

TOA Paint (Thailand) Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of TOA Paint (Thailand) Company Limited

Qualified Opinion on the Financial Statements

I have audited the accompanying consolidated financial statements of TOA Paint (Thailand) Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of 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 TOA Paint (Thailand) Company Limited for the same period.

In my opinion, except for the effects on comparative figures of the consolidated financial statements described in the Basis for Qualified Opinion on the Financial Statements section of my report, the financial statements referred to above present fairly, in all material respects, the financial position of TOA Paint (Thailand) Company Limited and its subsidiaries and of TOA Paint (Thailand) Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion on the Financial Statements

In preparation of the financial statements for the year 2015, the Company did not prepare and present the consolidated financial statements of the Group. I therefore expressed a qualified opinion on those financial statements. In the current year, for comparative purposes, the Company prepared and presented the consolidated financial statements of the Group for the year 2015 for the first time. However, the consolidated financial statements did not include the consolidated statements of changes in shareholders' equity and cash flows and notes to the consolidated financial statements, which is contrary with Thai Financial Reporting Standards. In addition, the consolidated statement of financial position as at 31 December 2015 and the related consolidated statements of comprehensive income for the year then ended were prepared by the Group's management and were neither audited nor reviewed by any auditors. I therefore expressed a qualified opinion on the financial statements for the current year since the effects on comparable of the consolidated financial statements for current year and prior year.

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 under the Royal Patronage of His Majesty the King 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 qualified opinion on the financial statements.

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 Group 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Supachai Phanyawattano.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 27 February 2017

TOA Paint (Thailand) Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
			(Unaudited and unreviewed)		
Assets					
Current assets					
Cash and cash equivalents	7	1,713,374,994	2,240,966,966	824,258,288	1,827,368,132
Investments in trading securities - mutual fund		442,350,597	595,484,199	414,343,620	520,134,931
Trade and other receivables	8	2,839,606,004	2,974,017,429	2,457,274,716	2,758,009,539
Current portion of long-term hire purchase receivables	9	122,121,630	126,052,448	117,756,165	121,208,129
Short-term loans to related parties and interest receivable	6	-	2,775,175,483	-	2,855,175,483
Inventories	10	2,018,567,674	1,983,524,769	1,419,099,799	1,402,596,001
Other current assets		160,888,376	144,046,859	94,202,164	78,765,979
		<u>7,296,909,275</u>	<u>10,839,268,153</u>	<u>5,326,934,752</u>	<u>9,563,258,194</u>
Assets held for sale	11	-	1,421,909,901	-	800,486,450
Total current assets		<u>7,296,909,275</u>	<u>12,261,178,054</u>	<u>5,326,934,752</u>	<u>10,363,744,644</u>
Non-current assets					
Long-term hire purchase receivables, net of current portion	9	146,345,973	152,413,535	136,760,010	140,303,876
Investments in subsidiaries	12	-	-	2,062,600,459	1,545,531,972
Other long-term investments	13	5,010,000	5,000,200	5,010,000	5,000,200
Investment properties	14	19,639,082	-	19,639,082	-
Property, plant and equipment	15	1,935,422,244	1,837,969,161	1,302,924,742	1,330,021,756
Intangible assets	16	158,102,717	97,367,569	44,921,836	45,387,601
Deferred tax assets	23	50,719,621	26,769,135	20,037,529	5,528,032
Other non-current assets		32,254,714	27,649,818	6,287,521	7,120,166
Total non-current assets		<u>2,347,494,351</u>	<u>2,147,169,418</u>	<u>3,598,181,179</u>	<u>3,078,893,603</u>
Total assets		<u>9,644,403,626</u>	<u>14,408,347,472</u>	<u>8,925,115,931</u>	<u>13,442,638,247</u>

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
			(Unaudited and unreviewed)		
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	3,560,000,000	3,623,000,000	3,350,000,000	3,350,000,000
Trade and other payables	18	3,602,196,315	3,712,112,536	3,027,037,129	3,155,736,056
Current portion of long-term loan from financial institution	19	166,800,000	166,800,000	166,800,000	166,800,000
Current portion of long-term loan from related party and interest payable	6	-	3,792,635	-	-
Dividend payables - related parties	6	688,500,000	-	688,500,000	-
Income tax payable		329,638,522	364,303,497	314,356,149	357,800,142
Other current liabilities		<u>93,526,242</u>	<u>92,231,718</u>	<u>34,948,786</u>	<u>36,389,455</u>
		8,440,661,079	7,962,240,386	7,581,642,064	7,066,725,653
Liabilities directly associated with assets held for sale	11	-	<u>436,209,257</u>	-	-
Total current liabilities		<u>8,440,661,079</u>	<u>8,398,449,643</u>	<u>7,581,642,064</u>	<u>7,066,725,653</u>
Non-current liabilities					
Long-term loan from financial institution, net of current portion	19	166,400,000	184,388,000	166,400,000	184,388,000
Long-term loan from related party and interest payable, net of current portion	6	-	13,986,437	-	-
Provision for long-term employee benefits	20	242,241,614	217,509,082	210,036,035	189,955,678
Other non-current liabilities		<u>17,082,045</u>	<u>19,203,820</u>	-	-
Total non-current liabilities		<u>425,723,659</u>	<u>435,087,339</u>	<u>376,436,035</u>	<u>374,343,678</u>
Total liabilities		<u>8,866,384,738</u>	<u>8,833,536,982</u>	<u>7,958,078,099</u>	<u>7,441,069,331</u>

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2016	2015	2016	2015
			(Unaudited and unreviewed)		
Shareholders' equity					
Share capital					
Registered, issued and fully paid					
900,000 ordinary shares of Baht 1,000 each		900,000,000	900,000,000	900,000,000	900,000,000
Retained earnings					
Appropriated - statutory reserve	21	90,000,000	90,000,000	90,000,000	90,000,000
Unappropriated		211,535,270	4,897,242,620	13,330,449	5,047,861,533
Other components of shareholders' equity		<u>(398,657,029)</u>	<u>(420,322,769)</u>	<u>(36,292,617)</u>	<u>(36,292,617)</u>
Equity attributable to owners of the Company		802,878,241	5,466,919,851	967,037,832	6,001,568,916
Non-controlling interests of the subsidiaries		<u>(24,859,353)</u>	<u>107,890,639</u>	-	-
Total shareholders' equity		<u>778,018,888</u>	<u>5,574,810,490</u>	<u>967,037,832</u>	<u>6,001,568,916</u>
Total liabilities and shareholders' equity		<u>9,644,403,626</u>	<u>14,408,347,472</u>	<u>8,925,115,931</u>	<u>13,442,638,247</u>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

TOA Paint (Thailand) Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
			(Unaudited and unreviewed)		
Continued operation					
Profit or loss:					
Revenues					
Sales		16,297,347,626	16,752,573,283	13,584,522,442	14,119,372,370
Dividend income		74,000	62,000	74,000	62,000
Other income		231,403,715	282,869,787	365,650,311	330,752,741
Total revenues		16,528,825,341	17,035,505,070	13,950,246,753	14,450,187,111
Expenses					
Cost of sales		10,094,643,593	10,773,943,429	8,669,584,414	9,331,484,305
Selling expenses		1,944,591,422	2,071,196,013	1,290,102,047	1,357,176,167
Administrative expenses		1,282,438,581	1,402,210,108	1,152,104,408	1,363,835,428
Impairment loss on assets held for sale	11	-	1,127,563,280	-	-
Total expenses		13,321,673,596	15,374,912,830	11,111,790,869	12,052,495,900
Profit before finance cost and income tax		3,207,151,745	1,660,592,240	2,838,455,884	2,397,691,211
Finance cost		-86,889,978	-109,163,799	(81,404,082)	(98,764,402)
Profit before income tax		3,120,261,767	1,551,428,441	2,757,051,802	2,298,926,809
Income tax	23	-612,890,088	-576,081,951	(578,082,886)	(543,445,355)
Profit from continued operation for the year		2,507,371,679	975,346,490	2,178,968,916	1,755,481,454
Discontinued operation					
Profit from discontinued operation for the year	11	2,644,642	470,391,265	-	269,971,557
Profit for the year		2,510,016,321	1,445,737,755	2,178,968,916	2,025,453,011

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
			(Unaudited and unreviewed)		
Continued operation					
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency, net of income tax effect		20,459,058	12,517,789	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		20,459,058	12,517,789	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses, net of income tax effect	20, 23	-	-27,149,679	-	(28,488,273)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	-27,149,679	-	(28,488,273)
Other comprehensive income from continued operation for the year		20,459,058	(14,631,890)	-	(28,488,273)
Discontinued operation					
Other comprehensive income from discontinued operation for the year	11	5,728,731	-44,606,131	-	-
Other comprehensive income for the year		26,187,789	(59,238,021)	-	(28,488,273)
Total comprehensive income for the year		<u>2,536,204,110</u>	<u>1,386,499,734</u>	<u>2,178,968,916</u>	<u>1,996,964,738</u>

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2016	2015	2016	2015
			(Unaudited and unreviewed)		
Profit attributable to:					
Equity holders of the Company					
Profit from continued operation		2,525,920,977	989,986,330	2,178,968,916	1,755,481,454
Profit from discontinued operation		1,871,673	456,867,876	-	269,971,557
		<u>2,527,792,650</u>	<u>1,446,854,206</u>	<u>2,178,968,916</u>	<u>2,025,453,011</u>
Non-controlling interests of the subsidiaries					
Loss from continued operation		(18,549,298)	(14,639,840)		
Profit from discontinued operation		772,969	13,523,389		
		<u>(17,776,329)</u>	<u>(1,116,451)</u>		
		<u>2,510,016,321</u>	<u>1,445,737,755</u>		
Total comprehensive income attributable to:					
Equity holders of the Company					
Total comprehensive income from continued operation		2,547,061,431	977,581,076	2,178,968,916	1,726,993,181
Total comprehensive income from discontinued operation		1,871,673	425,263,653	-	269,971,557
		<u>2,548,933,104</u>	<u>1,402,844,729</u>	<u>2,178,968,916</u>	<u>1,996,964,738</u>
Non-controlling interests of the subsidiaries					
Total comprehensive income from continued operation		(19,230,694)	(16,866,476)		
Total comprehensive income from discontinued operation		6,501,700	521,481		
		<u>(12,728,994)</u>	<u>(16,344,995)</u>		
		<u>2,536,204,110</u>	<u>1,386,499,734</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company					
Profit per share from continued operation	24	2,806.58	1,099.98	2,421.08	1,950.53
Profit per share from discontinued operation	24	2.08	507.63	-	299.97
		<u>2,808.66</u>	<u>1,607.62</u>	<u>2,421.08</u>	<u>2,250.50</u>

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated		
	financial statements	Separate financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Profit before tax from continued operation	3,120,261,767	2,757,051,802	2,298,926,809
Profit before tax from discontinued operation	<u>9,949,447</u>	<u>-</u>	<u>283,771,557</u>
Profit before tax	3,130,211,214	2,757,051,802	2,582,698,366
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	356,994,067	246,210,781	285,268,975
Increase in allowance for doubtful accounts	28,013,442	136,560,093	342,348,377
Decrease in allowance for inventory diminution	(62,490,261)	(39,735,123)	(31,101,895)
Allowance for impairment loss on investments in subsidiaries	-	50,000,000	78,772,782
Allowance for impairment loss on investment properties	32,709,279	32,709,279	-
Loss (gain) on disposals of plant, equipment and intangible assets	1,620,126	(5,251,813)	(526,656)
Gain on disposals of investments in trading securities	(8,576,702)	(7,395,749)	(6,371,012)
Loss (gain) on disposals of assets held for sale	22,292,364	(61,824,913)	-
Gain on liquidation of a subsidiary	-	(1,589,359)	-
Gain on disposals of other long-term investments	(5,849)	(5,849)	-
Long-term employee benefit expenses	28,725,946	22,199,627	25,565,664
Unrealised gain (loss) on exchange	9,033,906	7,354,826	(45,231,475)
Unrealised gain on changes in value of investments in trading securities	(32,546)	(82,940)	(160,105)
Dividend income	(74,000)	(74,000)	(283,833,557)
Interest income	(125,265,965)	(127,886,659)	(100,657,523)
Interest expenses	<u>86,777,978</u>	<u>81,404,082</u>	<u>98,764,402</u>
Profit from operating activities before changes in operating assets and liabilities	3,499,932,999	3,089,644,085	2,945,536,343

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated		
	financial statements	Separate financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Operating assets (increase) decrease:			
Trade and other receivables	46,162,026	128,269,011	112,581,942
Hire purchase receivables	10,107,786	6,780,094	20,356,563
Inventories	42,420,485	15,982,301	190,996,993
Other current assets	(18,692,561)	(15,436,185)	(17,223,367)
Other non-current assets	(4,811,180)	832,645	952,838
Operating liabilities increase (decrease):			
Trade and other payables	(126,399,358)	(146,549,524)	46,072,456
Other current liabilities	2,905,513	(1,440,669)	18,900,322
Provision for long-term employee benefits	(2,773,960)	(2,119,270)	(6,728,740)
Other non-current liabilities	(1,208,518)	-	-
Cash flows from operating activities	3,447,643,232	3,075,962,488	3,311,445,350
Cash paid for corporate income tax	(672,876,397)	(636,036,376)	(347,159,764)
Net cash flows from operating activities	2,774,766,835	2,439,926,112	2,964,285,586
Cash flows from investing activities			
Decrease in short-term loans to related parties	2,410,734,682	2,652,255,643	439,981,381
Decrease (increase) in investments in trading securities	161,742,849	113,270,000	(384,567,851)
Increase in other long-term investments	(10,000)	(10,000)	(152,149)
Increase in investments in subsidiaries	-	(567,068,288)	(35,570,000)
Proceeds from sales of other long-term investments	6,049	6,049	5,000,000
Acquisition of plant and equipment	(464,256,625)	(179,528,873)	(148,440,595)
Acquisition of intangible assets	(80,052,611)	(10,678,017)	(5,592,062)
Proceeds from sales of plant and equipment	2,195,704	11,865,948	1,810,649
Proceeds from sales of assets held for sale	594,755,907	61,824,914	-
Cash received from liquidation of a subsidiary	-	802,075,809	-
Interest income	295,008,305	297,628,999	103,384,549
Dividend income	74,000	74,000	283,833,557
Net cash flows from investing activities	2,920,198,260	3,181,716,184	259,687,479

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated		
	<u>financial statements</u>	<u>Separate financial statements</u>	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Cash flows from financing activities			
Repayment of short-term loans from financial institutions	(60,686,000)	-	(530,000,000)
Repayment of long-term loans from financial institution	(166,800,000)	(166,800,000)	(500,000,000)
Cash receipt from long-term loan from financial institution	148,812,000	148,812,000	351,188,000
Repayment of long-term loan from related party	(18,461,679)	-	-
Proceeds from increase in share capital of subsidiaries	10,677,584	-	-
Interest expenses	(85,656,496)	(80,436,138)	(101,601,368)
Dividend paid	<u>(6,525,000,000)</u>	<u>(6,525,000,000)</u>	<u>(1,512,000,000)</u>
Net cash flows used in financing activities	<u>(6,697,114,591)</u>	<u>(6,623,424,138)</u>	<u>(2,292,413,368)</u>
Effect of exchange rate on cash and cash equivalents	5,196,068	(1,328,002)	15,608,931
Increase in translation adjustments	<u>44,836,215</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(952,117,213)	(1,003,109,844)	947,168,628
Decrease in cash and cash equivalents classified as assets held for sale	424,525,241	-	-
Cash and cash equivalents at beginning of year	<u>2,240,966,966</u>	<u>1,827,368,132</u>	<u>880,199,504</u>
Cash and cash equivalents at end of year	<u>1,713,374,994</u>	<u>824,258,288</u>	<u>1,827,368,132</u>
	-	-	-
Supplemental disclosure of cash flows information			
Non-cash transactions			
Transfer of inventories to equipment	7,693,620	7,693,620	-
Transfer of intangible assets to equipment	-	-	1,258,415
Transfer of equipment to inventories	13,459,556	444,597	8,928,163
Acquisition of assets under financial leases	20,627,233	17,154,584	-
Receiving debt by transferring intangible assets	10,000,000	10,000,000	-
Receiving debt by transferring investment properties	53,000,000	53,000,000	-

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
Other components of equity												
Other comprehensive income												
Issued and fully paid-up share capital	Retained earnings			Exchange differences on translation of financial statements in foreign currency	Actuarial losses, net of income tax effect	Total other comprehensive income	Deficit from business combination under common control	Deficit from the changes in the ownership interests in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Appropriated - statutory reserve	Unappropriated										
Balance as at 1 January 2016	900,000,000	90,000,000	4,897,242,620	(65,114,384)	(33,987,958)	(99,102,342)	(170,399,630)	(150,820,797)	(420,322,769)	5,466,919,851	107,890,639	5,574,810,490
Profit for the year	-	-	2,527,792,650	-	-	-	-	-	-	2,527,792,650	(17,776,329)	2,510,016,321
Other comprehensive income for the year	-	-	-	21,140,454	-	21,140,454	-	-	21,140,454	21,140,454	5,047,335	26,187,789
Total comprehensive income for the year	-	-	2,527,792,650	21,140,454	-	21,140,454	-	-	21,140,454	2,548,933,104	(12,728,994)	2,536,204,110
Sale of investment in subsidiary with loss of control (Note 11)	-	-	-	25,118,926	(99,747)	25,019,179	(24,493,893)	-	525,286	525,286	(130,698,582)	(130,173,296)
Increase in equity attributable to non-controlling interests of the subsidiaries from additional investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	10,677,584	10,677,584
Dividend paid (Note 27)	-	-	(7,213,500,000)	-	-	-	-	-	-	(7,213,500,000)	-	(7,213,500,000)
Balance as at 31 December 2016	<u>900,000,000</u>	<u>90,000,000</u>	<u>211,535,270</u>	<u>(18,855,004)</u>	<u>(34,087,705)</u>	<u>(52,942,709)</u>	<u>(194,893,523)</u>	<u>(150,820,797)</u>	<u>(398,657,029)</u>	<u>802,878,241</u>	<u>(24,859,353)</u>	<u>778,018,888</u>

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Retained earnings		Other components of equity		
		Appropriated - statutory reserve	Unappropriated	Other comprehensive	Total other components of shareholders' equity	
				income		
			Actuarial losses, net of income tax effect			
Balance as at 1 January 2015	900,000,000	90,000,000	4,534,408,522	(7,804,344)	(7,804,344)	5,516,604,178
Profit for the year	-	-	2,025,453,011	-	-	2,025,453,011
Other comprehensive income for the year	-	-	-	(28,488,273)	(28,488,273)	(28,488,273)
Total comprehensive income for the year	-	-	2,025,453,011	(28,488,273)	(28,488,273)	1,996,964,738
Dividend paid (Note 27)	-	-	(1,512,000,000)	-	-	(1,512,000,000)
Balance as at 31 December 2015	<u>900,000,000</u>	<u>90,000,000</u>	<u>5,047,861,533</u>	<u>(36,292,617)</u>	<u>(36,292,617)</u>	<u>6,001,568,916</u>
						-
Balance as at 1 January 2016	900,000,000	90,000,000	5,047,861,533	(36,292,617)	(36,292,617)	6,001,568,916
Profit for the year	-	-	2,178,968,916	-	-	2,178,968,916
Total comprehensive income for the year	-	-	2,178,968,916	-	-	2,178,968,916
Dividend paid (Note 27)	-	-	(7,213,500,000)	-	-	(7,213,500,000)
Balance as at 31 December 2016	<u>900,000,000</u>	<u>90,000,000</u>	<u>13,330,449</u>	<u>(36,292,617)</u>	<u>(36,292,617)</u>	<u>967,037,832</u>
						-

The accompanying notes are an integral part of the financial statements.

TOA Paint (Thailand) Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2016

1. General information

TOA Paint (Thailand) Company Limited (“the Company”) is a limited company incorporated and domiciled in Thailand. Its parent company is TOA Group Holding Company Limited, which is incorporated in Thailand. The Company is principally engaged in manufacture and distribution of paints and chemicals. The registered office of the Company is at 31/2 Moo 3, Bangna-Trad Road, Tumbol Bangsaotong, Amphur Bangsaotong, Samutprakarn.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TOA Paint (Thailand) Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Country of incorporation	Nature of business	Paid-up capital		Shareholding percentage		
			Currency	2016 (Million)	2015 (Million)	2016 (%)	2015 (%)
Captain Coating Co., Ltd.	Thailand	A)	THB	300	300	100	100
British Paints Ltd.	Thailand	A)	THB	375	375	100	100
Professional PC Service Co., Ltd.	Thailand	B)	THB	5	5	100	100
TOA Paint (Vietnam) Co., Ltd.	Vietnam	A)	VND	459,006	459,006	100	100
TOA Coating Sdn. Bhd.	Malaysia	A)	MYR	5	5	100	100
TOA Paint Products Sdn. Bhd.	Malaysia	A)	MYR	9	5	100	100
PT TOA Paint Indonesia	Indonesia	A)	IDR	28,999	28,999	75	75
TOA Paint (Laos) Co., Ltd.	Laos	A)	LAK	21,898	21,898	100	100
TOA Paint (Myanmar) Co., Ltd.	Myanmar	A)	MMK	1,089	1,089	65	65
Imagica Co., Ltd.	Thailand	A)	THB	5	5	100	100
PT TOA Coating Indonesia	Indonesia	A)	IDR	185,357	-	99	-
TOA Skim Coat (Cambodia) Co., Ltd.	Cambodia	A)	KHR	40	-	65	-
TOA Paint (Cambodia) Co., Ltd.	Cambodia	A)	KHR	40	-	100	-
TOA Coating (Myanmar) Co., Ltd.	Myanmar	A)	USD	2	-	99	-
TOA Paint (India) Pvt. Ltd.	India	A)	INR	-	30	-	100
TOA Performance Coating (Vietnam) Co., Ltd.	Vietnam	C)	VND	-	10,450	-	100
TOA Performance Coating Corporation Co., Ltd.	Thailand	C)	THB	-	538	-	95
TOA-ISM Auto Refinish Paint Co., Ltd.	Thailand	C)	THB	-	5	-	100
TOA Paint (Malaysia) Sdn. Bhd.	Malaysia	C)	MYR	-	2	-	72
Conchubar Energy Pvt. Ltd.	Singapore	D)	THB	-	4	-	100
TOA Integration Co., Ltd.	Thailand	D)	THB	-	-	-	-

A) Manufacture and/or distribution of paints and related products

B) Providing staffing service to related companies

C) Manufacture and/or distribution of industrial paints and related products

D) Investment company

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) There have been changes in the composition of the Group during the current year as described in Notes 11 and 12 to the financial statements.

2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

3 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which became effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards did not have any significant impact on the financial statements of the Company and its subsidiaries.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in the separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the financial statements of the Company and its subsidiaries because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Hire purchase interest income

Interest income under hire purchase agreements is recognised based on the effective interest rate. Unearned interest income from hire purchase arrangements is presented net of initial direct costs arising on the inception of the contracts.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Accounts receivable

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

4.4 Hire purchase receivable

Hire purchase receivable is stated at the outstanding contract amount, which is net of unearned interest income and deferred direct expenses of incurred at the initiation of hire purchase, undue output value added tax and allowance for doubtful accounts.

4.5 Inventories

Finished goods and work in process are valued at the lower of average cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.6 Investments

- a) Investments in unit trusts of mutual fund are stated at fair value. Changes in the fair value of these unit trusts are recorded in profit or loss.
- b) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

d) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in profit or loss.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.8 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvements	-	20	years
Buildings and building improvements	-	5 - 20	years
Machinery and equipment	-	5 - 20	years
Furniture, fixtures and office equipment	-	3 - 5	years
Motor vehicles	-	5	years

Depreciation is included in profit or loss.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the year they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	-	5	years
Leasehold rights	-	26 - 30	years

4.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

4.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.13 Foreign currency

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in profit or loss.

4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investments

The Company and its subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon among the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	For the year ended 31 December			Transfer Pricing Policy
	Consolidated	Separate		
	financial statements	financial statements		
	2016	2016	2015	
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales of goods	-	554	745	Reference to market price
Purchases of goods	-	1,146	1,376	Reference to market price
Service income	-	23	10	Contract price
Promotion expenses	-	324	299	Contract price
Rental income	-	12	28	Contract price
Other income	-	68	62	Contract price
Interest income	-	6	5	3.00% - 7.00% per annum
<u>Transaction with parent company</u>				
Interest income	48	48	7	3.00% per annum
<u>Transactions with related parties</u>				
Sales of goods	483	479	362	Reference to market price
Purchases of goods	650	647	461	Reference to market price
Service income	11	10	10	Contract price
Rental income	7	7	14	Contract price
Rental expenses	106	106	103	Contract price
Other income	7	7	15	Contract price
Subcontractor expenses	2	2	80	Contract price
Interest income	39	39	27	3.00% - 4.00% per annum
Interest expenses	1	-	-	7.85% per annum
<u>Transactions with directors</u>				
Interest income	32	32	60	3.00% per annum
<u>Transactions with related person</u>				
Rental expenses	1	-	-	Contract price

As at 31 December 2016 and 2015, the balances of the accounts between the Company, its subsidiaries and those related companies were as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
<u>Trade and other receivables - related parties (Note 8)</u>			
Subsidiaries	-	517,294	679,692
Related companies (being under common director/shareholder)	170,619	170,212	115,239
Total trade and other receivables - related parties	<u>170,619</u>	<u>687,506</u>	<u>794,931</u>
<u>Trade and other payables - related parties (Note 18)</u>			
Subsidiaries	-	244,408	323,992
Related companies (being under common director/shareholder)	179,948	177,722	103,351
Total trade and other payables - related parties	<u>179,948</u>	<u>422,130</u>	<u>427,343</u>
<u>Dividend payable - related parties</u>			
Related companies (being under common director/shareholder)	688,500	688,500	-
Total dividend payable - related parties	<u>688,500</u>	<u>688,500</u>	<u>-</u>

Short-term loans to related parties and interest receivable

During 2016, movements of short-term loans to related parties and interest receivable were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Balance as at 31 December 2016
	Balance as at 1 January 2016	During the year		
		Increase	Decrease	
<u>Parent company</u>				
TOA Group Holding Co., Ltd. (formerly known as "TOA Corporation Co., Ltd.")	242,822	4,279,522	(4,522,344)	-
	242,822	4,279,522	(4,522,344)	-
<u>Related companies (being under common director/ shareholder)</u>				
Erawan Power Co., Ltd.	200,000	2,959	(202,959)	-
Erawan Sugar Co., Ltd.	790,000	11,688	(801,688)	-
PT Real Estate Co., Ltd.	120,305	42,255	(162,560)	-
Poolpholsap Co., Ltd.	186,848	4,275	(191,123)	-
Best Auto Sales Co., Ltd.	44,734	1,078	(45,812)	-
Wealth Business Co., Ltd.	42,171	93,007	(135,178)	-
TOA Venture Holding Co., Ltd.	-	493,211	(493,211)	-
TOA Chemical Industries Co., Ltd.	-	166,825	(166,825)	-
	1,384,058	815,298	(2,199,356)	-
Directors	1,148,295	368,612	(1,516,907)	-
Total	2,775,175	5,463,432	(8,238,607)	-

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 December 2016
	Balance as at 1 January 2016	During the year		
		Increase	Decrease	
<u>Subsidiaries</u>				
Captain Coating Co., Ltd.	80,000	9,774	(89,774)	-
PT TOA Paint Indonesia	32,901	36,747	(3,200)	66,448
	112,901	46,521	(92,974)	66,448
Less: Allowance for doubtful debts	(32,901)	(33,547)	-	(66,448)
	80,000	12,974	(92,974)	-
<u>Parent company</u>				
TOA Group Holding Co., Ltd. (formerly known as "TOA Corporation Co., Ltd.")	242,822	4,279,522	(4,522,344)	-
	242,822	4,279,522	(4,522,344)	-
<u>Related companies (being under common director/ shareholder)</u>				
Erawan Power Co., Ltd.	200,000	2,959	(202,959)	-
Erawan Sugar Co., Ltd.	790,000	11,688	(801,688)	-
PT Real Estate Co., Ltd.	120,305	42,255	(162,560)	-
Poolpholsap Co., Ltd.	186,848	4,275	(191,123)	-
Best Auto Sales Co., Ltd.	44,734	1,078	(45,812)	-
Wealth Business Co., Ltd.	42,171	93,007	(135,178)	-
TOA Venture Holding Co., Ltd.	-	493,211	(493,211)	-
TOA Chemical Industries Co., Ltd.	-	166,825	(166,825)	-
	1,384,058	815,298	(2,199,356)	-
Directors	1,148,295	368,612	(1,516,907)	-
Total	2,855,175	5,476,406	(8,331,581)	-

As at 31 December 2016, these clean loans carried interest at the rates of 7.00% per annum and would be due at call (2015: between 3.00% and 7.00% per annum).

Long-term loan from related party and interest payable

During 2016, movements of long-term loan to related party and interest payable were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Balance as at 31 December 2016
	Balance as at 1 January 2016	During the year		
		Increase	Decrease	
<u>Related company (being under common director/ shareholder)</u>				
TOA Paint (Malaysia) Sdn. Bhd.	17,779	1,198	(18,977)	-
Total	17,779	1,198	(18,977)	-

As at 31 December 2015, this clean loan carried interest at the rate between 7.28% and 7.85% per annum.

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	<u>2016</u>	<u>2015</u>
Short-term employee benefits	91	83
Post-employment benefits	2	2
Total	93	85

7. **Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Cash	2,007	677	868
Bank deposits	1,711,368	823,581	1,826,500
Total	1,713,375	824,258	1,827,368

As at 31 December 2016, bank deposits in saving accounts carried interest at the rates between 0.125% and 1.12% per annum (Separate financial statements: between 0.125% and 0.375% per annum, 2015: between 0.125% and 0.40% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties</u>			
Aged on the basis of due dates			
Not yet due	116,633	299,296	326,646
Past due			
Up to 3 months	32,720	128,486	145,328
3 - 6 months	5	43,601	90,335
6 - 12 months	2	81,549	134,891
Over 12 months	15,051	336,387	476,221
Total	164,411	889,319	1,173,421
Less: Allowance for doubtful debts	(15,106)	(295,729)	(456,876)
Total trade receivables - related parties, net	149,305	593,590	716,545
<u>Trade receivables - unrelated parties</u>			
Aged on the basis of due dates			
Not yet due	2,003,632	1,440,003	1,573,732
Past due			
Up to 3 months	395,920	230,002	264,584
3 - 6 months	58,694	24,086	44,501
6 - 12 months	66,448	29,913	33,780
Over 12 months	197,845	75,912	57,155
Total	2,722,539	1,799,916	1,973,752
Less: Allowance for doubtful debts	(171,347)	(74,200)	(61,269)
Total trade receivables - unrelated parties, net	2,551,192	1,725,716	1,912,483
Total trade receivables - net	2,700,497	2,319,306	2,629,028
<u>Other receivables</u>			
Other receivables - related parties *	12,434	22,495	110,175
Less: Allowance for doubtful debts *	-	-	(85,491)
Other receivables - related parties - net	12,434	22,495	24,684
Other receivables - unrelated parties	37,909	1,509	2,890
Accrued income - related parties	8,880	71,421	53,702
Accrued income - unrelated parties	79,886	42,544	47,706
Total other receivables	139,109	137,969	128,982
Total trade and other receivables - net	2,839,606	2,457,275	2,758,010

* The balances included the loan payment that the Company, as guarantor, made on behalf of a related company, as described in Note 28.3 to the financial statements.

9. Hire purchase receivables

9.1 Hire purchase receivables aged based on payment dates due per the contracts were as follows:

(Unit: Million Baht)

	Consolidated		Separate financial statements			
	financial statements		2016		2015	
	2016		Hire	Allowance	Hire	Allowance
	purchase	for doubtful	purchase	for doubtful	purchase	for doubtful
	receivables	accounts	receivables	accounts	receivables	accounts
	balance *		balance *		balance *	
Current	202	(1)	189	(1)	205	(4)
Past Due						
Not over 1 month	7	(1)	7	(1)	5	-
1 to 3 months	12	(1)	12	-	8	-
Over 3 months	59	(9)	55	(6)	51	(4)
Total	280	(12)	263	(8)	269	(8)

* Net of unearned interest income and undue output value added tax

9.2 Hire purchase receivables

As at 31 December 2016, receivables of the Company and its subsidiaries under hire purchase agreements comprised hire purchase agreements for tinting machine. The terms of the agreements are generally between 3 to 5 years and under agreements interest is charged at a fixed rate as specified in the agreements.

(Unit: Million Baht)

	Consolidated financial statements		
	as at 31 December 2016		
	Amounts of installments due under the contract		
	Less than		
	1 year	1 - 5 years	Total
Hire purchase receivables	164	174	338
Unearned interest income	(21)	(18)	(39)
Undue output value added tax	(10)	(9)	(19)
	133	147	280
Allowance for doubtful accounts	(11)	(1)	(12)
Hire purchase receivables - net	122	146	268

(Unit: Million Baht)

Separate financial statements

as at 31 December 2016

	Amounts of installments due under the contract		
	Less than		
	1 year	1 - 5 years	Total
Hire purchase receivables	155	163	318
Unearned interest income	(20)	(18)	(38)
Undue output value added tax	(9)	(8)	(17)
	126	137	263
Allowance for doubtful accounts	(8)	-	(8)
Hire purchase receivables - net	118	137	255

(Unit: Million Baht)

Separate financial statements

as at 31 December 2015

	Amounts of installments due under the contract		
	Less than		
	1 year	1 - 5 years	Total
Hire purchase receivables	158	170	328
Unearned interest income	(22)	(17)	(39)
Undue output value added tax	(10)	(10)	(20)
	126	143	269
Allowance for doubtful accounts	(5)	(3)	(8)
Hire purchase receivables - net	121	140	261

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2016

	Cost	Reduction of cost to	Inventories-net
		net realisable value	
Finished goods	1,001,032	(53,032)	948,000
Work in process	196,948	(5,208)	191,740
Raw materials	704,598	(15,872)	688,726
Packing materials	64,427	(1,130)	63,297
Spare parts and factory supplies	33,306	-	33,306
Goods in transit	93,499	-	93,499
Total	2,093,810	(75,242)	2,018,568

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduction of cost to net realisable value		Inventories-net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finished goods	641,693	655,885	(38,469)	(58,492)	603,224	597,393
Work in process	183,918	166,012	(5,118)	(4,881)	178,800	161,131
Raw materials	557,057	588,061	(10,952)	(27,763)	546,105	560,298
Packing materials	31,953	29,066	(1,031)	(4,168)	30,922	24,898
Spare parts and factory supplies	33,306	31,819	-	-	33,306	31,819
Goods in transit	<u>26,743</u>	<u>27,057</u>	-	-	<u>26,743</u>	<u>27,057</u>
Total	<u>1,474,670</u>	<u>1,497,900</u>	<u>(55,570)</u>	<u>(95,304)</u>	<u>1,419,100</u>	<u>1,402,596</u>

During the current year, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 62 million (Separate financial statements: Baht 40 million, 2015: Baht 31 million), and reduced the amount of inventories recognised as expenses during the year.

11. Assets held for sale

As at 31 December 2016 and 2015, details of assets held for sale in the separate financial statements were as follows:

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
Investments in subsidiaries	-	538
Investments in joint ventures	-	56
Investment in associate	-	65
Other long-term investments	-	141
Total assets held for sale	<u>-</u>	<u>800</u>

Details of investments in subsidiaries, joint ventures, associate and other long-term investments classified as assets held for sale in the separate financial statements are as follows:

Company's name	Abbreviation	Country of incorporation	Shareholding percentage		Cost		(Unit: Million Baht) Dividend received during the years	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
<u>Investments in subsidiaries</u>								
TOA Performance Coating (Vietnam) Co., Ltd. ¹	TOAPCV	Vietnam	-	100	-	15	-	-
TOA Performance Coating Corporation Co., Ltd. ¹	TOAPCC	Thailand	-	95	-	513	-	-
TOA Paint (Malaysia) Sdn. Bhd. ¹	TPM	Malaysia	-	72	-	10	-	8
TOA Paint (India) Pvt. Ltd. ²		India	-	100	-	20	-	-
TOA-ISM Auto Refinish Paint Co., Ltd. ²		Thailand	-	100	-	181	-	-
Conchubar Energy Pvt. Ltd. ²		Singapore	-	100	-	4	-	-
TOA Integration Co., Ltd.	TOAI	Thailand	-	-	-	-	-	-
Total					-	743	-	8
Less: Allowance for impairment					-	(205)		
Net					-	538		
<u>Investments in joint ventures *</u>								
TOA Union Paint (Thailand) Co., Ltd. ¹		Thailand	-	55	-	7	-	-
TOA Chugoku Paint Co., Ltd. ¹		Thailand	-	51	-	36	-	-
ITOA Auto Sales Co., Ltd. ¹		Thailand	-	51	-	13	-	102
Total					-	56	-	102
<u>Investment in associate</u>								
Sherwood Chemicals Plc. ¹		Thailand	-	36	-	65	-	24
Total					-	65	-	24
<u>Other long-term investments</u>								
YMP Press & Dies (Thailand) Co., Ltd. ¹		Thailand	-	6	-	121	-	-
Takata TOA Co., Ltd. ¹		Thailand	-	10	-	20	-	150
Total					-	141	-	150

1) Collectively called, the "investments in group 1"

2) Collectively called, the "investments in group 2"

* The Company classified these investments as investments in joint ventures in accordance with a joint venture agreement and Article of Associate.

TOAI

On 19 February 2016, the Company used investments in group 1, amounting to Baht 800 million, as a capital contribution in the establishment of TOAI. Subsequently, on 29 February 2016, TOAI entered in to an agreement to transfer these businesses to TOA Venture Holding Co., Ltd. at cost. Then TOAI registered its dissolution with the Ministry of Commerce in March 2016 and completed the liquidation process in June 2016. The net assets of TOAI as at the liquidation date, amounting to Baht 802 million, were cash and cash equivalents. The Company recorded gains from the liquidation of TOAI of Baht 2 million under other income in the separate statements of comprehensive income. Therefore, the investment in TOAI was classified as assets held for sale.

Investments in group 1

Details of sales of the investments in group 1 in the consolidated financial statements were as follows:

		(Unit: Thousand Baht)
Cash received from sales of the investments		800,486
Less: Net assets of the subsidiaries in TOAI's proportion	1,001,037	
Book value of investments in joint ventures under the equity method	617,491	
Book value of investment in associate under the equity method	185,221	
Book value of other long-term investments	141,918	
Allowance for impairment	(1,122,908)	822,759
Loss on sales of the investments		<u>(22,273)</u>

The Company included loss from the sale of the investments of Baht 22 million under profit from discontinued operation for the year in the consolidated statements of comprehensive income.

Details of the book values of assets and liabilities of the subsidiaries as at 29 February 2016 were as follows:

	(Unit: Thousand Baht)			
	TOAPCV	TOAPCC	TPM	Total
Assets				
Cash and cash equivalents	19,329	109,171	136,565	265,065
Short-term investments	-	140,212	-	140,212
Trade and other receivables	3,954	356,366	63,187	423,507
Inventories	17,930	385,215	62,797	465,942
Other current assets	166	754	-	920
Loans to related parties	-	-	18,324	18,324
Property, plant and equipment	1,888	116,683	120,209	238,780
Other non-current assets	466	14,542	-	15,008
Total assets	43,733	1,122,943	401,082	1,567,758
Liabilities				
Trade and other payables	18,689	263,742	28,781	311,212
Other current liabilities	69	23,650	1,055	24,774
Other non-current liabilities	-	34,935	48,395	83,330
Total liabilities	18,758	322,327	78,231	419,316
Cumulative amount of the exchange differences on translation of financial statements in foreign currency of the disposed subsidiaries	(1,863)	-	13,424	11,561
Net asset value	23,112	800,616	336,275	1,160,003
Net assets of the subsidiaries in TOAI's proportion	23,112	732,274	245,651	1,001,037

Details of the book value of investments in joint ventures under the equity method as at 29 February 2016 were as follows:

	(Unit: Thousand Baht)
TOA Union Paint (Thailand) Co., Ltd.	19,085
TOA Chugoku Paint Co., Ltd.	566,149
ITOA Auto Sales Co., Ltd.	32,257
Total	617,491

Investments in group 2

On 29 March 2016, the Company sold the investments in group 2, which had been fully impaired, to TOA Group Holding Co., Ltd. at a combined price of Baht 62 million. Details of sales of the investments in the consolidated financial statements were as follows:

	(Unit: Thousand Baht)	
Cash received from sales of the investments		61,825
Less: Net assets of the subsidiaries in the Company's proportion	66,497	
Allowance for impairment	(4,655)	61,842
Loss on sales of the investments		<u>(17)</u>

The Company included loss from the sale of the investments under profit from discontinued operation for the year in the consolidated statements of comprehensive income and included gain from the sale of the investments of Baht 62 million under other income in the separate statements of comprehensive income.

Details of the book values of assets and liabilities of the subsidiaries as at 29 March 2016 were as follows:

	(Unit: Thousand Baht)	
Assets		
Cash and cash equivalents		2,490
Short-term investments		60,081
Trade and other receivables		231
Total assets		<u>62,802</u>
Liabilities		
Trade and other payables		1,318
Total liabilities		<u>1,318</u>
Cumulative amount of the exchange differences on translation of financial statements in foreign currency of the disposed subsidiaries		<u>5,013</u>
Net asset value		<u>66,497</u>
Net assets of the subsidiaries in the Company's proportion		<u>66,497</u>

The operating results of assets held for sale as presented under profit from discontinued operation for the year 2016 in the consolidated statements of comprehensive income were detailed below.

(Unit: Thousand Baht)

Profit or loss:	
Revenues	
Sales	270,647
Other income	8,319
Total revenues	278,966
Expenses	
Cost of sales	200,182
Selling expenses	19,556
Administrative expenses	26,870
Loss on sales of investments	22,290
Total expenses	268,898
Profit before finance cost and income tax	10,068
Finance cost	(118)
income tax	(7,305)
Profit from discontinued operation for the year	2,645
Other comprehensive income:	
Exchange differences on translation of financial statements in foreign currency, net of income tax effect	20,460
Exchange differences on translation of financial statements in foreign currency, net of income tax effect - the Company's proportion	(14,731)
Other comprehensive income for the year	5,729
Total comprehensive income for the year	8,374

The operating results of assets held for sale as presented under profit from discontinued operation for the year 2015 in the separate statements of comprehensive income were detailed below.

(Unit: Thousand Baht)

Profit or loss:	
Dividend income	283,772
Income tax	(13,800)
Profit from discontinued operation for the year	269,972

Cash flow information of assets held for sale were as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements for the year 2016	Separate financial statements for the year 2015
Cash flows from (used in) operating activities	27,745	(13,800)
Cash flows from (used in) investing activities	(474,723)	283,772
Net cash flows from financing activities	2,552	-
Increase in translation adjustments	19,901	-

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	(Unit: Thousand Baht)	
	Cost	
	<u>2016</u>	<u>2015</u>
Captain Coating Co., Ltd.	300,000	300,000
British Paints Co., Ltd.	374,998	374,998
Professional PC Service Co., Ltd.	5,000	5,000
TOA Paint (Vietnam) Co., Ltd.	876,383	876,383
TOA Coating Sdn. Bhd.	57,592	57,592
TOA Paint Products Sdn. Bhd.	93,158	60,838
PT TOA Paint Indonesia	78,621	78,621
TOA Paint (Laos) Co., Ltd.	80,302	80,302
TOA Paint (Myanmar) Co., Ltd.	26,473	26,473
Imagica Co., Ltd.	5,000	5,000
PT TOA Coating Indonesia	463,633	-
TOA Skim Coat (Cambodia) Co., Ltd.	234	-
TOA Paint (Cambodia) Co., Ltd.	349	-
TOA Coating (Myanmar) Co., Ltd.	70,532	-
Total	2,432,275	1,865,207
Less: Allowance for impairment	(369,675)	(319,675)
Net	<u>2,062,600</u>	<u>1,545,532</u>

In March 2016, the Company registered the establishment of TOA Paint (Cambodia) Co., Ltd., which was incorporated in Cambodia. This company has a registered share capital of KHR 40,000,000 or approximately Baht 0.35 million (1,000 ordinary shares of KHR 40,000 each). The Company invested Baht 0.35 million in this company, representing 100% of its ordinary shares. The Company paid such share subscription on 29 July 2016.

In May 2016, the Company registered the establishment of PT TOA Coating Indonesia which was incorporated in Indonesia. This company has a registered share capital of IDR 185,356,775,695 or approximately Baht 468 million (13,214,285 ordinary shares of IDR 14,027 each). The Company invested Baht 464 million in this company, representing 99% of its ordinary shares. The Company paid such share subscription on 27 December 2016.

In May 2016, the Company registered the establishment of TOA Skim Coat (Cambodia) Co., Ltd., which was incorporated in Cambodia. This company has a registered share capital of KHR 40,000,000 or approximately Baht 0.36 million (1,000 ordinary shares of KHR 40,000 each). The Company invested Baht 0.23 million in this company, representing 65% of its ordinary shares. The Company paid such share subscription on 26 December 2016.

In November 2016, the Company registered the establishment of TOA Coating (Myanmar) Co., Ltd., which was incorporated in Myanmar. This company has a registered share capital of USD 12,000,000 or approximately Baht 432 million (12,000,000 ordinary shares of USD 1 each) of which 17% is called-up. The Company invested Baht 71 million in this company, representing 99% of its ordinary shares. The Company paid such share subscription on 8 December 2016.

In December 2016, TOA Paint Products Sdn. Bhd. issued 4,000,000 new ordinary shares with a par value of MYR 1 each, or a total value of MYR 4,000,000, equivalent to approximately Baht 32 million. The Company invested Baht 32 million in the purchase of these shares in order to maintain its existing shareholding in this company, and paid in this share capital on 27 December 2016.

13. Other long-term investments

(Unit: Thousand Baht)

Consolidated and Separate
financial statements

	<u>2016</u>	<u>2015</u>
Debt securities held to maturity	5,000	5,000
Others	10	-
Total	<u>5,010</u>	<u>5,000</u>

Debt securities held to maturity carried interest at a rate of 4.38% per annum (2015: 4.38% per annum) and will be due in December 2022.

14. Investment properties

The net book value of investment properties as at 31 December 2016 is presented below.

(Unit: Thousand Baht)

Consolidated and Separate
financial statements

	<u>Building for rent</u>
Cost	53,000
Less Accumulated depreciation	(652)
Allowance for impairment	(32,709)
Net book value	<u>19,639</u>

A reconciliation of the net book value of investment properties for the year 2016 is presented below.

(Unit: Thousand Baht)

Consolidated and Separate
financial statements

Net book value at beginning of year	-
Debt repayment from related party	53,000
Depreciation charged	(652)
Allowance for impairment	(32,709)
Net book value at end of year	<u>19,639</u>

As at 31 December 2016, the fair value of investment properties was Baht 20 million. The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	
Cost								
As at 1 January 2016	55,042	6,378	1,209,232	2,726,644	288,404	184,249	83,531	4,553,480
Additions	-	156,254	1,557	56,872	8,784	8,355	203,504	435,326
Disposals	-	-	(995)	(95,503)	(21,416)	(19,465)	(3,427)	(140,806)
Transfer in (out)	-	909	27,734	60,514	22,746	10,022	(136,312)	(14,387)
Translation adjustment	-	1,276	(188)	(2,163)	(103)	(242)	(324)	(1,744)
As at 31 December 2016	55,042	164,817	1,237,340	2,746,364	298,415	182,919	146,972	4,831,869
Accumulated depreciation								
As at 1 January 2016	-	603	544,339	1,785,520	233,069	151,980	-	2,715,511
Depreciation for the year	-	319	55,990	233,356	27,363	10,302	-	327,330
Depreciation on disposals	-	-	(995)	(95,430)	(21,343)	(19,222)	-	(136,990)
Depreciation on transfer out	-	-	-	(8,620)	-	-	-	(8,620)
Translation adjustment	-	-	(48)	(558)	(12)	(166)	-	(784)
As at 31 December 2016	-	922	599,286	1,914,268	239,077	142,894	-	2,896,447
Net book value								
As at 1 January 2016	55,042	5,775	664,893	941,124	55,335	32,269	83,531	1,837,969
As at 31 December 2016	55,042	163,895	638,054	832,096	59,338	40,025	146,972	1,935,422
Depreciation for the year								
2015 (Baht 214 million included in manufacturing cost, and the balance in selling and administrative expenses)								378,427
2016 (Baht 188 million included in manufacturing cost, and the balance in selling and administrative expenses)								327,330

(Unit: Thousand Baht)

Separate financial statements

	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
Cost							
As at 1 January 2016	6,377	952,839	2,075,282	244,876	151,088	77,076	3,507,538
Additions	-	234	12,339	4,793	4,613	174,704	196,683
Disposals	-	(995)	(101,725)	(21,133)	(17,161)	-	(141,014)
Transfer in (out)	909	27,734	53,043	21,133	10,022	(114,207)	(1,366)
As at 31 December 2016	7,286	979,812	2,038,939	249,669	148,562	137,573	3,561,841
Accumulated depreciation							
As at 1 January 2016	603	465,529	1,387,730	199,980	123,674	-	2,177,516
Depreciation for the year	319	43,276	149,615	22,964	8,241	-	224,415
Depreciation on disposals	-	(995)	(95,430)	(21,045)	(16,930)	-	(134,400)
Depreciation on transfer out	-	-	(8,615)	-	-	-	(8,615)
As at 31 December 2016	922	507,810	1,433,300	201,899	114,985	-	2,258,916
Net book value							
As at 1 January 2016	5,774	487,310	687,552	44,896	27,414	77,076	1,330,022
As at 31 December 2016	6,364	472,002	605,639	47,770	33,577	137,573	1,302,925
Depreciation for the year							
2015 (Baht 187 million included in manufacturing cost, and the balance in selling and administrative expenses)							264,058
2016 (Baht 168 million included in manufacturing cost, and the balance in selling and administrative expenses)							224,415

(Unit: Thousand Baht)

Separate financial statements

	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
Cost							
As at 1 January 2015	6,377	923,745	2,060,609	232,026	140,613	35,379	3,398,749
Additions	-	-	10,185	5,537	9,238	123,493	148,453
Disposals	-	-	(46,602)	(2,380)	(856)	-	(49,838)
Transfer in (out)	-	29,094	51,090	9,693	2,093	(81,796)	10,174
As at 31 December 2015	6,377	952,839	2,075,282	244,876	151,088	77,076	3,507,538
Accumulated depreciation							
As at 1 January 2015	284	423,398	1,244,724	177,229	116,377	-	1,962,012
Depreciation for the year	319	42,131	188,649	24,806	8,153	-	264,058
Depreciation on disposals	-	-	(45,643)	(2,055)	(856)	-	(48,554)
As at 31 December 2015	603	465,529	1,387,730	199,980	123,674	-	2,177,516
Net book value							
As at 1 January 2015	6,093	500,347	815,885	54,797	24,236	35,379	1,436,737
As at 31 December 2015	5,774	487,310	687,552	44,896	27,414	77,076	1,330,022
Depreciation for the year							
2014 (Baht 154 million included in manufacturing cost, and the balance in selling and administrative expenses)							230,923
2015 (Baht 187 million included in manufacturing cost, and the balance in selling and administrative expenses)							264,058

As at 31 December 2016, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 2,314 million (Separate financial statements: Baht 2,058 million, 2015: Baht 2,056 million).

A subsidiary has mortgaged its land, buildings and machinery with net book values amounting to approximately Baht 111 million (2015: Baht 116 million) as collateral against its credit facilities received from a financial institution.

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Leasehold rights	Total
Cost:			
As at 1 January 2016	157,435	66,851	224,286
Additions	12,307	67,745	80,052
Debt repayment from related party	-	10,000	10,000
Disposals	(12,408)	-	(12,408)
Translation adjustment	882	(6,534)	(5,652)
As at 31 December 2016	158,216	138,062	296,278
Accumulated amortisation:			
As at 1 January 2016	111,493	15,425	126,918
Amortisation for the year	21,443	2,251	23,694
Amortisation on disposals	(12,408)	-	(12,408)
Translation adjustment	820	(849)	(29)
As at 31 December 2016	121,348	16,827	138,175
Net book value:			
As at 31 December 2016	36,868	121,235	158,103

(Unit: Thousand Baht)

	Separate financial statements		
	Computer software	Leasehold rights	Total
Cost:			
As at 1 January 2015	151,893	-	151,893
Additions	5,592	-	5,592
Transfer out	(1,258)	-	(1,258)
As at 31 December 2015	156,227	-	156,227
Additions	10,130	548	10,678
Debt repayment from related party	-	10,000	10,000
Disposals	(12,408)	-	(12,408)
As at 31 December 2016	153,949	10,548	164,497
Accumulated amortisation:			
As at 1 January 2015	89,629	-	89,629
Amortisation for the year	21,210	-	21,210
As at 31 December 2015	110,839	-	110,839
Amortisation for the year	21,009	135	21,144
Amortisation on disposals	(12,408)	-	(12,408)
As at 31 December 2016	119,440	135	119,575
Net book value:			
As at 31 December 2015	45,388	-	45,388
As at 31 December 2016	34,509	10,413	44,922

17. Short-term loans from financial institutions

The Company's short-term loans from a financial institution represent promissory notes which are subject to interest at the rates between 2.10% and 2.45% per annum (2015: between 2.61% and 3.27% per annum) and will be due between January and March 2017.

A subsidiary's short-term loans from a financial institution represent promissory notes which are subject to interest at the rates between 2.44% and 2.55% per annum (2015: between 2.44% and 2.99% per annum). The loans are repayable at call and are secured by certain of the subsidiary's land, buildings and machinery.

18. Trade and other payables

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Trade payables - related parties	165,061	362,650	364,831
Trade payables - unrelated parties	2,710,472	2,064,172	2,183,116
Other payables - related parties	14,887	59,480	62,512
Other payables - unrelated parties	198,547	176,725	188,174
Accrued expenses	513,229	364,010	357,103
Total trade and other payables	<u>3,602,196</u>	<u>3,027,037</u>	<u>3,155,736</u>

19. Long-term loans from financial institution

		(Unit: Thousand Baht)	
		Consolidated and Separate	
		financial statements	
Loan	Repayment schedule	2016	2015
1	Repayable in 36 monthly installments starting from January 2016	333,200	351,188
Total		333,200	351,188
Less: Current portion of long-term loans		(166,800)	(166,800)
Long-term loans - net of current portion		<u>166,400</u>	<u>184,388</u>

The loan carries interest at a rate of 3.25% per annum for the loan amount drawn down within 15 January 2016 and carries interest at a rate based on BIBOR 1 month for the loan amount drawn down after 15 January 2016.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio and debt service coverage ratio as stipulated on the agreements.

20. Provision for long-term employee benefits

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Provision for long-term employee benefits			
at beginning of the year	217,509	189,956	135,508
Included in profit or loss:			
Current service cost	22,220	16,587	19,548
Interest cost	6,506	5,612	6,018
Included in other comprehensive income:			
Actuarial losses (gain)			
Demographic assumption changes	-	-	25,323
Financial assumption changes	-	-	14,721
Experience adjustments	-	-	(4,433)
Benefits paid during the year	(2,774)	(2,119)	(6,729)
Translation adjustment	(1,219)	-	-
Provision for long-term employee benefits			
at end of year	<u>242,242</u>	<u>210,036</u>	<u>189,956</u>

Long-term employee benefit expenses included in the profit or loss are as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Cost of sales	8,642	7,552	10,099
Selling and administrative expenses	20,084	14,647	15,467

The Company and its subsidiaries expect to pay Baht 22 million of long-term employee benefits during the next year (Separate financial statements: Baht 21 million, 2015: Baht 9 million).

As at 31 December 2016, the weighted average durations of the liabilities for long-term employee benefit were between 12 years and 21 years (Separate financial statements: 21 years).

Principal actuarial assumptions at the valuation date are as follows:

	(% per annum)		
	Consolidated		Separate
	financial statements		financial statements
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Discount rate	3.00 - 8.30	3.00	3.00
Future salary increase rate (depending on age)	6.00 - 15.00	6.00	6.00
Staff turnover rate (depending on age)	3 - 46	3 - 18	3 - 18

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below.

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1.0%</u>	<u>Decrease 1.0%</u>	<u>Increase 1.0%</u>	<u>Decrease 1.0%</u>
Discount rate	(19)	22	(15)	18
Salary increase rate	21	(18)	17	(15)

21. Statutory reserve

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least five percent of its net profit each time the Company pays out a dividend, until such reserve reaches ten percent of its registered share capital. The statutory reserve cannot be used for dividend payment. At present, the statutory reserve has fully been set aside.

22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)		
	Consolidated		Separate
	financial statements		financial statements
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Advertising and promotion expenses	746	479	496
Salary and wages and other employee benefits	1,906	1,509	1,451
Depreciation and amortisation	352	246	285
Subcontractor expenses	126	126	129
Rental expenses	272	176	165
Raw materials and consumables used	7,936	6,724	7,294
Changes in inventories of finished goods and work in progress	(26)	(4)	(15)

23. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Current income tax:			
Current income tax charge	636,824	592,592	529,359
Adjustment in respect of income tax of previous year	16	-	-
Deferred tax:			
Relating to origination and reversal of temporary differences	(23,950)	(14,509)	14,086
Income tax reported in the statements of comprehensive income	<u>612,890</u>	<u>578,083</u>	<u>543,445</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial losses	-	-	7,122
	<u>-</u>	<u>-</u>	<u>7,122</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Accounting profit before tax	3,120,262	2,757,052	2,298,927
Applicable tax rate	7.5% - 25%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	610,933	551,410	459,785
Effects of:			
Non-deductible expenses	123,616	107,106	92,209
Additional expense deductions allowed	(96,323)	(80,433)	(8,549)
Tax losses for the year of subsidiaries which deferred tax assets have not been recognised	(19,652)	-	-
Others	(5,684)	-	-
Total	1,957	26,673	83,660
Income tax reported in the statement of comprehensive income	612,890	578,083	543,445

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2016</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets			
Allowance for doubtful accounts	16,602	14,840	12,254
Allowance for diminution in value of inventories	11,989	11,114	19,061
Provision for long-term employee benefits	47,445	42,007	37,991
Others	28,815	6,208	5,992
Total	104,851	74,169	75,298
Deferred tax liabilities			
Accumulated depreciation	54,131	54,131	69,770
Total	54,131	54,131	69,770
Deferred tax assets - net	50,720	20,038	5,528

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as managing director.

The Company and its subsidiaries are principally engaged in the manufacture and distribution of paints and chemical. Their operations are carried on in Thailand and Southeast Asia. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)
	<u>2016</u>
Revenue from external customers	
Thailand	14,176,313
Overseas	2,121,035
Total	<u>16,297,348</u>
Non-current assets (other than financial instruments and deferred tax assets)	
Thailand	1,539,536
Southeast Asia	573,628
Total	<u>2,113,164</u>

26. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rates of 3 - 5 percent of basic salary. The fund, which is managed by an authorised fund manager, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 30 million (Separate financial statements: Baht 23 million, 2015: Baht 22 million) were recognised as expenses.

27. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for 2015	Board of Directors' meeting on 26 June 2015	1,512	1,680
Total for 2015		1,512	1,680
Interim dividends for 2016	Board of Directors' meeting on 3 November 2016	3,015	3,350
Interim dividends for 2016	Board of Directors' meeting on 2 December 2016	3,510	3,900
Interim dividends for 2016	Board of Directors' meeting on 31 December 2016	689	765
Total dividend for 2016		7,214	8,015

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2016, the Company and its subsidiaries had capital commitments of approximately Baht 18 million (Separate financial statements: Baht 18 million, 2015: Baht 78 million) relating to the construction of buildings and building improvements and the purchase of machinery.

28.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, building, motor vehicles and equipment.

Future minimum lease payments required under these operating lease contracts were as follows:

	Consolidated financial statements	Separate financial statements	
	2016	2016	2015
Payable within:			
In up to 1 year	163	136	108
In over 1 and up to 5 years	348	323	116
In over 5 years	287	285	3

28.3 Guarantees

- a) The Company has guaranteed bank credit facilities of its related companies as follows:

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
Subsidiaries	448	297
Related companies *	4,429	4,555

* These amounts included guarantees of loans totaling Baht 200 million (2015: Baht 311 million) provided for a related company. The Company made loan payment amounting to Baht 240 million on behalf of the related company, as guarantor. The Company recorded the related company as other receivables and recorded allowance for doubtful debt in full. In March 2016, the Company sued this related company for bankruptcy. Subsequently, in August 2016, the Company and the related company entered into a settlement agreement whereby the related company agreed to pay debt of Baht 153 million by transferring certain assets to the Company. To date, the related company has completely transferred assets to the Company. The Company withdrew the lawsuit and the case was thus finalised.

- b) As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 18 million (Separate financial statements: Baht 17 million, 2015: Baht 17 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

29. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in mutual fund	-	442	-	442
Assets for which fair value are disclosed				
Investment properties	-	-	20	20

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in mutual fund	-	414	-	414
Assets for which fair value are disclosed				
Investment properties	-	-	20	20

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in mutual fund	-	520	-	520

30. Financial instruments

30.1 Financial risk management

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade and other receivables, loans, investments, and short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, loans and notes. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, loans and notes as stated in the statement of financial position.

Interest rate risk

Exposure of the Company and its subsidiaries to interest rate risk relates primarily to its cash at banks, loans and borrowings. Most of financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the tables below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	890	823	1,713	Note 7
Investments in trade securities - mutual fund	-	-	-	-	442	442	-
Trade and other receivables	-	-	-	-	2,840	2,840	-
Hire purchase receivables	122	146	-	-	-	268	7.00
Debt securities held to maturity	-	-	5	-	-	5	Note 13
	<u>122</u>	<u>146</u>	<u>5</u>	<u>890</u>	<u>4,105</u>	<u>5,268</u>	
Financial liabilities							
Short-term loan from financial institutions	3,560	-	-	-	-	3,560	Note 17
Trade and other payables	-	-	-	-	4,291	4,291	-
Long-term loans from financial institution	167	17	-	149	-	333	Note 19
	<u>3,727</u>	<u>17</u>	<u>-</u>	<u>149</u>	<u>4,291</u>	<u>8,184</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	763	61	824	Note 7
Investments in trade securities - mutual fund	-	-	-	-	414	414	-
Trade and other receivables	-	-	-	-	2,457	2,457	-
Hire purchase receivables	118	137	-	-	-	255	7.00
Debt securities held to maturity	-	-	5	-	-	5	Note 13
	<u>118</u>	<u>137</u>	<u>5</u>	<u>763</u>	<u>2,932</u>	<u>3,955</u>	
Financial liabilities							
Short-term loans from financial institutions	3,350	-	-	-	-	3,350	Note 17
Trade and other payables	-	-	-	-	3,716	3,716	-
Long-term loan from financial institution	167	17	-	149	-	333	Note 19
	<u>3,517</u>	<u>17</u>	<u>-</u>	<u>149</u>	<u>3,716</u>	<u>7,399</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2015

	Fixed interest rates					Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing		
Financial Assets							
Cash and cash equivalents	-	-	-	1,783	44	1,827	Note 7
Investments in trade securities - mutual fund	-	-	-	-	520	520	-
Trade and other receivables	-	-	-	-	2,758	2,758	-
Short-term loans to related parties and interest receivable	2,685	-	-	-	170	2,855	Note 6
Hire purchase receivables	121	141	-	-	-	262	7.00
Debt securities held to maturity	-	-	5	-	-	5	Note 13
	<u>2,806</u>	<u>141</u>	<u>5</u>	<u>1,783</u>	<u>3,492</u>	<u>8,227</u>	
Financial liabilities							
Short-term loans from financial institutions	3,350	-	-	-	-	3,350	Note 17
Trade and other payables	-	-	-	-	3,156	3,156	-
Long-term loan from financial institution	167	184	-	-	-	351	Note 19
	<u>3,517</u>	<u>184</u>	<u>-</u>	<u>-</u>	<u>3,156</u>	<u>6,857</u>	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements as at 31 December 2016

Foreign currency	Financial assets	Financial liabilities	Average exchange rate
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	10	4	35.8307
Japanese yen	-	29	0.3080

Separate financial statements

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2016</u> (Million)	<u>2015</u> (Million)	<u>2016</u> (Million)	<u>2015</u> (Million)	<u>2016</u> (Baht per 1 foreign currency unit)	<u>2015</u>
US dollar	25	20	3	4	35.8307	36.0886
Japanese yen	-	-	29	23	0.3080	0.2996

As at 31 December 2016 and 2015, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements

2016			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4	34.6375 - 36.0332	March 2017 - July 2017

Separate financial statements

Foreign currency	Bought amount		Contractual exchange rate		Contractual maturity date	
	<u>2016</u> (Million)	<u>2015</u> (Million)	<u>2016</u> (Baht per 1 foreign currency unit)	<u>2015</u>	<u>2016</u>	<u>2015</u>
US dollar	2	1	34.6375 - 36.0332	34.5750 - 36.1900	March 2017 - July 2017	January 2016 - July 2016

30.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans, accounts payable and short-term borrowings, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair value is generally derived from quoted market prices.

- c) For long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For fixed rate long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- f) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

31. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 11.40:1 and the Company's was 8.23:1 (2015: 1.24:1).

32. Reclassification

(Unit: Thousand Baht)

	Statement of comprehensive income for the year ended 31 December 2015	
	As reclassified	As previously reported
<u>Separate financial statements</u>		
Dividend income	62	283,834
Income tax	(543,445)	(557,245)
Profit from discontinued operation for the year	269,972	-

The reclassifications had no effect to previously reported profit or shareholders' equity.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 27 February 2017.

..... Directors