

**S & J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

518/3 อาคารพาณิชย์เซ็นเตอร์ นอร์ ชั้น 7  
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V & A

บริษัท สำนักงาน ดร.วิรัช แอนด์ แอสโซซิเอตส์ จำกัด  
DR.VIRACH & ASSOCIATES OFFICE CO., LTD.

CERTIFIED PUBLIC ACCOUNTANTS  
สำนักงานใหญ่ เลขประจำตัวผู้เสียภาษี 0105556000751

**AUDITOR'S REPORT**

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**To The Shareholders of S & J International Enterprises Public Company Limited**

**Opinion**

I have audited the consolidated financial statements of S & J International Enterprises Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of S & J International Enterprises Public Company Limited for the same period.

In my opinions, the financial statements referred to above present fairly, in all material respects, the financial position of S & J International Enterprises Public Company Limited and its subsidiaries and S & J International Enterprises Public Company Limited as at December 31, 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

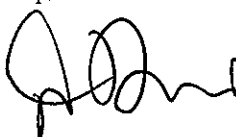
**Key Audit Matters**

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

**1. Valuation of inventories**

As at December 31, 2017, the Group companies have inventories after deduction of allowance for diminution in inventories in the consolidated financial statements, amount of Baht 684.79 million and the separate financial statements, amount of Baht 547.65 million, were disclosed in Note 8 to the financial statements, which are significant to the financial statements. Inventories of the Group companies are cosmetic products, which may be obsolete or deteriorated

  
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or expected to be unsaleable. Therefore, management has to make judgment in the estimation of allowance for diminution in inventories, which based on the condition of goods, analysis of the movement of goods and historical experience.

My audit procedures included evaluating the internal control system of inventories management, observing the physical checking of inventories. Comparing the cost of inventories against expected net realizable value calculating from the selling price after year ended less selling expenses. Randomly testing provision for diminution in value of inventories and testing the validity of the preparation of the Company's production costs. To ensure accurate unit costs and allocation of related expenses to such products properly.

The results of the audited are satisfactory, and in my opinions, the valuation of inventories is appropriate as stated.

## **2. Transactions with related parties**

The Group companies have transactions with several related parties, which were disclosed in Note 29 to the financial statements. The Group companies have to determine how to gather information to be disclosed in the notes to the financial statements are complete and accurate. The pricing policy is based on the trading price of normal business.

My audit procedures included evaluating and testing of control and effectiveness of the internal control system and collect information about transactions with related parties. I randomly checked transactions with related parties by inspection report transactions with related parties. I have audited the types of relationships with related parties, the documentation for the accounting recorded of income and expenses from related parties, the Company's accounting policy in setting trading price and comparative analysis of unusual items.

The results of the audited are satisfactory, and in my opinions, I did not find unusual items that material misstatement.

## **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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



(Dr.Preecha Suan)

Certified Public Accountant Registration No. 6718

February 23, 2018



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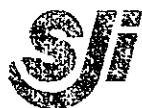


## S &amp; J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		BAHT			
		CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	Notes	2017	2016	2017	2016
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	4.2 and 5	42,135,808	120,676,907	5,290,681	53,886,741
Short-term investments-					
Certificates of deposits		6,500,000	20,000,000	-	15,000,000
Trade accounts receivable	4.3 and 6	869,232,843	1,004,716,120	673,736,484	865,526,843
Other receivables					
Advance payment for inventories		15,938,777	24,423,878	13,793,863	21,708,108
Prepaid expenses		54,380,683	8,672,210	3,422,904	3,832,791
Others		3,134,862	7,912,614	5,423,514	10,013,610
Total other receivables		73,454,322	41,008,702	22,640,281	35,554,509
Short-term loans to subsidiary	7	-	-	4,000,000	-
Inventories	4.4 and 8	684,793,013	790,408,597	547,654,071	647,452,636
Other current assets		89,324,595	52,626,585	73,071,803	35,580,551
Total Current Assets		1,765,440,581	2,029,436,911	1,326,393,320	1,653,001,280
<b>Non-Current Assets</b>					
Investments in available-for-sale securities	4.5 and 9	1,142,594,755	1,131,093,993	1,142,594,755	1,131,093,993
Investments in associates	4.5 and 10	338,707,903	404,885,884	213,618,532	210,805,407
Investments in subsidiaries	4.5 and 11	-	-	154,903,416	147,403,439
Investments in related companies	4.5 and 12	66,951,062	53,468,239	63,271,062	49,372,239
Investments in other companies	4.5 and 13	5,000,000	13,992,786	5,000,000	13,992,786
Investments in convertible debentures	4.5 and 14	19,456,000	-	19,456,000	-
Long-term loans to other company	15	16,257,300	-	16,257,300	-
Investments property	4.6 and 16	95,426,061	102,286,141	95,306,061	102,166,141
Property, plant and equipment	4.7 and 17	1,562,864,227	1,649,503,359	1,086,955,407	1,184,227,027
Leasehold right	4.8 and 18	1,269,853	2,030,161	-	-
Intangible assets	4.9 and 19	29,114,764	32,761,730	26,975,225	30,223,921
Other non-current assets		11,244,476	9,336,740	8,685,060	8,403,260
Total Non-Current Assets		3,288,886,401	3,399,359,033	2,833,022,818	2,877,688,213
TOTAL ASSETS		5,054,326,982	5,428,795,944	4,159,416,138	4,530,689,493



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

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

BAHT

		CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	Notes	2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	20	440,426,146	850,873,021	314,500,000	728,727,033
Trade accounts payable		307,942,430	346,281,794	303,597,146	361,830,570
Other accounts payable					
Accrued expenses		32,552,704	36,547,414	27,895,674	26,599,941
Accrued bonus		87,348,001	161,980,914	69,476,632	151,235,582
Asset payable		4,855,217	3,255,916	2,321,501	2,508,767
Others		57,361,180	48,424,635	38,347,724	36,272,027
Total other accounts payable		182,117,102	250,208,879	138,041,531	216,616,317
Accrued corporate income taxes		22,335,642	35,094,662	19,780,302	32,005,653
Accrued interest expenses		222,355	456,184	76,205	326,158
Other current liabilities		3,426,833	3,902,863	1,642,735	2,013,505
Total Current Liabilities		956,470,508	1,486,817,403	777,637,919	1,341,519,236
Non-Current Liabilities					
Provision for long-term					
employee benefits	4.11 and 21	161,249,740	148,993,387	135,332,202	125,451,633
Deferred tax liabilities	4.12 and 22	112,083,121	100,317,926	115,200,694	102,945,835
Other non-current liabilities		287,602	306,583	179,602	198,583
Total Non-Current Liabilities		273,620,463	249,617,896	250,712,498	228,596,051
TOTAL LIABILITIES		1,230,090,971	1,736,435,299	1,028,350,417	1,570,115,287



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## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		BAHT			
		CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	Note	2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
Shareholders' Equity					
Share capital					
Authorized share capital					
200,000,000 common stocks of					
Baht 1 par value					
		200,000,000	200,000,000	200,000,000	200,000,000
Issued and paid-up share capital					
149,930,828 common stocks at					
Baht 1 each					
		149,930,828	149,930,828	149,930,828	149,930,828
Premium on common stocks					
		724,763,392	724,763,392	724,763,392	724,763,392
Retained earnings					
Appropriated					
Legal reserve					
	23	20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated					
		1,984,586,064	1,889,458,661	1,590,906,089	1,445,839,184
Other components of the shareholders' equity					
		640,647,412	619,559,383	645,465,412	620,040,802
Total Shareholders' Equity of Parent Company					
		3,519,927,696	3,403,712,264	3,131,065,721	2,960,574,206
Non-controlling interests					
		304,308,315	288,648,381	-	-
Total Shareholders' Equity					
		3,824,236,011	3,692,360,645	3,131,065,721	2,960,574,206
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		5,054,326,982	5,428,795,944	4,159,416,138	4,530,689,493



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## STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT

	Notes	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Sales		4,949,629,817	5,252,771,773	4,063,842,449	4,507,575,357
Cost of sales		3,798,717,541	3,987,913,566	3,109,227,217	3,422,832,885
Gross profit		1,150,912,276	1,264,858,207	954,615,232	1,084,742,472
Other incomes					
Dividend income		34,195,274	30,282,070	176,639,546	113,943,428
Gain on disposal of investments		39,364,693	36,000	39,364,693	36,000
Gain on exchange rates		-	29,099,445	-	27,777,250
Others		91,942,694	67,434,368	86,793,441	65,060,579
Total other incomes		165,502,661	126,851,883	302,797,680	206,817,257
Profit before expenses		1,316,414,937	1,391,710,090	1,257,412,912	1,291,559,729
Selling expenses		140,229,299	117,694,685	97,615,859	78,824,117
Administrative expenses		878,666,926	918,376,847	770,870,405	815,850,941
Loss on exchange rates		13,413,969	-	13,057,259	-
(Reversal) loss on diminution of investment in related companies and other companies		(962,037)	11,252,734	(1,378,037)	10,696,734
Directors' remuneration		14,140,000	9,140,000	12,500,000	9,000,000
Finance costs		12,472,514	17,359,083	10,705,397	15,849,465
Total expenses		1,057,960,671	1,073,823,349	903,370,883	930,221,257
Share of profit from investments in associates	10	66,748,012	46,124,191	-	-
Profit before income tax expenses		325,202,278	364,010,932	354,042,029	361,338,472
Income tax expenses	4.13 and 22	31,505,872	49,540,597	29,058,131	45,494,602
Profit for the years		293,696,406	314,470,335	324,983,898	315,843,870
Profit attributable to					
Equity holders of the parent		274,436,423	305,222,248	324,983,898	315,843,870
Non-controlling interests		19,259,983	9,248,087	-	-
		293,696,406	314,470,335	324,983,898	315,843,870
Earnings per share to equity holders of the parent					
Basic earnings per share	4.14	1.83	2.04	2.17	2.11

Issued and paid-up 149,930,828 common stocks

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## S &amp; J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT

	Note	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Profit for the years		293,696,406	314,470,335	324,983,898	315,843,870
Other comprehensive income :					
Components of other comprehensive income that will be reclassified to profit or loss :					
Translation of financial statement differences		(4,336,581)	(4,150,510)	-	-
Gain from the remeasuring of investments in available-for-sale securities		43,750,762	51,504,806	43,750,762	51,504,806
Components of income tax		(8,750,152)	(10,300,962)	(8,750,152)	(10,300,962)
Gain from the remeasuring of investments in available-for-sale securities-net of tax		35,000,610	41,203,844	35,000,610	41,203,844
Reversal on gain from the remeasuring of investments in available-for-sale securities from disposal		(11,970,000)	-	(11,970,000)	-
Components of income tax		2,394,000	-	2,394,000	-
Reversal on gain from the remeasuring of investments in available-for-sale securities-net of tax		(9,576,000)	-	(9,576,000)	-
Total gain from the remeasuring of investments in available-for-sale securities-net of tax		25,424,610	41,203,844	25,424,610	41,203,844
Components of other comprehensive income that will not be reclassified to profit or loss :					
Actuarial gain from employee benefit plan	21	-	11,794,616	-	9,207,055
Components of income tax		-	(2,358,923)	-	(1,841,411)
Actuarial gain from employee benefit plan-net of tax		-	9,435,693	-	7,365,644
Actuarial gain from employee benefit plan of associate-net of tax		607,973	-	-	-
Total other comprehensive income for the years		21,696,002	46,489,027	25,424,610	48,569,488
Total comprehensive income for the years		315,392,408	360,959,362	350,408,508	364,413,358
Total comprehensive income attributable to					
Equity holders of the parent		296,132,425	350,676,251	350,408,508	364,413,358
Non-controlling interests		19,259,983	10,283,111	-	-
		315,392,408	360,959,362	350,408,508	364,413,358



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

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**S & J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

CONSOLIDATED										BAHT
Notes	Shareholders' equity of the parent									Total shareholders' equity
	Issued and paid-up share capital	Premium on common stocks	Retained earnings		Other components of the shareholders' equity			Total equity holders of the parent	Non-controlling interests	
			Appropriated Legal reserve	Unappropriated	Other comprehensive income		Total other components of the shareholders' equity			
					Translation of financial statement differences	Investments in available-for-sale securities				
<b>Year 2016</b>										
Beginning balances, January 1, 2016	149,930,828	724,763,392	20,000,000	1,725,766,572	3,669,091	578,836,958	582,506,049	3,202,966,841	278,365,356	3,481,332,197
Comprehensive income for the year 2016 :-										
Total comprehensive income for the year				305,222,248	(4,150,510)	41,203,844	37,053,334	342,275,582	9,248,087	351,523,669
Adjustment of actuarial gain from employee benefit plan				8,400,669				8,400,669	1,035,024	9,435,693
Total comprehensive income for the year 2016				313,622,917	(4,150,510)	41,203,844	37,053,334	350,676,251	10,283,111	360,959,362
Dividend payment	24			(149,930,828)				(149,930,828)		(149,930,828)
Subsidiary's dividend paid to non-controlling interests									(86)	(86)
Ending balances, December 31, 2016	149,930,828	724,763,392	20,000,000	1,889,458,661	(481,419)	620,040,802	619,559,383	3,403,712,264	288,648,381	3,692,360,645
<b>Year 2017</b>										
Beginning balances, January 1, 2017	149,930,828	724,763,392	20,000,000	1,889,458,661	(481,419)	620,040,802	619,559,383	3,403,712,264	288,648,381	3,692,360,645
Comprehensive income for the year 2017 :-										
Total comprehensive income for the year				274,436,423	(4,336,581)	25,424,610	21,088,029	295,524,452	19,259,983	314,784,435
Adjustment of actuarial gain from employee benefit plan of associate				607,973				607,973		607,973
Total comprehensive income for the year 2017				275,044,396	(4,336,581)	25,424,610	21,088,029	296,132,425	19,259,983	315,392,408
Non-controlling interests increase during the year									23	23
Dividend payment	24			(179,916,993)				(179,916,993)		(179,916,993)
Subsidiary's dividend paid to non-controlling interests									(3,600,072)	(3,600,072)
Ending balances, December 31, 2017	149,930,828	724,763,392	20,000,000	1,984,586,064	(4,818,000)	645,465,412	640,647,412	3,519,927,696	304,308,315	3,824,236,011

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

**S & J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**THE SEPARATE FINANCIAL STATEMENTS**

**BAHT**

	Notes	Issued and paid-up share capital	Premium on common stocks	Retained earnings		Other components of the shareholders' equity	Total shareholders' equity
				Appropriated  Legal reserve	Unappropriated	Other comprehensive income Investments in available-for-sale securities	
<b>Year 2016</b>							
Beginning balances, January 1, 2016		149,930,828	724,763,392	20,000,000	1,272,560,498	578,836,958	2,746,091,676
Comprehensive income for the year 2016 :-							
Total comprehensive income for the year					315,843,870	41,203,844	357,047,714
Adjustment of actuarial gain from employee benefit plan					7,365,644		7,365,644
Total comprehensive income for the year 2016					323,209,514	41,203,844	364,413,358
Dividend payment	24				(149,930,828)		(149,930,828)
Ending balances, December 31, 2016		149,930,828	724,763,392	20,000,000	1,445,839,184	620,040,802	2,960,574,206
<b>Year 2017</b>							
Beginning balances, January 1, 2017		149,930,828	724,763,392	20,000,000	1,445,839,184	620,040,802	2,960,574,206
Comprehensive income for the year 2017					324,983,898	25,424,610	350,408,508
Dividend payment	24				(179,916,993)		(179,916,993)
Ending balances, December 31, 2017		149,930,828	724,763,392	20,000,000	1,590,906,089	645,465,412	3,131,065,721

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



S & J INTERNATIONAL  
ENTERPRISES PUBLIC  
COMPANY LIMITED

## S &amp; J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (1/3)

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT

## CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Profit before income tax expenses	325,202,278	364,010,932	354,042,029	361,338,472
Adjustment to reconcile profit before income tax expenses to cash provided from (used in) operation :				
Bad debts - trade accounts receivable	264,684	655,808	-	4,521
Bad debts - other current assets	-	246,756	-	-
Bad debts - other non-current assets	-	891,320	-	-
Decrease in doubtful debts - trade accounts receivable	(257,880)	(1,888,480)	(100,000)	(63,340)
Decrease in doubtful debts - other current assets	-	(246,756)	-	-
Decrease in doubtful debts - other non-current assets	-	(891,320)	-	-
Increase (decrease) in provision for diminution in inventories	(35,952,392)	52,389,914	(36,925,908)	51,051,047
Loss on destruction of inventories	81,307,800	90,345,669	79,780,277	89,192,172
Depreciation	251,512,160	283,476,351	162,136,290	194,864,356
Amortization of intangible assets	6,698,343	6,494,580	5,440,966	5,032,545
Amortization of leasehold right	760,308	771,530	-	-
Finance costs	12,472,514	17,359,083	10,705,397	15,849,465
Amortization of unearned rental	(15,047)	(15,047)	(15,047)	(15,047)
Increase (decrease) in provision for diminution of investments in related companies and other companies	(962,037)	11,252,734	(1,378,037)	10,696,734
Gain on disposal of investments in available-for-sale securities and related companies	(39,364,693)	(36,000)	(39,364,693)	(36,000)
Dividend income from investments in associates	-	-	(135,899,524)	(80,999,585)
Dividend income from investments in subsidiaries	-	-	(6,544,748)	(2,661,773)
Dividend income from investments in available-for-sale securities and other companies	(34,195,274)	(30,282,070)	(34,195,274)	(30,282,070)
Gain on disposal investments property	(1,091,505)	-	(1,091,505)	-
(Gain) loss on disposal and unused equipment	(3,974,148)	875,324	(3,656,694)	(1,189,352)
Amortization of assets under construction and installation to expenses	63,977	88,336	63,977	88,336
Unrealized gain on forward exchange contracts	(965,870)	(566,406)	(970,159)	(571,915)
Unrealized (gain) loss on exchange rates	2,024,881	(5,867,520)	2,010,342	(5,939,744)
Interest income	(475,133)	(509,912)	(341,426)	(314,015)
Write-off of prepaid income tax	70,518	-	-	-
Long-term employee benefits expenses	28,236,761	25,380,645	22,940,312	19,882,054
Share of profit from investments in associates	(66,748,012)	(46,124,191)	-	-
Profit from operation before changes in operating assets and liabilities items	524,612,233	767,811,280	376,636,575	625,926,861



S & J INTERNATIONAL  
ENTERPRISES PUBLIC  
COMPANY LIMITED

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

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## S &amp; J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (2/3)

FOR THE YEAR ENDED DECEMBER 31, 2017

	BAHT			
	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS				
Trade accounts receivable	134,809,923	(160,667,542)	191,216,961	(153,658,097)
Other receivables	(32,445,620)	8,404,195	12,914,228	6,600,712
Inventories	60,260,176	(53,604,746)	56,944,196	(70,268,284)
Other current assets	(37,457,766)	29,670,557	(36,550,487)	20,330,874
Other non-current assets	(274,949)	448,487	(281,800)	231,428
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS				
Trade accounts payable	(38,410,257)	14,714,546	(58,283,248)	25,282,213
Other accounts payable	(72,636,707)	50,326,659	(80,748,833)	41,552,376
Other current liabilities	(476,030)	114,511	(370,770)	550,405
Provision for long-term employee benefits	(15,980,408)	(3,676,094)	(13,059,743)	(3,284,647)
Other non-current liabilities	(3,934)	(2,458)	(3,934)	7,673
Cash provided from operation	521,996,661	653,539,395	448,413,145	493,271,514
Interest expenses paid	(12,706,343)	(17,592,363)	(10,955,350)	(15,995,593)
Income tax expenses paid	(38,864,142)	(64,424,262)	(35,384,775)	(59,464,418)
Translation of financial statement differences	(3,889,014)	(3,698,801)	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	466,537,162	567,823,969	402,073,020	417,811,503
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in fixed deposit at bank	-	2,000,000	-	-
(Increase) decrease in certificate of deposits	13,500,000	(20,000,000)	15,000,000	(15,000,000)
Increase in short-term loans to subsidiary	-	-	(4,000,000)	-
Purchase of investments in available-for-sale securities and related company	(4,200,000)	(27,486,047)	(4,200,000)	(27,486,047)
Purchase of investments in associate	-	(12,460,890)	-	(12,460,890)
Payment for share subscription of associate	(2,813,125)	-	(2,813,125)	-
Payment for share subscription of subsidiary	-	-	(7,499,977)	-
Purchase of investments in convertible debentures	(19,456,000)	-	(19,456,000)	-
Interest income	505,747	481,134	370,820	283,501
Purchase of property, plant and equipment	(157,749,478)	(275,537,836)	(60,102,493)	(123,081,956)
Increase in leasehold right	-	(2,082,211)	-	-
Purchase of intangible assets	(3,051,377)	(2,565,540)	(2,192,270)	(2,428,540)
Proceeds from disposal of investments in available-for-sale securities	59,644,693	-	59,644,693	-
Proceeds from disposal of investments in related company and other company	-	996,000	-	996,000
Proceeds from capital decrease of investments in related companies and other companies	672,000	960,000	672,000	960,000
Proceeds from disposal of investments property	3,953,873	-	3,953,873	-
Proceeds from disposal of equipment	5,324,525	3,465,517	4,997,879	1,561,934

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

**S & J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (3/3)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**BAHT**

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Dividend income from investments in associates	135,899,524	80,999,585	135,899,524	80,999,585
Dividend income from investments in subsidiaries	-	-	6,544,748	2,661,773
Dividend income from investments in available-for-sale securities and other companies	34,195,274	30,282,070	34,195,274	30,282,070
Increase in long-term loans to other company	(17,540,000)	-	(17,540,000)	-
<b>NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES</b>	<b>48,885,656</b>	<b>(220,948,218)</b>	<b>143,474,946</b>	<b>(62,712,570)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in bank overdrafts and short-term borrowings from financial institutions	(410,446,875)	(169,250,584)	(414,227,033)	(167,863,743)
Proceeds from capital increase in non-controlling interests	23	-	-	-
Subsidiary's dividend paid to non-controlling interests	(3,600,072)	(86)	-	-
Dividend payment	(179,916,993)	(149,930,828)	(179,916,993)	(149,930,828)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(593,963,917)</b>	<b>(319,181,498)</b>	<b>(594,144,026)</b>	<b>(317,794,571)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(78,541,099)</b>	<b>27,694,253</b>	<b>(48,596,060)</b>	<b>37,304,362</b>
<b>CASH AND CASH EQUIVALENTS AS AT JANUARY 1,</b>	<b>120,676,907</b>	<b>92,982,654</b>	<b>53,886,741</b>	<b>16,582,379</b>
<b>CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,</b>	<b>42,135,808</b>	<b>120,676,907</b>	<b>5,290,681</b>	<b>53,886,741</b>
<b>ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS :</b>				
<b>NON-CASH FLOWS ITEMS COMPRISE :</b>				
Increase in equipment from asset payable	4,540,192	3,042,912	2,169,627	2,344,642
Gain from the remeasuring of investments in available-for-sale securities	43,750,762	51,504,806	43,750,762	51,504,806
Reversal on gain from the remeasuring of investments in available-for-sale securities	(11,970,000)	-	(11,970,000)	-
Decrease investments in associate due to translation of financial statements differences on exchange rate	(447,567)	(451,709)	-	-
Transferred other current assets to other non-current assets	(1,702,950)	(46,926)	-	-
Transferred investments in other companies to investments in related companies :-				
- Cost	(11,739,970)	(41,657,670)	(11,739,970)	(33,257,670)
- Allowance for loss on capital decrease	-	1,040,625	-	1,040,625
- Provision for diminution in investments	2,747,184	14,447,702	2,747,184	10,699,702
Effect of adjustment of actuarial estimates from employee benefit plan :-				
- Increase in deferred tax liabilities	-	(2,358,923)	-	(1,841,411)
- Decrease in provision for long-term employee benefits	-	11,794,616	-	9,207,055
- Increase in retained earnings	-	(8,400,669)	-	(7,365,644)
- Increase in non-controlling interests	-	(1,035,024)	-	-
Effect of adjustment of actuarial estimates from employee benefit plan of associate :-				
- Increase in investments in associate	607,973	-	-	-
- Increase in retained earnings	(607,973)	-	-	-

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

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

## 1. GENERAL INFORMATION

1.1 Legal status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
1.2 Company location	
- Head office/factory	600/4 Moo 11, Sukapiban Road 8, Tambol Nhongkharm Amphur Sriracha, Chonburi, Thailand.
- Branch	2 Naradhiwas Rajanakarindra Road, Kwaeng Tungwatdon, Khet Sathorn, Bangkok, Thailand.
- Branch	662/4-6 Moo 11, Sukapiban Road 8, Tambol Nhongkharm, Amphur Sriracha, Chonburi, Thailand.
- Branch	19/43 Moo 7 Bangna-Trad Km. 17, Tambol Bangchlong, Amphur Bangplee, Samut Prakan , Thailand.
- Branch	679 Moo 11, Tambol Nhongkharm, Amphur Sriracha, Chonburi, Thailand.
- Branch	789/159 Moo 1, Sainongkho-Laemchabang Rd., Tambol Nongkham, Amphur Sriracha, Chonburi, Thailand.
1.3 Type of business	(1) Manufacturing all type of cosmetics.  (2) Investing in its associates and subsidiaries which carry on business according to Notes 10 and 11 to the financial statements, respectively.

## 2. BASIS FOR FINANCIAL STATEMENT PRESENTATION

2.1 The consolidated and the separate financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), and the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission. Except the financial statements of subsidiaries, S & J International (UK) Limited



are prepared in accordance with the accounting standards of England and the financial statements of Guangzhou S & J Cosmetics Company Limited, the financial statements of 4WD Vision (HK) Limited, are prepared in accordance with the accounting standards of the People Republic of China. And the financial statements of associate, Atika Beauty Manufacturing Sdn. Bhd. are prepared in accordance with the accounting standards of Malaysia. In preparation of the consolidated financial statements, they are adjusted to be under the same accounting policies as parent company.

- 2.2 These consolidated financial statements included the financial statements of S & J International Enterprises Public Company Limited with its subsidiaries and the equity in associates as follows:

#### SUBSIDIARIES

COMPANIES	% HOLDING		ESTABLISHED IN
	2017	2016	
<u>SUBSIDIARIES DIRECTLY HELD BY THE COMPANY</u>			
E F Co., Ltd.	99.99	99.99	Thailand
Top Trend Manufacturing Co., Ltd.	50.00	50.00	Thailand
Wildlives (Thailand) Co., Ltd.	99.99	99.99	Thailand
4WD Vision Co., Ltd.	99.99	99.99	Thailand
SAAS Co., Ltd.	99.99	99.99	Thailand
S & J International (UK) Limited	100.00	100.00	England
<u>SUBSIDIARIES HELD BY</u>			
<u>S&amp;J INTERNATIONAL (UK) LIMITED</u>			
Guangzhou S & J Cosmetics Company Limited	100.00	100.00	China
4WD Vision (HK) Limited	100.00	100.00	China


#### ASSOCIATES

COMPANIES	% HOLDING		ESTABLISHED IN
	2017	2016	
Yamahatsu (Thailand) Co., Ltd.	30.00	30.00	Thailand
Operational Energy Group Limited	30.00	30.00	Thailand
Osoth Interlaboratories Co., Ltd.	33.19	33.19	Thailand
Atika Beauty Manufacturing Sdn. Bhd.	35.00	35.00	Malaysia

- 2.3 Inter-company balances and significant transactions of the Company and its subsidiaries have been eliminated in the consolidation.
- 2.4 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
3. The accounting standards that became effective in the current accounting year are as follows:

**Thai Accounting Standards (TAS)**

- |                            |                                                                          |
|----------------------------|--------------------------------------------------------------------------|
| 1. TAS 1 (revised 2016)    | Presentation of Financial Statements                                     |
| 2. TAS 2 (revised 2016)    | Inventories                                                              |
| 3. TAS 7 (revised 2016)    | Statement of Cash Flows                                                  |
| 4. TAS 8 (revised 2016)    | Accounting Policies, Changes in Accounting Estimates and Errors          |
| 5. TAS 10 (revised 2016)   | Events After the Reporting Period                                        |
| 6. TAS 11 (revised 2016)   | Construction Contracts                                                   |
| 7. TAS 12 (revised 2016)   | Income Taxes                                                             |
| 8. TAS 16 (revised 2016)   | Property, Plant and Equipment                                            |
| 9. TAS 17 (revised 2016)   | Leases                                                                   |
| 10. TAS 18 (revised 2016)  | Revenue                                                                  |
| 11. TAS 19 (revised 2016)  | Employee Benefits                                                        |
| 12. TAS 20 (revised 2016)  | Accounting for Government Grants and Disclosure of Government Assistance |
| 13. TAS 21 (revised 2016)  | The Effects of Changes in Foreign Exchange Rates                         |
| 14. TAS 23 (revised 2016)  | Borrowing Costs                                                          |
| 15. TAS 24 (revised 2016)  | Related Party Disclosures                                                |
| 16. TAS 26 (revised 2016)  | Accounting and Reporting by Retirement Benefit Plans                     |
| 17. TAS 27 (revised 2016)  | Separate Financial Statements                                            |
| 18. TAS 28 (revised 2016)  | Investments in Associates and Joint Ventures                             |
| 19. TAS 29 (revised 2016)  | Financial Reporting in Hyperinflationary Economies                       |
| 20. TAS 33 (revised 2016)  | Earnings Per Share                                                       |
| 21. TAS 34 (revised 2016)  | Interim Financial Reporting                                              |
| 22. TAS 36 (revised 2016)  | Impairment of Assets                                                     |
| 23. TAS 37 (revised 2016)  | Provisions, Contingent Liabilities and Contingent Assets                 |
| 24. TAS 38 (revised 2016)  | Intangible Assets                                                        |
| 25. TAS 40 (revised 2016)  | Investment Property                                                      |
| 26. TAS 41 (revised 2016)  | Agriculture                                                              |
| 27. TAS 104 (revised 2016) | Accounting for Troubled Debt Restructuring                               |

  
 S & J INTERNATIONAL  
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 COMPANY LIMITED

- |                            |                                                          |
|----------------------------|----------------------------------------------------------|
| 28. TAS 105 (revised 2016) | Accounting for Investments in Debt and Equity Securities |
| 29. TAS 107 (revised 2016) | Financial Instruments Disclosure and Presentation        |

### **Thai Financial Reporting Standards (TFRS)**

- |                            |                                                              |
|----------------------------|--------------------------------------------------------------|
| 30. TFRS 2 (revised 2016)  | Share-based Payment                                          |
| 31. TFRS 3 (revised 2016)  | Business Combinations                                        |
| 32. TFRS 4 (revised 2016)  | Insurance Contracts                                          |
| 33. TFRS 5 (revised 2016)  | Non-current Assets Held for Sale and Discontinued Operations |
| 34. TFRS 6 (revised 2016)  | Exploration for and Evaluation of Mineral Resources          |
| 35. TFRS 8 (revised 2016)  | Operating Segments                                           |
| 36. TFRS 10 (revised 2016) | Consolidated Financial Statements                            |
| 37. TFRS 11 (revised 2016) | Joint Arrangements                                           |
| 38. TFRS 12 (revised 2016) | Disclosure of Interests in Other Entities                    |
| 39. TFRS 13 (revised 2016) | Fair Value Measurement                                       |

### **Thai Accounting Standard Interpretations (TSIC)**

- |                            |                                                                              |
|----------------------------|------------------------------------------------------------------------------|
| 40. TSIC 10 (revised 2016) | Government Assistance - No Specific Relation to Operating Activities         |
| 41. TSIC 15 (revised 2016) | Operating Leases - Incentives                                                |
| 42. TSIC 25 (revised 2016) | Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders    |
| 43. TSIC 27 (revised 2016) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| 44. TSIC 29 (revised 2016) | Service Concession Arrangements: Disclosure                                  |
| 45. TSIC 31 (revised 2016) | Revenue - Barter Transactions Involving Advertising Services                 |
| 46. TSIC 32 (revised 2016) | Intangible Assets - Web Site Costs                                           |

### **Thai Financial Reporting Standard Interpretations (TFRIC)**

- |                             |                                                                                                                  |
|-----------------------------|------------------------------------------------------------------------------------------------------------------|
| 47. TFRIC 1 (revised 2016)  | Changes in Existing Decommissioning, Restoration and Similar Liabilities                                         |
| 48. TFRIC 4 (revised 2016)  | Determining Whether an Arrangement Contains a Lease                                                              |
| 49. TFRIC 5 (revised 2016)  | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds             |
| 50. TFRIC 7 (revised 2016)  | Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies |
| 51. TFRIC 10 (revised 2016) | Interim Financial Reporting and Impairment                                                                       |
| 52. TFRIC 12 (revised 2016) | Service Concession Arrangements                                                                                  |
| 53. TFRIC 13 (revised 2016) | Customer Loyalty Programmes                                                                                      |

- |                             |                                                                                                                  |
|-----------------------------|------------------------------------------------------------------------------------------------------------------|
| 54. TFRIC 14 (revised 2016) | TAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 55. TFRIC 15 (revised 2016) | Agreements for the Construction of Real Estate                                                                   |
| 56. TFRIC 17 (revised 2016) | Distributions of Non-cash Assets to Owners                                                                       |
| 57. TFRIC 18 (revised 2016) | Transfers of Assets from Customers                                                                               |
| 58. TFRIC 20 (revised 2016) | Stripping Costs in the Production Phase of a Surface Mine                                                        |
| 59. TFRIC 21 (revised 2016) | Levies                                                                                                           |

These accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations do not have any significant impact on the financial statements.

**The Federation of Accounting Professions has issued the new accounting standards but not yet effective.**

Effective for fiscal years beginning on or after January 1, 2018 are as follows:

#### **Thai Accounting Standards (TAS)**

- |                           |                                                                          |
|---------------------------|--------------------------------------------------------------------------|
| 1. TAS 1 (revised 2017)   | Presentation of Financial Statements                                     |
| 2. TAS 2 (revised 2017)   | Inventories                                                              |
| 3. TAS 7 (revised 2017)   | Statement of Cash Flows                                                  |
| 4. TAS 8 (revised 2017)   | Accounting Policies, Changes in Accounting Estimates and Errors          |
| 5. TAS 10 (revised 2017)  | Events After the Reporting Period                                        |
| 6. TAS 11 (revised 2017)  | Construction Contracts                                                   |
| 7. TAS 12 (revised 2017)  | Income Taxes                                                             |
| 8. TAS 16 (revised 2017)  | Property, Plant and Equipment                                            |
| 9. TAS 17 (revised 2017)  | Leases                                                                   |
| 10. TAS 18 (revised 2017) | Revenue                                                                  |
| 11. TAS 19 (revised 2017) | Employee Benefits                                                        |
| 12. TAS 20 (revised 2017) | Accounting for Government Grants and Disclosure of Government Assistance |
| 13. TAS 21 (revised 2017) | The Effects of Changes in Foreign Exchange Rates                         |
| 14. TAS 23 (revised 2017) | Borrowing Costs                                                          |
| 15. TAS 24 (revised 2017) | Related Party Disclosures                                                |
| 16. TAS 26 (revised 2017) | Accounting and Reporting by Retirement Benefit Plans                     |
| 17. TAS 27 (revised 2017) | Separate Financial Statements                                            |
| 18. TAS 28 (revised 2017) | Investments in Associates and Joint Ventures                             |
| 19. TAS 29 (revised 2017) | Financial Reporting in Hyperinflationary Economies                       |

- |                           |                                                          |
|---------------------------|----------------------------------------------------------|
| 20. TAS 33 (revised 2017) | Earnings Per Share                                       |
| 21. TAS 34 (revised 2017) | Interim Financial Reporting                              |
| 22. TAS 36 (revised 2017) | Impairment of Assets                                     |
| 23. TAS 37 (revised 2017) | Provisions, Contingent Liabilities and Contingent Assets |
| 24. TAS 38 (revised 2017) | Intangible Assets                                        |
| 25. TAS 40 (revised 2017) | Investment Property                                      |
| 26. TAS 41 (revised 2017) | Agriculture                                              |

### **Thai Financial Reporting Standards (TFRS)**

- |                            |                                                              |
|----------------------------|--------------------------------------------------------------|
| 27. TFRS 2 (revised 2017)  | Share-based Payment                                          |
| 28. TFRS 3 (revised 2017)  | Business Combinations                                        |
| 29. TFRS 4 (revised 2017)  | Insurance Contracts                                          |
| 30. TFRS 5 (revised 2017)  | Non-current Assets Held for Sale and Discontinued Operations |
| 31. TFRS 6 (revised 2017)  | Exploration for and Evaluation of Mineral Resources          |
| 32. TFRS 8 (revised 2017)  | Operating Segments                                           |
| 33. TFRS 10 (revised 2017) | Consolidated Financial Statements                            |
| 34. TFRS 11 (revised 2017) | Joint Arrangements                                           |
| 35. TFRS 12 (revised 2017) | Disclosure of Interests in Other Entities                    |
| 36. TFRS 13 (revised 2017) | Fair Value Measurement                                       |

### **Thai Accounting Standard Interpretations (TSIC)**

- |                            |                                                                              |
|----------------------------|------------------------------------------------------------------------------|
| 37. TSIC 10 (revised 2017) | Government Assistance - No Specific Relation to Operating Activities         |
| 38. TSIC 15 (revised 2017) | Operating Leases - Incentives                                                |
| 39. TSIC 25 (revised 2017) | Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders    |
| 40. TSIC 27 (revised 2017) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| 41. TSIC 29 (revised 2017) | Service Concession Arrangements: Disclosure                                  |
| 42. TSIC 31 (revised 2017) | Revenue - Barter Transactions Involving Advertising Services                 |
| 43. TSIC 32 (revised 2017) | Intangible Assets - Web Site Costs                                           |

### **Thai Financial Reporting Standard Interpretations (TFRIC)**

- |                            |                                                                                                      |
|----------------------------|------------------------------------------------------------------------------------------------------|
| 44. TFRIC 1 (revised 2017) | Changes in Existing Decommissioning, Restoration and Similar Liabilities                             |
| 45. TFRIC 4 (revised 2017) | Determining Whether an Arrangement Contains a Lease                                                  |
| 46. TFRIC 5 (revised 2017) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |

- |                             |                                                                                                                     |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------|
| 47. TFRIC 7 (revised 2017)  | Applying the Restatement Approach under TAS 29 (revised 2017)<br>Financial Reporting in Hyperinflationary Economies |
| 48. TFRIC 10 (revised 2017) | Interim Financial Reporting and Impairment                                                                          |
| 49. TFRIC 12 (revised 2017) | Service Concession Arrangements                                                                                     |
| 50. TFRIC 13 (revised 2017) | Customer Loyalty Programmes                                                                                         |
| 51. TFRIC 14 (revised 2017) | TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset,<br>Minimum Funding Requirements and Their Interaction |
| 52. TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate                                                                      |
| 53. TFRIC 17 (revised 2017) | Distributions of Non-cash Assets to Owners                                                                          |
| 54. TFRIC 18 (revised 2017) | Transfers of Assets from Customers                                                                                  |
| 55. TFRIC 20 (revised 2017) | Stripping Costs in the Production Phase of a Surface Mine                                                           |
| 56. TFRIC 21 (revised 2017) | Levies                                                                                                              |

Management of group companies is evaluating the impact of such accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations on the financial statements in the year when they are adopted.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Revenues and expenses recognition

The Company recognized revenues and expenses from the following bases :

- |                               |                                                                                                                              |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Sales                         | - Recognized as revenues whenever goods are delivered, the significant risks and rewards have been transferred to the buyer. |
| Sales of goods on consignment | - Recognized as revenues whenever the consignment goods are sold to the third parties.                                       |
| Dividend income               | - Recognized when the shareholder's right to receive is established.                                                         |
| Rental income                 | - Recognized over the lease period.                                                                                          |
| Other income                  | - Recognized on the accrual basis.                                                                                           |
| Interest income               | - Recognized on the accrual basis based on effective interest rate.                                                          |
| Expenses                      | - Recognized on the accrual basis.                                                                                           |

#### 4.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand, fixed deposits at financial institutions due not more than 3 months from the date of acquisition with no obligation.

#### 4.3 Allowance for doubtful accounts

The Company and subsidiaries provide allowance for doubtful accounts for the estimated losses that may be incurred from the uncollected accounts receivable based on past experience in debt collection.

#### 4.4 Inventories

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the weighted average method.

The Company set up provision for diminution in value of obsolete, deteriorated inventories which are expected to be unsalable by considering the current condition of inventories.

#### 4.5 Investments

Investments in available-for-sale securities are investments in listed securities stated at fair value with the objective for long-term investments. The Company recognized its revaluation in available-for-sale securities as separate item in other comprehensive income, under the caption "gain (loss) from the remeasuring of investment available-for-sale securities".

The Company calculated cost of the disposed securities during the years by the weighted average method.

Associates mean those companies in which the parent in the group companies has shareholding from 20% to 50% of the total voting rights or has significant influence over the associates, that is the parent in the group companies has power to participate in determining relating to the financial and operating policies of the enterprise but not up to the level of governing such policies. Investments in associates are stated by equity method for consolidation and cost method for the separate financial statements.

Subsidiaries mean those companies in which the parent in the group companies, directly or indirectly, has power more than one half of the total voting rights or power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries in the separate financial statements are stated at cost after deduction of provision for diminution in investment.

Investments in related companies mean those companies in which the group companies have its shareholding less than 20% and/or the companies which directly or indirectly have some common management, major shareholders or such related persons. Investments in related companies are stated at cost after deduction of provision for diminution in investment.

Investments in other companies mean those companies in which the group companies have shareholding but have no power to govern or participate in setting up any policy. Investments in other companies are stated at cost after deduction of provision for diminution in investment.

Investments in convertible debentures are stated at cost after deduction of provision for diminution in investments, if any.

#### 4.6 Investments property

Investments properties mean properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose.

Investments property include property and building at acquisition cost less accumulated depreciation. Depreciation of building is calculated by the straight-line method based on the estimated useful life of assets within 20 years.

#### 4.7 Property, plant and equipment

Property, plant and equipment are stated at cost. Plant and equipment are stated at acquisition cost less accumulated depreciation and provision on impairment of assets.

Depreciation is calculated by the straight-line method based on the estimated useful life of the following assets:

	<u>Years</u>
Building and improvement	20 - 25
Machineries	5 - 10
Office furniture, fixtures and equipment	5 - 10
Vehicles	5 - 8

Interest expenses incurred from loans obtained for building construction project are capitalized until such building is ready for use as intended.



Expenditures for additions, renewals or betterments which affected the significant increment in value of assets will be capitalized, considered as capital expenditures. Regarding repair and maintenance costs are recognized as expenses during the accounting periods when incurred.

#### 4.8 Leasehold right

Leasehold right is stated at acquisition cost less amortization by using the straight-line method over the leases period.

#### 4.9 Intangible assets

Computer softwares are stated at acquisition cost less amortization by using the straight-line method based on the estimated useful life of 10 years.

#### 4.10 Operating leases

Leases where most of substantial risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to expenses in the statements of income over the lease term.

#### 4.11 Employee benefits

##### Short-term employee benefits

The Company and its subsidiaries recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

##### Long-term employee benefits

##### Defined contribution plan

The Company and its subsidiaries provide a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the statements of income in the incurred period.

##### Defined benefit plan

The provision for employee retirement benefits is recognized as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at

the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

The Company provides other long-term benefits to the eligible employees in return for their service in the current and prior periods before one's retirement. In the financial statements, the obligations represent the present value of the other long-term employee benefits. The obligations are calculated on the same basis as the defined benefit plan.

#### 4.12 Deferred tax assets/liabilities

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or additional tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

As each statements of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

#### 4.13 Income tax expenses

Income tax expenses from profit/loss for the year consist of current income tax and deferred tax. Income tax expenses recognized in statement of income unless part of transaction recorded in shareholders' equity recorded directly to equity.

#### 4.14 Earnings per share

Basic earnings per share is calculated by dividing profit for the year with the number of common stocks held by outsiders by the weighted average method.

#### 4.15 Foreign currency transactions

Foreign currency transactions incurred during the years are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities on the statements of financial position date are converted to Baht at the rate of exchange in effect on that date.

Gains or losses on exchange rate fluctuation are credited or charged to operations during the years.

For preparation of the consolidated financial statements, the financial statements of the subsidiary denominated in foreign currencies are converted to Baht based on the following exchange rates:

- Assets and liabilities were translated by the average exchange rates at the end of the year.
- Shareholders' equity and depreciation were translated by the exchange rate in effect on the transaction dates.
- Revenues and expenses were translated by the average exchange rates for the year.

The translation of financial statement differences in foreign currencies was shown under other comprehensive income.

#### 4.16 Forward exchange contracts

Foreign currency transactions which are covered by forward exchange contract, the Company will record at fair value. Gains or losses on exchange rates are credited or charged to operations of each year.

#### 4.17 Significant accounting judgments and estimates

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use judgments on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, provision for diminution in value of inventories, provision for diminution in investment, allowance for depreciation of investments property, allowance for depreciation of plant and equipment, allowance for amortization of intangible assets, deferred tax assets or liabilities and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

## 5. CASH AND CASH EQUIVALENTS

BAHT

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Cash	657,394	605,347	450,000	450,000
Cash at Bank	37,302,434	114,939,512	4,220,812	50,144,698
Cheque on hand	4,175,980	5,132,048	619,869	3,292,043
Cash and cash equivalents	42,135,808	120,676,907	5,290,681	53,886,741

## 6. TRADE ACCOUNTS RECEIVABLE

BAHT

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
<b><u>Trade accounts receivable</u></b>				
<b><u>of related parties</u></b>				
Trade notes receivable	2,213,283	4,188,893	2,213,283	4,188,893
Trade accounts receivable				
Current	220,175,121	217,330,638	195,028,503	201,657,187
Overdue within 3 months	26,798,927	20,999,744	12,287,495	8,680,267
Overdue between 3 to 6 months	44,462	160,716	14,432	160,716
Overdue between 6 to 12 months	210,921	132,804	210,921	132,804
Overdue more than 12 months	387,782	476,687	184,731	62,008
Total	249,830,496	243,289,482	209,939,365	214,881,875
<b><u>Trade accounts receivable</u></b>				
<b><u>of other companies</u></b>				
Trade notes receivable	28,627,159	22,758,571	24,318,328	18,318,821
Trade accounts receivable				
Current	434,894,761	457,132,478	356,129,779	382,725,124
Overdue within 3 months	147,970,722	260,638,271	79,316,151	229,389,852
Overdue between 3 to 6 months	5,823,370	18,363,937	2,244,814	17,744,617
Overdue between 6 to 12 months	1,381,782	1,761,366	1,083,493	1,734,538
Overdue more than 12 months	13,343,995	13,669,337	13,189,791	13,317,253
Total	632,041,789	774,323,960	476,282,356	663,230,205
<u>Less</u> Allowance for doubtful accounts	(12,639,442)	(12,897,322)	(12,485,237)	(12,585,237)
Trade accounts receivable of other companies - net	619,402,347	761,426,638	463,797,119	650,644,968
Trade accounts receivable - net	869,232,843	1,004,716,120	673,736,484	865,526,843

## 7. SHORT-TERM LOANS TO SUBSIDIARY

BAHT


PARTICULARS	THE SEPARATE FINANCIAL STATEMENTS		INTEREST RATES (%) PER ANNUM	
	2017	2016	2017	2016
Wildlives (Thailand) Co., Ltd.				
Beginning balances	-	-		
Increase during the year	4,000,000	-		
Ending balances	4,000,000	-	3.00	-

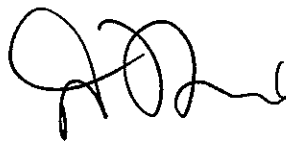
Short-term loans to subsidiary are unsecured loans.

## 8. INVENTORIES

BAHT

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Finished goods	207,217,629	284,876,899	169,338,891	251,403,856
Goods in process	117,270,035	132,963,367	66,008,793	60,975,681
Raw materials	186,440,267	187,740,154	135,383,652	148,219,350
Materials and goods in process in transit	30,324,321	39,910,180	28,386,510	37,912,766
Packagings	160,054,857	195,815,037	160,036,768	195,815,037
Consumed supplies	2,651,685	4,221,133	2,651,685	4,204,082
Total	703,958,794	845,526,770	561,806,299	698,530,772
<u>Less</u> Allowance for diminution in inventories	(19,165,781)	(55,118,173)	(14,152,228)	(51,078,136)
Inventories - net	684,793,013	790,408,597	547,654,071	647,452,636

  
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## 9. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

Investments in available-for-sale securities are listed securities on the stock exchange.

BAHT

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	% Holding		Investment Value		Dividends	
	2017	2016	2017	2016	2017	2016
<b>Related Companies</b>						
1. Boutique New City Plc.	0.02	0.02	124,000	124,000	1,500	-
2. Far East DDB Plc.	0.01	0.01	40,000	40,000	4,200	3,600
3. I.C.C. International Plc.	0.35	0.35	26,704,590	26,704,590	1,181,614	1,078,864
4. President Bakery Plc.	1.00	1.00	13,500,000	13,500,000	7,290,000	7,065,000
5. Sahacogen (Chonburi) Plc.	14.90	14.90	235,104,546	235,104,546	19,915,834	14,225,596
6. Saha Pathana Inter-Holding Plc.	0.28	0.49	28,455,037	48,735,037	1,081,389	793,019
7. Thai Wacoal Plc.	0.08	0.08	5,037,947	5,037,947	130,000	110,000
Total cost			308,966,120	329,246,120	29,604,537	23,276,079
<u>Add</u> Gain from the remeasuring of investments in available-for-sale securities			811,394,279	769,788,856		
Investments in available-for-sale securities - related companies - fair value			1,120,360,399	1,099,034,976		
<b>Other Companies</b>						
1. Nation Multimedia Group Plc.			21,796,170	21,796,170	-	594,441
2. Bangkok Bank Plc.			5,000,700	5,000,700	411,450	411,450
Total cost			26,796,870	26,796,870	411,450	1,005,891
<u>Add (Less)</u> Gain (loss) from the remeasuring of investments in available-for-sale securities			(4,562,514)	5,262,147		
Investments in available-for-sale securities - other companies - fair value			22,234,356	32,059,017		
<b>Investments in available-for-sale securities - fair value</b>			<b>1,142,594,755</b>	<b>1,131,093,993</b>	<b>30,015,987</b>	<b>24,281,970</b>



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RELATED COMPANIES	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID - UP SHARE CAPITAL	
			2017	2016
1. Boutique New City Plc.	Garment	Co-shareholders	120,000,000	120,000,000
2. Far East DDB Plc.	Advertising and agency	Shareholders / co-directors	75,000,000	75,000,000
3. I.C.C. International Plc.	Commerce	Shareholders / co-directors	290,633,730	290,633,730
4. President Bakery Plc.	Food	Co-shareholders	450,000,000	450,000,000
5. Sahacogen (Chonburi) Plc.	Generating and distributing electricity	Shareholders / co-directors	955,000,000	955,000,000
6. Saha Pathana Inter-Holding Plc.	Investment	Shareholders / co-directors	494,034,300	494,034,300
7. Thai Wacoal Plc.	Finished garment - products, ladies' lingerie	Co-shareholders	120,000,000	120,000,000

In December 2017, the Company has sold investment in Saha Pathana Inter Holding Plc. with acquisition cost of investment amount Baht 20,280,000. The Company obtained proceed from disposal amount of Baht 59,644,693 and recognized gain on disposal of investment amount of Baht 39,364,693 in statements of income.

In March 2016, the Company had additionally purchased investment in Saha Pathana Inter Holding Plc., amount of 1,235,086 shares, worth amount Baht 27,486,047.

#### 10. INVESTMENTS IN ASSOCIATES

BAHT

ASSOCIATES	% Holding		CONSOLIDATED (Equity Method)		THE SEPARATE FINANCIAL STATEMENTS (Cost Method)	
	2017	2016	2017	2016	2017	2016
Yamahatsu (Thailand) Co., Ltd.	30	30	48,922,281	76,125,096	5,999,950	5,999,950
Operational Energy Group Limited	30	30	82,533,933	128,416,107	13,150,567	13,150,567
Atika Beauty Manufacturing Sdn. Bhd.	35	35	11,317,022	11,685,617	15,274,015	12,460,890
Total			142,773,236	216,226,820	34,424,532	31,611,407
Osoth Interlaboratories Co., Ltd.	33.19	33.19	195,934,667	188,659,064	201,994,000	201,994,000
Less Allowance for loss on capital decrease			-	-	(2,850,000)	(2,850,000)
Provision for diminution in investments in associates			-	-	(19,950,000)	(19,950,000)
Investments in Osoth Interlaboratories Co., Ltd. - net			195,934,667	188,659,064	179,194,000	179,194,000
Investments in Associates - net			338,707,903	404,885,884	213,618,532	210,805,407

ASSOCIATES	TYPE OF BUSINESS	ISSUED AND PAID - UP SHARE CAPITAL		DIVIDENDS	
		2017	2016	2017	2016
Yamahatsu (Thailand) Co., Ltd.	Hair products	20,000,000	20,000,000	44,999,625	44,999,625
Operational Energy Group Limited	Servicing to operate the power plant	30,000,000	30,000,000	90,899,899	35,999,960
Osoth Interlaboratories Co., Ltd.	Medicine	600,000,000	600,000,000	-	-
Atika Beauty Manufacturing Sdn. Bhd.	Manufacturing and distribute cosmetic products	42,600,883 (MYR 5,000,000)	34,563,383 (MYR 4,000,000)	-	-
Total				135,899,524	80,999,585

In June 2017, the Company paid for shares subscription to Atika Beauty Manufacturing Sdn. Bhd., worth amount Baht 2,813,125 (As at amount Malaysian Ringgit 350,000), from called for shares subscription of common stocks that are not fully paid in the amount of 1,000,000 shares at Malaysian Ringgit 1 each, which the said associate has fully paid - up share capital amount of 5,000,000 shares at Malaysian Ringgit 1 each, existing paid - up share capital amount of 4,000,000 shares at Malaysian Ringgit 1 each.

In May 2016, the Company has invested in Atika Beauty Manufacturing Sdn. Bhd., which registered in Malaysia, amount of 1,400,000 common stocks shares at Malaysian Ringgit 1 each, worth amount Baht 12,460,890 (As at amount Malaysian Ringgit 1,400,000), in shareholding proportion of 35% from total authorized share capital amount of 5,000,000 shares at Malaysian Ringgit 1 each and paid - up amount of 4,000,000 shares at Malaysian Ringgit 1 each, with the objective of manufacturing and distribute cosmetics products.

The financial statements of associates which are applied for recording the investments in associates by the equity method for the years ended December 31, 2017 and 2016, based on the financial information audited by other certified public accountants.

The share of profit (loss) from investments for using the equity method which are recorded in the consolidated statements of income for the years ended December 31, 2017 and 2016, as follows :

SHARE OF PROFIT(LOSS) FROM INVESTMENTS FOR USING THE EQUITY METHOD FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED	
	2017	2016
Yamahatsu (Thailand) Co., Ltd.	17,796,810	8,952,536
Operational Energy Group Limited	45,017,725	39,976,563
Osoth Interlaboratories Co., Ltd.	6,667,630	(2,481,344)
Atika Beauty Manufacturing Sdn. Bhd.	(2,734,153)	(323,564)
Total	66,748,012	46,124,191



## Summarized financial information of associates

Financial information of the associates are summarized, as follow:

MILLION BAHT

Company's name	Total assets		Total liabilities		Total revenues		Profit (loss) for the years	
	2017	2016	2017	2016	2017	2016	2017	2016
Yamahatsu (Thailand) Co., Ltd.	439	571	276	318	1,088	1,052	59.32	29.84
Operational Energy Group Limited	422	562	146	132	642	623	150.06	133.26
Osoth Interlaboratories Co., Ltd.	625	562	108	68	437	409	20.09	(7.48)
Atika Beauty Manufacturing Sdn. Bhd.	34	34	3	1	2	-	(7.81)	(0.92)

## 11. INVESTMENTS IN SUBSIDIARIES

BAHT

SUBSIDIARIES	% Holding		THE SEPARATE FINANCIAL STATEMENTS (Cost Method)	
	2017	2016	2017	2016
E F Co., Ltd.	99.99	99.99	4,005,696	4,005,696
Top Trend Manufacturing Co., Ltd.	50.00	50.00	124,824,970	124,824,970
Wildlives (Thailand) Co., Ltd.	99.99	99.99	999,930	999,930
4WD Vision Co., Ltd.	99.99	99.99	9,999,970	2,499,993
SAAS Co., Ltd.	99.99	99.99	9,999,850	9,999,850
S&J International (UK) Limited	100.00	100.00	5,073,000 (GBP100,000)	5,073,000 (GBP100,000)
Total Investments in Subsidiaries			154,903,416	147,403,439



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SUBSIDIARIES	TYPE OF BUSINESS	ISSUED AND PAID - UP SHARE CAPITAL		DIVIDENDS	
		2017	2016	2017	2016
<b><u>SUBSIDIARIES DIRECTLY HELD BY THE COMPANY</u></b>					
E F Co., Ltd.	Consumer products	4,000,000	4,000,000	479,928	479,928
Top Trend Manufacturing Co., Ltd.	Plastic containers	120,000,000	120,000,000	3,600,000	-
Wildlives (Thailand) Co., Ltd.	Consumer products	1,000,000	1,000,000	-	199,986
4WD Vision Co., Ltd.	Import and export, buying and selling as trading such as chemicals, packaging products and cosmetic products	10,000,000	2,500,000	-	-
SAAS Co., Ltd.	Research and development of cosmetic formulations	10,000,000	10,000,000	-	-
S&J International (UK) Limited	Distributing cosmetic products, gift set and marketing service	5,073,000	5,073,000	2,464,820	1,981,859
<b><u>SUBSIDIARIES HELD BY S&amp;J International (UK) Limited</u></b>					
Guangzhou S&J Cosmetics Company Limited	Distributing materials and packaging	4,711,857	4,711,857	-	-
4WD Vision (HK) Limited	Distributing materials and packaging	5,372,068	5,372,068	-	-
Total				6,544,748	2,661,773

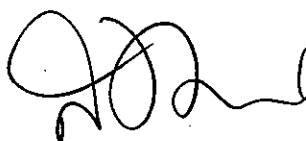
## TRANSACTIONS OF SUBSIDIARIES

### SUBSIDIARIES DIRECTLY HELD BY THE COMPANY

#### 4WD Vision Company Limited

4WD Vision Company Limited, a subsidiary of the Company, called for shares subscription of common stocks that are not fully paid, which the said subsidiary has an authorized share capital of Baht 10 million (divided 1 million shares at Baht 10 each) existing paid-up shares of Baht 2.50 each and called for additional shares subscription of Baht 7.50 each the amount of Baht 7.50 million. The Company paid for the additional shares subscription amount of Baht 7,499,977 in January 2017.

  
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## S & J International (UK) Limited and Subsidiaries held by S & J International (UK) Limited

The financial statements of subsidiaries in the foreign country were audited by other certified public accountants, and were used to prepare consolidated financial statements as at December 31, 2017 and 2016, by having financial information of the subsidiaries in the foreign country are summarized, as follow:

MILLION BAHT

Company's name	Total assets		Total revenues		Profit for the years	
	2017	2016	2017	2016	2017	2016
S&J International (UK) Limited	153.48	135.91	277.24	247.11	2.53	9.88
<u>Subsidiaries held by</u>						
<u>S &amp; J International (UK) Limited</u>						
Guangzhou S&J Cosmetics	4.54	3.65	6.27	7.65	1.11	1.82
Company Limited						
4WD Vision (HK) Limited	14.79	9.14	66.40	65.70	3.72	1.63



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## 12. INVESTMENTS IN RELATED COMPANIES

BAHT

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	% Holding		Investment Value		Dividends	
	2017	2016	2017	2016	2017	2016
1. General Glass Co., Ltd.	16.00	16.00	* 35,200,000	* 35,200,000	-	-
2. Thai Lotte Co., Ltd.	0.27	0.27	* 8,000,000	* 8,000,000	-	-
3. H & B Kabinburi Co., Ltd.	9.00	9.00	1,350,000	1,350,000	67,500	67,500
4. Thai Cubic Technology Co., Ltd.	5.00	5.00	2,000,000	2,000,000	200,000	200,000
5. Train Time Test Co., Ltd.	14.00	14.00	175,000	175,000	-	-
6. B.K.C. International Marketing Co., Ltd.	19.00	19.00	949,995	* 949,995	-	-
7. United Utility Co., Ltd.	5.71	5.71	20,598,600	20,598,600	1,000,000	2,000,000
8. Eastern Rubber Co., Ltd.	1.50	1.50	* 450,000	* 450,000	-	-
9. Advantage Footwear Co., Ltd.	0.38	0.38	1,387,500	* 1,387,500	34,687	-
10. Treasure Hill Co., Ltd.	2.00	2.00	* 4,000,000	* 4,000,000	-	-
11. Tipvarin Wattana Co., Ltd.	7.50	7.50	1,233,000	1,233,000	369,900	246,600
12. T-Way Co., Ltd.	12.00	12.00	* 19,207,500	* 19,207,500	-	-
13. K. Commercial & Construction Co., Ltd.	2.20	2.20	3,277,670	3,277,670	110,000	-
14. E. P. F. Co., Ltd.	18.00	18.00	702,000	702,000	1,134,000	936,000
15. Pan Land Co., Ltd.	1.00	1.00	* 3,000,000	* 3,000,000	-	-
16. American Food Co., Ltd.	3.00	-	4,200,000	-	-	-
Transferred from Investments in Other Companies						
17. Sahapat Properties Co., Ltd.	2.50	-	500,000	-	20,000	-
18. Thanara Co., Ltd.	0.83	-	750,000	-	-	-
19. Thai Herbal Products Co., Ltd.	1.50	-	1,200,000	-	43,200	-
20. Saha Sehwa Co., Ltd.	3.48	-	* 5,049,970	-	-	-
21. Sriracha Aviation Co., Ltd.	3.64	-	2,000,000	-	200,000	-
22. Waseda Education (Thailand) Co., Ltd.	7.14	-	1,568,000	-	-	-
Total cost			116,799,235	101,531,265	3,179,287	3,450,100
<u>Less</u> Allowance for loss on capital decrease in General Glass Co., Ltd.			(12,000,000)	(12,000,000)		
Allowance for loss on capital decrease in Advantage Footwear Co., Ltd.			(1,040,625)	(1,040,625)		
Provision for diminution in investments in related companies			* (40,487,548)	* (39,118,401)		
Total Investments in Related Companies - net (Separate financial statements)			63,271,062	49,372,239		
SUBSIDIARY INVESTED IN						
23. Treasure Hill Co., Ltd.	1.00	1.00	* 2,000,000	* 2,000,000		
24. T-Way Co., Ltd.	4.00	4.00	* 6,400,000	* 6,400,000		
Total cost			8,400,000	8,400,000		
<u>Less</u> Provision for diminution in investments in related companies			* (4,720,000)	* (4,304,000)		
Total Investments in Related Companies of the Subsidiary - net			3,680,000	4,096,000		
Total Investments in Related Companies - net (Consolidated)			66,951,062	53,468,239		

Company No.17 to 22 have been transferred from investments in other companies to investments in related companies, because of the Company having shares and co - directors in these companies.

RELATED COMPANIES	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID - UP SHARE CAPITAL	
			2017	2016
1. General Glass Co., Ltd.	Glass bottles	Shareholders / co - directors	145,000,000	145,000,000
2. Thai Lotte Co., Ltd.	Chewing gum	Co - shareholders	3,013,000,000	3,013,000,000
3. H & B Kabinburi Co., Ltd.	Cloth toy and ware	Co - directors	15,000,000	15,000,000
4. Thai Cubic Technology Co., Ltd.	Plate and varnish	Shareholders / co - directors	40,000,000	40,000,000
5. Train Time Test Co., Ltd.	Training and seminar	Co - directors	1,250,000	1,250,000
6. B.K.C. International Marketing Co., Ltd.	Consumer products	Co - directors	5,000,000	5,000,000
7. United Utility Co., Ltd.	Real estate	Shareholders / co - directors	350,000,000	350,000,000
8. Eastern Rubber Co., Ltd.	Rubber production	Shareholders / co - directors	30,000,000	30,000,000
9. Advantage Footwear Co., Ltd.	Footwear manufacturing	Shareholders / co - directors	91,750,000	91,750,000
10. Treasure Hill Co., Ltd.	Golf course	Shareholders / co - directors	200,000,000	200,000,000
11. Tipvarin Wattana Co., Ltd.	Mineral water	Co - directors	16,440,000	16,440,000
12. T-Way Co., Ltd.	Tourism, hotel, buying and selling as trading such products	Co - directors	160,000,000	160,000,000
13. K. Commercial & Construction Co., Ltd.	Contruction	Shareholders / co - directors	50,000,000	50,000,000
14. E. P. F. Co., Ltd.	Consumer products	Shareholders / co - directors	3,900,000	3,900,000
15. Pan Land Co., Ltd.	Property leasing, buying, selling and renting property	Shareholders / co - directors	300,000,000	300,000,000
16. American Food Co., Ltd.	Manufacturing and distribute ice cream	Co - shareholders	140,000,000	-
17. Sahapat Properties Co., Ltd.	Investing in other companies, renting property	Co - shareholders	20,000,000	-
18. Thanara Co., Ltd.	Real estate	Co - shareholders	90,000,000	-
19. Thai Herbal Products Co., Ltd.	Manufacturing and distribute herbal medicine	Shareholders / co - directors	80,000,000	-
20. Saha Sehwa Co., Ltd.	Manufacturing plastic electronic parts	Co - shareholders	145,000,000	-
21. Sriracha Aviation Co., Ltd.	Retail fuel, lubricant and parts for flight school	Co - shareholders	55,000,000	-
22. Waseda Education (Thailand) Co., Ltd.	Japanese language and culture school	Co - shareholders	21,952,000	-

In November 2017, the Company has invested in American Food Co., Ltd., amount of 420,000 common stocks shares at Baht 10 each, worth amount Baht 4,200,000.

In July 2017, Waseda Education (Thailand) Company Limited has reduced its capital from 313,600 shares at Baht 100 par value to 219,520 shares at Baht 100 par value. The Company has recorded decrease in proportion of investment refund from investment in the amount of Baht 672,000.

In September 2016, the Company has sold investment in Sahagreen Energy Company Limited with acquisition cost of investment amount Baht 3,600,000. Such investment was provided provision for diminution in investment amount of Baht 3,600,000. The Company obtained proceed from disposal amount of Baht 36,000.

### 13. INVESTMENTS IN OTHER COMPANIES



BAHT

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	% Holding		Investment Value		Dividends	
	2017	2016	2017	2016	2017	2016
1. Sahapat Properties Co., Ltd.	-	2.50	-	500,000	-	50,000
2. Thanara Co., Ltd.	-	0.83	-	750,000	-	-
3. Thai Herbal Products Co., Ltd.	-	1.50	-	1,200,000	-	-
4. Saha Sehwa Co., Ltd.	-	3.48	-	* 5,049,970	-	-
5. Thai Yukilon Co., Ltd.	6.94	6.94	5,000,000	5,000,000	1,000,000	2,500,000
6. Sriracha Aviation Co., Ltd.	-	3.64	-	2,000,000	-	-
7. Waseda Education (Thailand) Co., Ltd.	-	7.14	-	2,240,000	-	-
Total cost			5,000,000	16,739,970	1,000,000	2,550,000
<u>Less</u> Provision for diminution in investments in other companies			-	* (2,747,184)		
Total Investments in Other Companies - net			5,000,000	13,992,786		

Company No.1-4 and No.6-7 have been transferred from investments in other companies to investments in related companies, because of the Company having shares and co - directors of these companies.

In July 2016, Waseda Education (Thailand) Company Limited has reduced its capital from 448,000 shares at Baht 100 par value to 313,600 shares at Baht 100 par value. The Company has recorded decrease in proportion of investment refund from investment in the amount of Baht 960,000.

In January 2016, the Company has sold investment in Thai Kamaya Company Limited with acquisition cost of investment amount Baht 9,080,000. Such investment was provided provision for diminution in investment amount of Baht 8,120,000. The Company obtained proceed from disposal amount of Baht 960,000.

  
  
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#### 14. INVESTMENTS IN CONVERTIBLE DEBENTURES

In June 2017, the Company has invested in convertible debentures of Saha Pathana Inter-Holding Public Company Limited as according to the proportion of shareholding in such company.

The details are as follows:

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	AMOUNT OF UNIT (UNIT)		INVESTMENT VALUE (BAHT)	
	2017	2016	2017	2016
<b>Related Company</b> Convertible Debentures of Saha Pathana Inter-Holding Public Company Limited No. 1/2017 Due 2024 (At face value of Baht 1,000)	19,456	-	19,456,000	-
TYPE OF CONVERTIBLE DEBENTURES	The Convertible Debentures are issued in registered form, unsecured, unsubordinated, associated with the rights of conversion into the newly issued common stocks of the Company and with a debenture holders' representative.			
TENOR (YEARS)	7			
INTEREST RATE (%) PER ANNUM	0.70			
INTEREST PERIOD	Interest is receivable 4 times per annum on 29 every March, June, September and December of each year during the terms of the Convertible Debentures.			
CONVERSION PRICE (BAHT : COMMON STOCKS)	45 : 1			
CONVERSION RATIO (CONVERTIBLE DEBENTURES : COMMON STOCKS)	1 : 22.222222			
CONVERSION DATE	4 times per annum, in March, June, September and December of each year. The first conversion date is in June 2018.			



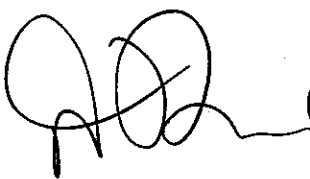

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## 15. LONG-TERM LOANS TO OTHER COMPANY

BAHT

PARTICULARS	CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016
ELLA CORA, INC.		
Beginning balances	-	-
Increase during the year (USD 500,000)	17,540,000	-
<u>Less</u> Unrealized loss on exchange rates	(1,282,700)	-
Ending balances	16,257,300	-

In March 2017, the Company has entered into loan agreement with ELLA CORA, INC., which established under the Law of the United States of America, in the amount of USD 0.5 million as a secured convertible promissory note for a period of 3 years with interest rate equal to the greater of 3% p.a. or the Applicable Federal Rate and no repayment of principal or interest until the maturity date. The loan is secured by a security interest in all of the assets of the said company. After maturity date, the loan shall be extended not exceeding for a period of 2 years and the loan and its interest shall be converted to voting preferred stocks of the said borrower company under the conditions as specified in the promissory note.

  
  
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## 16. INVESTMENTS PROPERTY

BAHT

CONSOLIDATED	Property	Building and improvement	Total
<b><u>Cost</u></b>			
January 1, 2016	50,498,609	94,367,402	144,866,011
December 31, 2016	50,498,609	94,367,402	144,866,011
Disposal	(1,872,000)	(1,267,448)	(3,139,448)
December 31, 2017	48,626,609	93,099,954	141,726,563
<b><u>Accumulated depreciation</u></b>			
January 1, 2016	-	38,531,806	38,531,806
Depreciation for the year 2016	-	4,048,064	4,048,064
December 31, 2016	-	42,579,870	42,579,870
Depreciation for the year 2017	-	3,997,712	3,997,712
Disposal	-	(277,080)	(277,080)
December 31, 2017	-	46,300,502	46,300,502
<b><u>Net book value</u></b>			
December 31, 2016	50,498,609	51,787,532	102,286,141
December 31, 2017	48,626,609	46,799,452	95,426,061
<b><u>Fair value</u></b>			
December 31, 2016	74,047,279	78,507,532	152,554,811
December 31, 2017	71,427,784	77,227,027	148,654,811

Assets fair value are appraised by independent appraiser by using cost approach and market comparative approach.




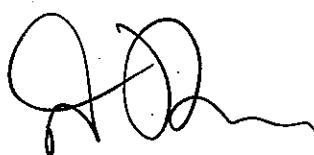
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THE SEPARATE FINANCIAL STATEMENTS	Property	Building and improvement	Total
<b><u>Cost</u></b>			
January 1, 2016	50,378,609	94,367,402	144,746,011
December 31, 2016	50,378,609	94,367,402	144,746,011
Disposal	(1,872,000)	(1,267,448)	(3,139,448)
December 31, 2017	48,506,609	93,099,954	141,606,563
<b><u>Accumulated depreciation</u></b>			
January 1, 2016	-	38,531,806	38,531,806
Depreciation for the year 2016	-	4,048,064	4,048,064
December 31, 2016	-	42,579,870	42,579,870
Depreciation for the year 2017	-	3,997,712	3,997,712
Disposal	-	(277,080)	(277,080)
December 31, 2017	-	46,300,502	46,300,502
<b><u>Net book value</u></b>			
December 31, 2016	50,378,609	51,787,532	102,166,141
December 31, 2017	48,506,609	46,799,452	95,306,061
<b><u>Fair value</u></b>			
December 31, 2016	73,927,279	78,507,532	152,434,811
December 31, 2017	71,307,784	77,227,027	148,534,811

Assets fair value are appraised by independent appraiser by using cost approach and market comparative approach.

The Company, related company jointly invested in land with structures amount of Baht 30.36 million with the proportion of investment as follows:

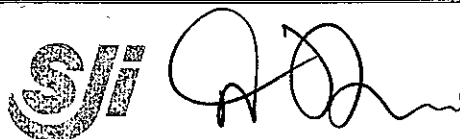
	Amount (Million Baht)	Ratio of Ownership
Vitayasithi Co., Ltd.	14.93	76.57
S & J International Enterprises Plc.	9.95	51.05
K. Commercial & Construction Co., Ltd.	5.48	28.08
	30.36	155.70



  
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# 17. PROPERTY, PLANT AND EQUIPMENT

BAHT

CONSOLIDATED	Land and improvement	Building and improvement	Furniture and fixtures	Office equipment	Machineries and equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>								
January 1, 2016	303,000,034	1,112,041,611	370,252,101	129,816,859	2,228,709,785	61,930,862	27,210,671	4,232,961,923
Increase	-	35,845,743	6,020,699	21,483,808	129,276,471	-	85,954,027	278,580,748
Disposal/write off	-	-	(8,599,744)	(976,688)	(34,086,020)	(8,939,886)	-	(52,602,338)
Transferred to expenses	-	-	-	-	-	-	(88,336)	(88,336)
Transferred to/from	-	6,016,795	180,300	(13,565)	13,075,122	(15,000)	(19,243,652)	-
December 31, 2016	303,000,034	1,153,904,149	367,853,356	150,310,414	2,336,975,358	52,975,976	93,832,710	4,458,851,997
Increase	-	10,675,377	3,893,369	12,323,675	102,815,957	-	32,581,292	162,289,670
Disposal/write off	(31,500)	(708,500)	(1,310,574)	(2,733,526)	(36,455,287)	(13,835,614)	-	(55,075,001)
Transferred to expenses	-	-	-	-	-	-	(63,977)	(63,977)
Transferred to/from	-	1,860,000	-	61,419	82,168,443	-	(84,089,862)	-
December 31, 2017	302,968,534	1,165,731,026	370,436,151	159,961,982	2,485,504,471	39,140,362	42,260,163	4,566,002,689
<b>Accumulated depreciation</b>								
January 1, 2016	-	290,318,465	294,942,273	101,910,415	1,835,945,423	52,865,272	-	2,575,981,848
Depreciation for the year 2016	-	49,070,514	31,362,351	12,154,043	184,694,278	2,147,101	-	279,428,287
Disposal/write off	-	-	(6,767,125)	(974,591)	(33,465,859)	(7,053,922)	-	(48,261,497)
Transferred to/from	-	-	(9,275)	(13,478)	37,752	(14,999)	-	-
December 31, 2016	-	339,388,979	319,528,224	113,076,389	1,987,211,594	47,943,452	-	2,807,148,638
Depreciation for the year 2017	-	49,508,835	26,264,163	12,771,991	157,665,479	1,303,980	-	247,514,448
Disposal/write off	-	(485,911)	(1,296,572)	(2,733,402)	(35,379,429)	(13,829,310)	-	(53,724,624)
Transferred to/from	-	-	-	9,129	(9,129)	-	-	-
December 31, 2017	-	388,411,903	344,495,815	123,124,107	2,109,488,515	35,418,122	-	3,000,938,462
<b>Provision for impairment of assets</b>								
December 31, 2016	-	-	-	-	-	-	2,200,000	2,200,000
December 31, 2017	-	-	-	-	-	-	2,200,000	2,200,000
<b>Net book value</b>								
December 31, 2016	303,000,034	814,515,170	48,325,132	37,234,025	349,763,764	5,032,524	91,632,710	1,649,503,359
December 31, 2017	302,968,534	777,319,123	25,940,336	36,837,875	376,015,956	3,722,240	40,060,163	1,562,864,227



THE SEPARATE FINANCIAL STATEMENTS	Land and improvement	Building and improvement	Furniture and fixtures	Office equipment	Machineries and equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>								
January 1, 2016	201,844,778	920,663,910	201,585,820	105,084,582	1,185,768,186	38,325,170	23,894,074	2,677,166,520
Increase	-	35,647,413	3,218,617	19,747,156	61,657,616	-	5,155,796	125,426,598
Disposal/write off	-	-	(5,902,731)	(971,046)	(13,308,558)	(4,399,836)	-	(24,582,171)
Transferred to expenses	-	-	-	-	-	-	(88,336)	(88,336)
Transferred to/from	-	6,016,795	180,300	(13,565)	12,056,722	(15,000)	(18,225,252)	-
December 31, 2016	201,844,778	962,328,118	199,082,006	123,847,127	1,246,173,966	33,910,334	10,736,282	2,777,922,611
Increase	-	10,355,378	2,047,235	11,340,020	32,146,176	-	6,383,311	62,272,120
Disposal/write off	(31,500)	(708,500)	(1,149,423)	(2,472,496)	(32,070,785)	(12,241,453)	-	(48,674,157)
Transferred to expenses	-	-	-	-	-	-	(63,977)	(63,977)
Transferred to/from	-	1,860,000	-	-	81,544	-	(1,941,544)	-
December 31, 2017	201,813,278	973,834,996	199,979,818	132,714,651	1,246,330,901	21,668,881	15,114,072	2,791,456,597
<b>Accumulated depreciation</b>								
January 1, 2016	-	237,173,953	151,201,677	79,916,041	923,210,220	33,386,990	-	1,424,888,881
Depreciation for the year 2016	-	39,893,229	20,245,421	10,732,701	119,015,736	929,205	-	190,816,292
Disposal/write off	-	-	(5,892,653)	(968,950)	(12,952,313)	(4,395,673)	-	(24,209,589)
Transferred to/from	-	-	(9,275)	(13,478)	37,752	(14,999)	-	-
December 31, 2016	-	277,067,182	165,545,170	89,666,314	1,029,311,395	29,905,523	-	1,591,495,584
Depreciation for the year 2017	-	40,327,692	18,050,914	11,442,576	87,444,404	872,992	-	158,138,578
Disposal/write off	-	(485,911)	(1,135,428)	(2,472,399)	(30,997,784)	(12,241,450)	-	(47,332,972)
December 31, 2017	-	316,908,963	182,460,656	98,636,491	1,085,758,015	18,537,065	-	1,702,301,190
<b>Provision for impairment of assets</b>								
December 31, 2016	-	-	-	-	-	-	2,200,000	2,200,000
December 31, 2017	-	-	-	-	-	-	2,200,000	2,200,000
<b>Net book value</b>								
December 31, 2016	201,844,778	685,260,936	33,536,836	34,180,813	216,862,571	4,004,811	8,536,282	1,184,227,027
December 31, 2017	201,813,278	656,926,033	17,519,162	34,078,160	160,572,886	3,131,816	12,914,072	1,086,955,407



## 18. LEASEHOLD RIGHT

BAHT

PARTICULARS	CONSOLIDATED	
	2017	2016
Beginning balances leasehold right - net	2,030,161	719,480
<u>Add</u> Increase	-	2,082,211
<u>Less</u> Amortization for the years	(760,308)	(771,530)
Ending balances leasehold right - net	1,269,853	2,030,161

## 19. INTANGIBLE ASSETS

BAHT

Computer softwares	CONSOLIDATED	THE SEPARATE FINANCIAL STATEMENTS
<b><u>Cost</u></b>		
January 1, 2016	79,340,984	55,752,819
Increase	2,565,540	2,428,540
December 31, 2016	81,906,524	58,181,359
Increase	3,051,377	2,192,270
December 31, 2017	84,957,901	60,373,629
<b><u>Accumulated amortization</u></b>		
January 1, 2016	42,650,214	22,924,893
Amortization for the year 2016	6,494,580	5,032,545
December 31, 2016	49,144,794	27,957,438
Amortization for the year 2017	6,698,343	5,440,966
December 31, 2017	55,843,137	33,398,404
<b><u>Net book value</u></b>		
December 31, 2016	32,761,730	30,223,921
December 31, 2017	29,114,764	26,975,225



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## 20. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

BAHT

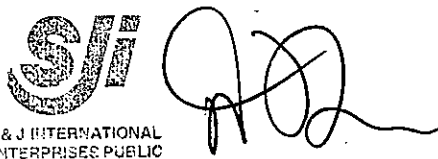
PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Bank overdrafts	23,816,001	227,033	-	227,033
Short-term borrowings from financial institutions	416,610,145	850,645,988	314,500,000	728,500,000
Total	440,426,146	850,873,021	314,500,000	728,727,033

Bank overdrafts and short-term borrowings from the financial institutions of the Company and subsidiary are unsecured loans.

## 21. PROVISION FOR LONG - TERM EMPLOYEE BENEFITS

BAHT

PARTICULARS	CONSOLIDATED		
	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total
<u>Defined benefit obligation</u>			
Balances as at January 1, 2016	134,639,116	4,444,336	139,083,452
Actuarial gain from employee benefit plan	(11,195,590)	(599,026)	(11,794,616)
<u>Add</u> Current service cost	19,071,964	1,457,904	20,529,868
Interest cost	4,509,549	341,228	4,850,777
<u>Less</u> Benefits paid during the year	(3,171,792)	(504,302)	(3,676,094)
Balances as at December 31, 2016	143,853,247	5,140,140	148,993,387
<u>Add</u> Current service cost	23,457,928	1,145,554	24,603,482
Interest cost	3,507,136	126,143	3,633,279
<u>Less</u> Benefits paid during the year	(15,025,228)	(955,180)	(15,980,408)
Balances as at December 31, 2017	155,793,083	5,456,657	161,249,740

  
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PARTICULARS	THE SEPARATE FINANCIAL STATEMENTS		
	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total
<u>Defined benefit obligation</u>			
Balances as at January 1, 2016	114,615,216	3,446,065	118,061,281
Actuarial gain from employee benefit plan	(8,989,529)	(217,526)	(9,207,055)
<u>Add</u> Current service cost	14,958,440	1,047,114	16,005,554
Interest cost	3,637,796	238,704	3,876,500
<u>Less</u> Benefits paid during the year	(2,966,346)	(318,301)	(3,284,647)
Balances as at December 31, 2016	121,255,577	4,196,056	125,451,633
<u>Add</u> Current service cost	19,030,643	833,664	19,864,307
Interest cost	2,969,265	106,740	3,076,005
<u>Less</u> Benefits paid during the year	(12,821,906)	(237,837)	(13,059,743)
Balances as at December 31, 2017	130,433,579	4,898,623	135,332,202

The principle assumptions used in determining the employee benefit liabilities are shown as follows:

PARTICULARS	CONSOLIDATED	(per annum)
		THE SEPARATE FINANCIAL STATEMENTS
Discount rate	2.53 - 2.55	2.55
Salary increase rate (depends on the age)	2.67 - 5.00	2.67 - 5.00
Average staff turnover rate (depends on the age)		
- Monthly staff	0.00 - 39.00	0.00 - 34.00
- Daily staff	0.00 - 68.00	0.00 - 68.00



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Sensitivity analysis on key assumption changes are as follows:

BAHT

PARTICULARS	2017	
	CONSOLIDATED	THE SEPARATE FINANCIAL STATEMENTS
Discount rate -1.0%	173,920,496	145,940,939
Discount rate (base)	161,249,740	135,332,202
Discount rate +1.0%	150,158,591	126,086,314
Expected rate of salary increase -1.0%	149,667,970	125,908,554
Expected rate of salary increase (base)	161,249,740	135,332,202
Expected rate of salary increase +1.0%	174,246,846	145,939,049

## 22. INCOME TAX EXPENSES

Corporate income taxes of the Company and subsidiaries for the years ended December 31, 2017 and 2016 were calculated from accounting profit and adjusted with other revenues and some expenses which are exempted from income tax, such as dividend income, or being disallowable expenses in income taxes computation purposes such as doubtful debts.

The corporate income tax of the Company is calculated at the rate of 20 percent.

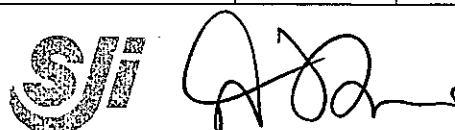
The corporate income taxes of subsidiaries established under Thai law are calculated at the rate of 10 and 20 percent.

The corporate income taxes of subsidiaries established under foreign law are calculated at the rate of 10, 16.50, 19 and 20 percent.

Income taxes expenses recognized in statements of income consist:

BAHT

PARTICULARS FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
The corporate income tax for the years	26,096,829	62,004,613	23,159,424	58,705,257
Amortization and reversal of temporary differences assets/liabilities on temporary differences	5,409,043	(12,464,016)	5,898,707	(13,210,655)
<b>Income tax expenses</b>	<b>31,505,872</b>	<b>49,540,597</b>	<b>29,058,131</b>	<b>45,494,602</b>





As at December 31, 2017 and 2016, the deferred tax assets/liabilities arose from the following temporary differences:

BAHT

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
<b>Accumulated temporary differences in the statements of income</b>				
<b>Tax rate of 10%</b>				
Unused tax losses	5,453,952	770,132	-	-
<b>Tax rate of 20%</b>				
Allowance for doubtful trade accounts receivable	3,929,063	4,029,063	3,929,063	4,029,063
Provision for diminution in inventories	19,165,781	55,118,173	14,152,228	51,078,136
Unrealized gain on forward exchange contracts	(1,103,576)	(137,706)	(1,113,374)	(143,215)
Provision for long-term employee benefits	161,249,740	160,788,003	135,332,202	134,658,688
Allowance for loss on capital decrease and provision for diminution in investments	58,248,173	59,210,210	76,328,173	77,706,210
Provision for impairment of assets under construction	2,200,000	2,200,000	2,200,000	2,200,000
Unused tax losses	-	3,663,176	-	-
<b>Total</b>	<b>249,143,133</b>	<b>285,641,051</b>	<b>230,828,292</b>	<b>269,528,882</b>
<b>Temporary differences in the statements of comprehensive income</b>				
<b>Tax rate of 20%</b>				
<b>- recognized in other components of the shareholders' equity</b>				
Unrealized gain on remeasuring available-for-sale securities	(806,831,765)	(775,051,003)	(806,831,765)	(775,051,003)
<b>- recognized in retained earnings</b>				
Provision for long-term employee benefits	-	(11,794,616)	-	(9,207,055)
<b>Total</b>	<b>(557,688,632)</b>	<b>(501,204,568)</b>	<b>(576,003,473)</b>	<b>(514,729,176)</b>
<b>Deferred tax liabilities</b>	<b>(112,083,121)</b>	<b>(100,317,926)</b>	<b>(115,200,694)</b>	<b>(102,945,835)</b>



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## 23. LEGAL RESERVE

In compliance with the Public Company Act, B.E. 2535 (1992), the Company has to set up legal reserve at least 5 % of annual net profit less deficits brought forward (if any) until meet 10% of authorized share capital. Such legal reserve is not allowed to pay for dividend. The Company has completely appropriated for legal reserve in compliance with the legal requirement.

## 24. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On April 24, 2017, the Ordinary General Shareholders' Meeting for 2017 was held and approved a resolution to pay dividends for the results of 2016 operation to the shareholders of 149,930,828 shares at Baht 1.20 per share, totaling Baht 179.92 million. The dividend payment was made on May 23, 2017 and approved a resolution to pay directors' remuneration at the maximum of Baht 15 million per year.

On April 26, 2016, the Ordinary General Shareholders' Meeting for 2016 was held and approved a resolution to pay dividends for the results of 2015 operation to the shareholders of 149,930,828 shares at Baht 1 per share, totaling Baht 149.93 million. The dividend payment was made on May 25, 2016 and approved a resolution to pay directors' remuneration at the maximum of Baht 15 million per year.

## 25. EXPENSES BY NATURE

PARTICULARS	BAHT			
	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
(Increase) decrease changes of finished goods and work in progress	92,475,921	(6,299,009)	76,155,172	(35,117,624)
Raw material and consumables used	2,288,620,525	2,710,484,486	2,374,122,582	2,864,493,949
Purchase of inventories	446,704,538	268,764,279	148,129,458	-
Directors and management benefit expenses	65,146,093	52,024,389	59,294,493	50,764,989
Employee benefit expenses	1,034,629,455	1,070,192,430	710,158,044	772,161,623
Depreciation	251,512,160	283,476,351	162,136,290	194,864,356
Amortization expenses	7,458,651	7,266,110	5,440,966	5,032,545
Other expenses	670,130,869	675,827,879	477,161,095	500,854,304
Total	4,856,678,212	5,061,736,915	4,012,598,100	4,353,054,142

## 26. EMPLOYEE PROVIDENT FUND

The Company and its subsidiary have set up and registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). In order to be the savings and welfare promotion, as well as the fringe benefits upon resignation or retirement to its employees according to the Company's regulation, with one part of contribution from the employees and another part from the Company at the rate of 3% on their basic salaries. The Company has appointed the CIMB-Principal Asset Management Company Limited to be the fund manager.

Provident fund contributions made by the Company and its subsidiary for their employees are recorded as expenses in the statements of income for the years ended December 31, 2017 and 2016 as follows:

MILLION BAHT

Company's name	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
S & J International Enterprises Plc.	9.40	8.67	9.40	8.67
Top Trend Manufacturing Co., Ltd.	2.13	1.96	-	-
Total	11.53	10.63	9.40	8.67

## 27. FOREIGN CURRENCY TRANSACTIONS

27.1 The Company and subsidiaries have outstanding assets and liabilities denominated in foreign currencies as follows :-

AMOUNT IN THOUSAND

CONSOLIDATED	2017		2016	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	6,119.97	198,988	8,488.84	302,702
JPY	136,457.04	39,024	146,328.20	44,566
EUR	-	-	0.26	10
GBP	127.62	5,556	116.62	5,084
Total assets		243,568		352,362

AMOUNT IN THOUSAND

CONSOLIDATED	2017		2016	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Liabilities</b>				
USD	782.47	25,702	1,280.31	46,093
JPY	3,792.40	1,113	18,979.09	5,909
GBP	0.90	40	9.37	411
EUR	10.70	421	18.67	712
AUD	-	-	1.85	49
HKD	-	-	44.64	208
CHF	1.33	45	-	-
Total liabilities		27,321		53,382

AMOUNT IN THOUSAND

THE SEPARATE FINANCIAL STATEMENTS	2017		2016	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	6,077.16	197,597	8,403.73	299,667
JPY	136,457.04	39,024	146,328.20	44,566
EUR	-	-	0.26	10
GBP	285.00	12,405	117.74	5,133
Total assets		249,026		349,376
<b>Liabilities</b>				
USD	698.93	22,958	1,208.32	43,501
JPY	3,792.40	1,113	18,979.09	5,909
GBP	288.65	12,831	473.45	21,053
EUR	316.92	12,484	245.72	9,371
AUD	-	-	1.85	49
HKD	-	-	44.64	208
Total liabilities		49,386		80,091



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27.2 The Company and subsidiaries have made selling forward exchange contracts with the local commercial bank for hedging in exchange rate fluctuation which might affect Baht received from export trade accounts receivable that can be summarized as follows :-

CONSOLIDATED	Amount in thousand	Fair value (Thousand Baht)	Delivery dates
<u>Year 2017</u>			
USD	4,779.16	155,707	June 2018
GBP	286.12	12,595	January 2018 - June 2018
JPY	237,287.89	68,833	May 2018 - June 2018
EUR	26.50	1,037	March 2018
<u>Year 2016</u>			
USD	4,282.77	153,528	March 2017 - June 2017
GBP	309.97	13,688	February 2017 - May 2017

THE SEPARATE FINANCIAL STATEMENTS	Amount in thousand	Fair value (Thousand Baht)	Delivery dates
<u>Year 2017</u>			
USD	4,779.16	155,707	June 2018
GBP	286.12	12,595	January 2018 - June 2018
JPY	237,287.89	68,833	May 2018 - June 2018
<u>Year 2016</u>			
USD	4,282.77	153,528	March 2017 - June 2017
GBP	309.97	13,688	February 2017 - May 2017

27.3 The Company and subsidiaries have made buying forward exchange contracts with the local commercial bank for hedging in exchange rate fluctuation which might affect Baht payable to the foreign accounts payable that can be summarized as follows :-

CONSOLIDATED	Amount in thousand	Fair value (Thousand Baht)	Delivery dates
<u>Year 2017</u>			
USD	82.52	2,682	February 2018 - June 2018
<u>Year 2016</u>			
EUR	27.20	1,030	February 2017

THE SEPARATE FINANCIAL STATEMENTS	Amount in thousand	Fair value (Thousand Baht)	Delivery dates
<u>Year 2017</u>			
USD	62.52	2,029	June 2018

## 28. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' financial information by segment in the consolidation for the years ended December 31, 2017 and 2016 are as follows:

BAHT

Year 2017	Cosmetics	Containers	Others	Inter-company transactions		Total
				Debit	Credit	
Sales	4,063,842,449	1,049,591,615	387,391,422	551,195,669	-	4,949,629,817
Operating result by segments	86,128,968	31,615,329	2,992,251	557,326,766	568,606,269	132,016,051
Other incomes	302,797,680	11,895,515	5,235,161	154,425,695	-	165,502,661
Profit attributable to equity holders of the parent						274,436,423
Property, plant and equipment-net	1,086,955,407	407,751,299	68,157,521	-	-	1,562,864,227

BAHT

Year 2016	Cosmetics	Containers	Others	Inter-company transactions		Total
				Debit	Credit	
Sales	4,507,575,357	926,711,622	346,309,013	527,824,219	-	5,252,771,773
Operating result by segments	191,256,994	7,235,926	10,921,935	530,258,474	549,630,294	228,786,675
Other incomes	205,627,677	10,310,469	6,387,401	95,473,664	-	126,851,883
Profit attributable to equity holders of the parent						305,222,248
Property, plant and equipment-net	1,184,227,027	392,263,133	73,013,199	-	-	1,649,503,359

The financial information by geographical areas can be classified to local and export sales in the consolidation for the years ended December 31, 2017 and 2016 as follows:

BAHT

Particulars	Local		Export		Total	
	2017	2016	2017	2016	2017	2016
Sales	2,648,260,546	2,608,444,879	2,301,369,271	2,644,326,894	4,949,629,817	5,252,771,773
Operating result by segments	23,698,980	16,532,765	108,317,071	212,253,910	132,016,051	228,786,675

## 29. TRANSACTIONS WITH RELATED PARTIES

The Company has certain business transactions with its related parties which are related through, shareholding or having shareholders or some co-directors. The effects of these transactions were reflected in the accompanying financial statements in normal business and general trading conditions.

COMPANIES	RELATIONSHIP
Associates	See Note 10
Subsidiaries	See Note 11
Related companies	See Note 12
Far East DDB Plc.	Shareholders / co - directors
I.C.C. International Plc.	Shareholders / co - directors
Sahacogen (Chonburi) Plc.	Shareholders / co - directors
Saha Pathana Inter-Holding Plc.	Shareholders / co - directors
Better Way (Thailand) Co., Ltd.	Co - directors
International Laboratories Corp., Ltd.	Co - directors
Vitayasithi Co., Ltd.	Co - directors
O.C.C. Plc.	Co - directors
Oriental Salon Business Co., Ltd.	Co - directors
H & B Intertex Co., Ltd.	Co - directors
People 's Garment Plc.	Co - directors
Saha Pathanapibul Plc.	Co - shareholders
Boutique New City Plc.	Co - shareholders
President Bakery Plc.	Co - shareholders
Thai Wacoal Plc.	Co - shareholders
Erawan Textile Co., Ltd.	Related company is major shareholder



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The significant transactions with related parties are as follows:

BAHT

Transactions in statements of financial position	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
<u>Trade accounts receivable (Note 6)</u>				
- Subsidiaries	-	-	8,169,766	1,421,197
- Associates	6,630,581	12,465,218	1,982,647	9,683,807
- Related companies	243,199,915	230,824,264	199,786,952	203,776,871
Total	249,830,496	243,289,482	209,939,365	214,881,875
<u>Other receivables</u>				
- Subsidiaries	-	-	4,321,191	2,311,883
- Associates	19,143	2,234,879	19,143	2,234,879
- Related companies	629,702	558,698	629,702	558,698
Total	648,845	2,793,577	4,970,036	5,105,460
<u>Short-term loans (Note 7)</u>				
- Subsidiary	-	-	4,000,0000	-
<u>Other current assets - Accrued interest</u>				
- Related company	1,119	-	1,119	-
<u>Investments in available-for-sale securities - fair value (Note 9)</u>				
- Related companies	1,120,360,399	1,099,034,976	1,120,360,399	1,099,034,976
<u>Investment in convertible debentures (Note 14)</u>				
- Related company	19,456,000	-	19,456,000	-
<u>Other non-current assets - Rental guarantee</u>				
- Related companies	5,046,175	5,036,175	4,492,120	4,482,120
<u>Disposal of equipment</u>				
- Associate	150,000	-	150,000	-
<u>Trade accounts payable</u>				
- Subsidiaries	-	-	61,469,303	67,798,872
- Associates	-	841,327	-	841,327
- Related companies	16,366,495	14,857,193	16,360,346	10,234,983
Total	16,366,495	15,698,520	77,829,649	78,875,182
<u>Other accounts payable</u>				
- Subsidiaries	-	-	501,304	639,128
- Associates	-	130,861	-	130,861
- Related companies	8,426,137	3,663,271	3,398,188	3,663,271
Total	8,426,137	3,794,132	3,899,492	4,433,260
<u>Other non-current liabilities</u>				
- Related companies	21,840	36,886	21,840	36,886



Transactions in statements of income for the years ended December 31,	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
<u>Sales</u>				
- Subsidiaries	-	-	38,277,111	9,239,165
- Associates	26,124,242	55,484,146	11,342,473	38,856,667
- Related companies	1,515,655,586	1,527,028,328	1,327,449,180	1,369,039,129
Total	1,541,779,828	1,582,512,474	1,377,068,764	1,417,134,961
<u>Rental income</u>				
- Subsidiaries	-	-	429,230	455,675
- Associates	29,973,600	30,856,800	29,973,600	30,856,800
- Related companies	579,985	601,327	579,985	601,327
Total	30,553,585	31,458,127	30,982,815	31,913,802
<u>Other incomes</u>				
- Subsidiaries	-	-	6,881,194	6,632,604
- Associates	366,833	327,715	366,833	327,715
- Related companies	7,780,805	5,830,804	7,726,134	4,695,667
Total	8,147,638	6,158,519	14,974,161	11,655,986
<u>Purchase of goods and service</u>				
- Subsidiaries	-	-	492,909,301	516,081,797
- Associates	4,149,968	2,920,397	4,149,968	2,920,397
- Related companies	86,907,024	100,112,997	86,820,478	100,112,997
Total	91,056,992	103,033,394	583,879,747	619,115,191
<u>Rental expenses</u>				
- Related companies	8,677,724	8,886,053	8,677,724	8,886,053
<u>Other expenses</u>				
- Subsidiaries	-	-	8,159,126	7,164,413
- Associates	-	139,534	-	139,534
- Related companies	126,901,430	126,654,827	64,461,460	65,194,157
Total	126,901,430	126,794,361	72,620,586	72,498,104

Revenues from sales, purchase of goods and services, other income and expenses as shown in the statements of income are in accordance with general trading conditions under fixing price or at market price compensation. For the transactions with no reference of market price, the agreed prices according to the agreement are applied.



### 30. COMMITMENT AND CONTINGENT LIABILITIES

BAHT

PARTICULARS	December 31, 2017	
	CONSOLIDATED	THE SEPARATE FINANCIAL STATEMENTS
1. Commitment under letters of guarantee issued by commercial banks	32,767,620	24,418,920
2. Royalty fees are payable by calculating from percentage of sales at the rate as fixed in the agreement.		
3. The Company and subsidiaries have commitment to pay future monthly rental and services for lease and service contracts for the office, warehouse and advisory contract from January 1, 2018 as follows:		
<u>CONTRACT PERIOD</u>	<u>CONSOLIDATED</u>	<u>THE SEPARATE FINANCIAL STATEMENTS</u>
Current portion	53,822,513 Baht	45,107,068 Baht
Over 1 year but not over 5 years	49,593,953 Baht	45,369,260 Baht

### 31. FINANCIAL INSTRUMENTS

The Company and subsidiaries have information relating to financial instruments both in and off statements of financial position, as follows:

#### 31.1 Accounting policies and procedure

- See Note 4.

#### 31.2 Risk from breach of contracts

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and subsidiaries.
- The credit risk with respect to the concentration of trade accounts receivable, consists of
  - a) Portion of sales to customers that are related companies. (See Note 29)
  - b) Another portion of sales to other customers that are numerously.
- For the financial assets shown in the statements of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such

provisions are assumed to be the highest value of risk incurred from breach of contracts.

### 31.3 Risk relating to interest rate

Risk from the fluctuation of interest rate may have negative effect to the Company and subsidiaries for the current and the following years. The Company and subsidiaries expect that they can manage the contingent risk, due to they have set up a plan and follow up the situation closely.

### 31.4 Risk from exchange rate

The Company and subsidiaries have risk from the fluctuation of foreign exchange rates, due to some debtors and creditors arisen from the trading in foreign currencies. The Company will make the forward exchange contract, in case of Baht currency is highly fluctuated and it is appropriate for the situation.

### 31.5 Fair value of financial instruments

The Company and subsidiaries have used the following methods and assumptions to estimate the fair value of financial instruments:

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value, due to such liabilities will be matured in short term.

## 32. RECLASSIFICATION

The Company certain accounting transactions in statements of income for the year ended December 31, 2016 have been reclassified to conform to statements of income for the year ended December 31, 2017. The reclassifications had no effect to previously reported profit or shareholders' equity.

## 33. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company's directors on February 23, 2018.

