

## Management Discussion and Analysis (MD&A)

### Financial Ratio Table

	Consolidated Financial Statement			
	2017	2016	2015	
<b>LIQUIDITY RATIO</b>				
Current Ratio	1.85	1.36	1.22	Times
Quick Ratio	0.95	0.76	0.59	Times
Current Cash Flow Ratio	0.38	0.37	0.31	Times
Receivable Turnover	5.21	5.62	5.50	Times
Average Collection Period	69	64	65	Days
Inventory Turnover	15.44	15.08	15.96	Times
Inventory Turnover Period	23	24	23	Days
Payable Turnover	11.61	11.77	10.78	Times
Payment Period	31	31	33	Days
Cash Cycle	61	57	55	Days
<b>PROFITABILITY RATIO</b>				
Gross Profit	23.25	24.08	22.16	%
Operating Profit	2.67	4.36	2.82	%
Operating Cash Flow Turnover	353.39	248.4	377.42	%
Net Profit	5.37	5.67	4.83	%
Return on Equity	7.30	8.51	7.27	%
<b>EFFICIENCY RATIO</b>				
Return on Total Asset	5.24	5.68	4.60	%
Return on Fixed Asset	32.31	35.39	31.50	%
Total Asset Turnover	0.98	1.00	0.95	Times
<b>FINANCIAL POLICY RATIO</b>				
Debt to Equity	0.32	0.47	0.53	Times
Interest Coverage	40.78	36.97	26.53	Times
Payout Ratio (The Separate Financial Statements)	55.36	56.96	63.14	%

#### Factors that could affect operating results and financial position in future.

- Nil -

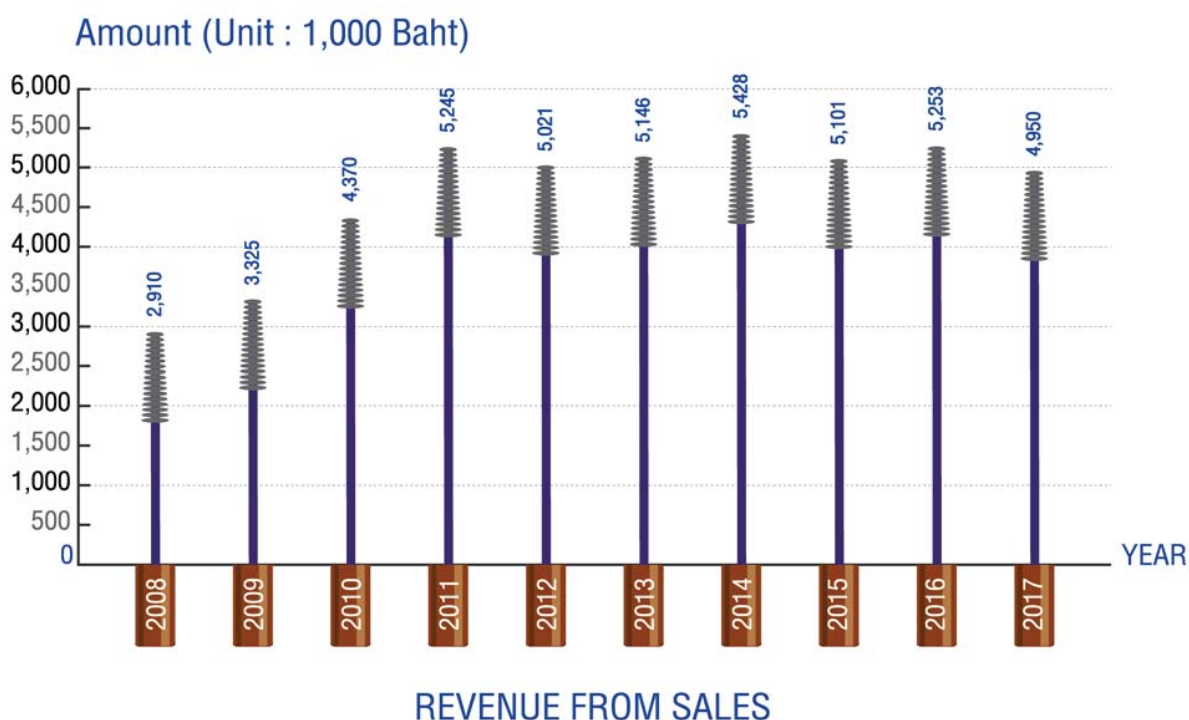
## Overview of Business Operations

The year 2017 was still a challenging year for doing business in Thailand due to a number of factors, including global economic political uncertainty arising from policy changes in various countries, fluctuations in foreign exchange rates, as well as businesses being transformed by the digital economy. This resulted in the country's economy only growing slightly by 3.5% from last year.

Furthermore in 2017 the Company and its Subsidiary Companies had revenue from sales of Baht 4,949.63 million a decrease from the previous year of 5.78% due to a number of customers moving their production bases to reduce delivery times, along with contributing factors from the strength of the Thai Baht currency. However, the Company endeavored to find new customers in both the local market and foreign countries, to increase sales, and also reduce the risk of customer concentration. But it was not able to compensate fully the shortfall in sales mentioned above during the year. As a result, profit before income tax of Baht 325.2 million decreased from the previous year by 10.7 %. Nevertheless, the Company remains committed to innovating to meet customer needs, not only for product development but also for a variety of associated services. Furthermore, management systems were developed in order to improve efficiency, and competitiveness, as well as enhancing human resource development to be able to drive and further support achieving future business growth.

## Financial performance and financial position

In 2017, the company and its subsidiaries had profit attributable to equity holders of the parent of 274.44 Million Baht, decreased from prior year of 30.78 million baht or 10.09 % by material analysis as follows:



### Revenue from sales

In 2017, the company and its subsidiaries had revenue from sales of 4,949.63 Million Baht, decreased from prior year of 303.14 million baht or 5.78% due to increase in export sales of 342.66 Million Baht or 12.95 % from decrease in market share in cosmetic products where as increase in local sales from increase in market share in food packaging products.

### **Gross profit**

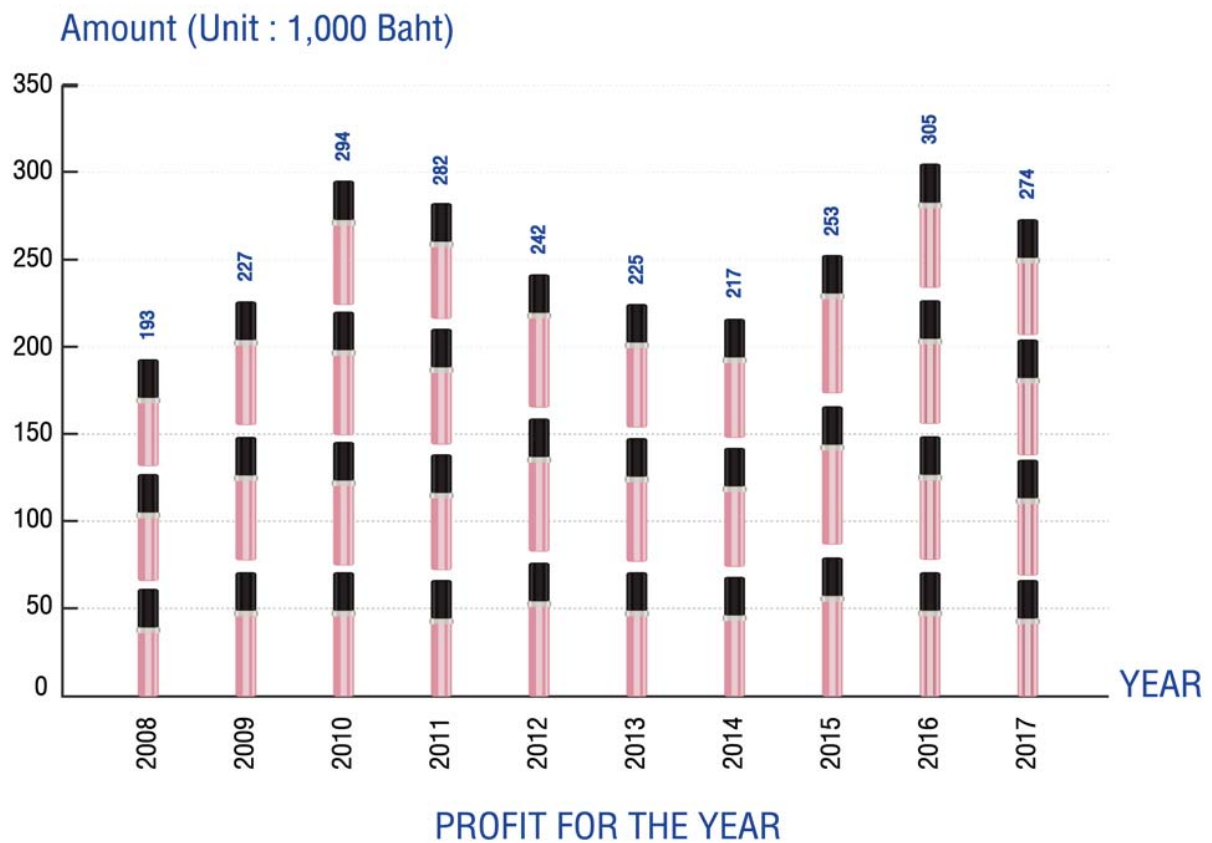
In 2017, the company and its subsidiaries had gross profit of 23.25 % of revenue from sales decrease from prior year of 0.82 % due to decrease in profitability in cosmetic products whereas packaging products be able to increase in profitability.

### **Administrative expenses**

In 2017, the company and its subsidiaries had administrative expenses 878.67 Million Baht, decreased from prior year 39.71 Million Baht or 4.32 % due to decrease in personel expenses, meanwhile controlling overall expenses properly.

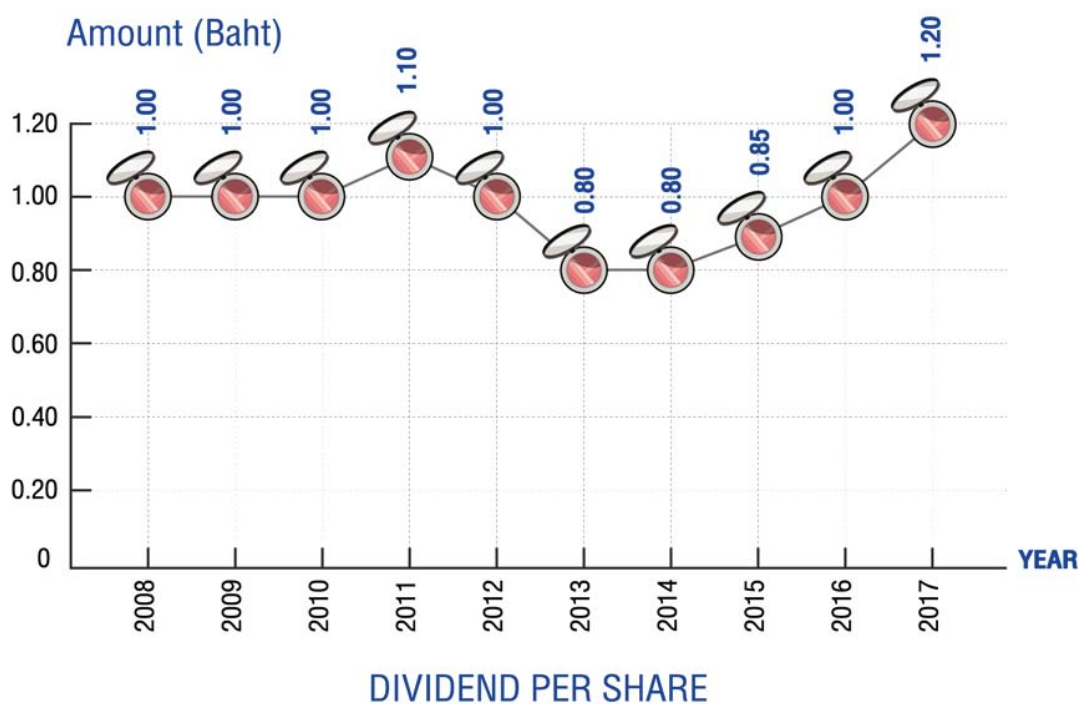
### **Finance costs**

In 2017, the company and its subsidiaries had finance costs 12.47 million baht, decreased from previous year 4.89 Million Baht due to decrease in short-term borrowing from financial institution from more liquidity in thiers financial performance together with following up the payment of customers closely.



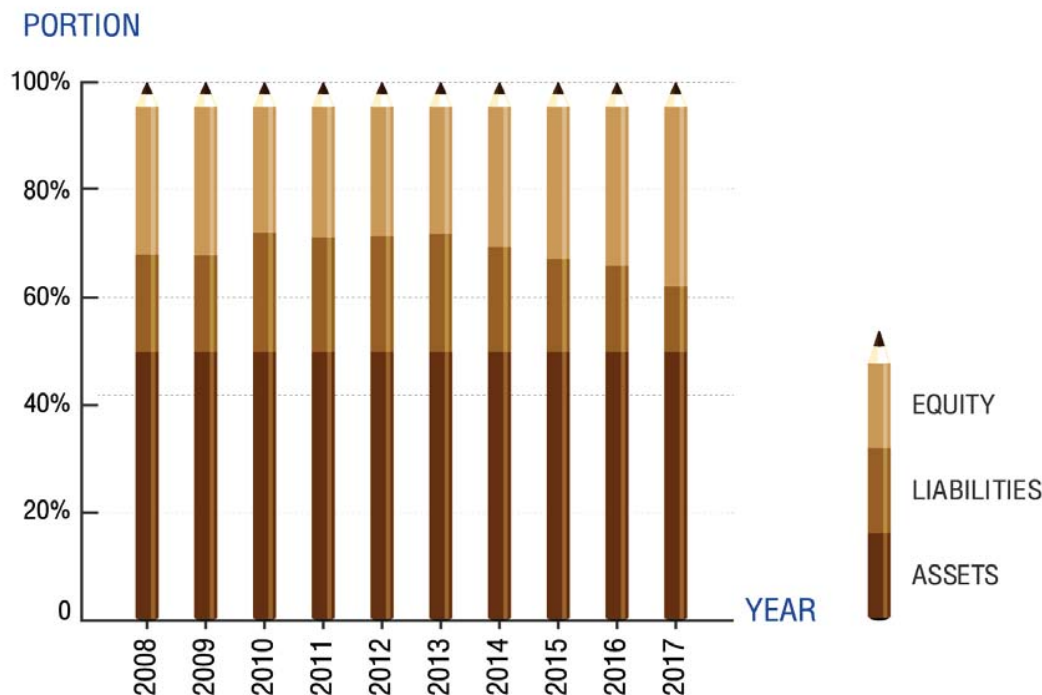
### Profit attributable to equity holders of the parent

In the consolidated financial statements of year 2017, the company and its subsidiaries had net profit attributable to equity holders of the parent company 274.44 Million Baht, decreased from prior year of 30.78 million baht or 10.09 % due to decrease in revenues from sales together with decrease in gross profit from, selling and administrative expenses as well as finance cost as the above said.



### Return on Equity

In the consolidated financial statements of year 2017, The company and its subsidiaries achieved a Return on Equity of 7.30 % due to decrease in profit for the year. The company has a policy to pay dividend to shareholders at 20–80 percent of profit for the year of the company's separate financial statement (under the cost method). However, this rate principally depends on economic conditions and operational results of the company. In 2017, the company had profit for the year of 324.98 Million Baht. The company had the resolution of the Board of Directors' Meeting No. 2/2018 held on March 14, 2018 which will be proposed at the shareholders' ordinary meeting for their approval on April 24, 2018 to pay dividend at the rate of 1.20 Baht per share from the 2017 financial performance, totally 179.92 Million Baht. The proposed dividend payment is equal to 55.36 % of profit for the year of the separate financial statement and will be paid on May 23, 2018.



### STATEMENTS OF FINANCIAL POSITION

DESCRIPTION \ YEAR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EQUITY</b>	1,733	1,924	2,118	2,901	3,416	3,149	3,480	3,481	3,692	3,824
<b>LIABILITIES</b>	967	1,068	1,667	2,137	2,560	2,434	2,203	1,828	1,736	1,230
<b>ASSETS</b>	2,700	2,992	3,785	5,038	5,977	5,583	5,683	5,310	5,429	5,054

#### **Financial position**

**Total Assets :** In 2017, the company and its subsidiaries had total assets amounting to 5,054.33 million baht, decreased from prior year of 374.46 Million Baht or 7.40 % due to material change as follows:

1. Decrease in trade accounts receivable - net of 135.49 million baht due to decrease in revenue from sales as well as follow-up payment of customers closely including analysis of financial position and customer status assessment to provide suitable credit facility, resulting non-overdue receivables and overdue within 3 months equal to 99.01 % of total account receivables.
2. Decrease in inventories of 105.62 Million Baht due to decrease in revenues from sales whereas inventory turnover period was similar to prior year.
3. Decrease in property , plant and equipment of 78.99 Million Baht due to depreciation for the year and decrease in purchase of fixed assets.

**Total Liabilities :** In 2017, the company and its subsidiaries had total liabilities amounting to 1,230.09 Million Baht, decreased from prior year of 506.34 Million Baht or 29.15 % due to material change in liabilities as follows:

1. Decrease in bank overdraft and short-term borrowing from financial institutions of 410.45 Million Baht due to increase in liquidity in result to decrease in borrowings.
2. Decrease in accrued bonus of 74.63 Million Baht.

**Shareholders' Equity** : In 2017, the company and its subsidiaries had shareholders' equity amounting to 3,824.24 Million Baht, increased from prior year of 131.87 Million Baht or 3.57 % due to material change in shareholders' equity as follows:

1. Increase in other components of shareholders' equity of 21.08 Million Baht due to gain from the remeasuring of investments available for sale securities (net of tax) of 25.42 Million Baht, translation of financial statement differences of 4.34 Million Baht.
2. Increase in unappropriated retained earnings of 95.13 Million Baht due to profit attributable to equity holders of the parent of 275.04 Million Baht and dividend payment of 179.92 Million Baht .

### **Liquidity**

1. Cash flows in 2017, the company and its subsidiaries had net decrease in cash and cash equivalent of 106.23 million baht by separated activities as follows:

(Unit : Million Baht)

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash Flows from Operating Activities	466.54	568.31	543.61
Cash Flows from Investing Activities	48.89	(221.43)	(125.74)
Cash Flows from Financing Activities	(593.96)	(319.18)	(405.46)
Net Increase (Decrease) in Cash and Cash Equivalent	(78.54)	27.69	12.41

The material changes in cash flows in 2017 are as follows:

- Decrease in cash flows provided from operating activities of 101.28 Million Baht due to decrease in net cash provided from sales.
- Increase in cash flows provided from investing activities of 269.83 Million Baht due to decrease in purchase of fixed assets together with increase in cash received from sale of investment and dividend received from investment in associates.
- Decrease in cash flows used in financing activities of 274.83 Million Baht due to decrease in short - term borrowings from financial institution from more liquidity.

### 2. Sufficiency of liquidity

	<b>2017</b>	<b>2016</b>	<b>2015</b>	
Current Ratio	1.85	1.36	1.22	Times
Quick Ratio	0.95	0.76	0.59	Times
Current Cash Flow Ratio	0.38	0.37	0.31	Times
Debt to Equity ratio	0.32	0.47	0.53	Times

In 2017, the company and its subsidiaries had more liquidity reflecting from the above Current Ratio of 1.85 times and increase in quick ratio from prior year which were a result of efficiency of debt collection together with most customers are good and made their payment on time , together with cash received from investing activities as above said. Whereas, Debt to Equity Ratio of 0.32 times, decreased from prior year reflecting overall adequacy of business liquidity.