Dir.	=	Director
	Audit Committee Chair	=	Chairperson of the Audit Committee
	Audit Committee member	=	Audit Committee member
	Independent Dir.	=	Independent Director
	Executive Committee Chair	=	Chairman of the Executive Committee
	Exe.Com.member	=	Executive Committee Member
	Risk MGT Committee member	=	Risk Management Committee member
	Exe.	=	Executives



PJW

PANJAWATTANA PLASTIC

บริษัท ปัญจวัฒนาพลาสติก จำกัด (มหาชน)
Panjawattana Plastic Public Company Limited
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