





SCG Packaging Public Company Limited

Company Profile

Registration no. 0107537000921

Head office address 1 Siam Cement Road, Bangsue, Bangkok 10800

Business typeHolding company for packaging and packaging paper, forestry, pulp and

paper and other businesses

Initial registered capital (as at the registration date of conversion into the Public Limited Company

on March 24, 1994)

Registered capital: 1,000 Million Baht Paid-up capital: 1,000 Million Baht

Issued and paid up ordinary shares of: 100 Million shares,

Issued and paid up preference shares: - None -

Par value of 10 Baht per share

Present registered capital

Registered capital: 1,563 Million Baht Paid-up capital: 1,563 Million Baht

Issued and paid up ordinary shares of: 156.3 Million shares,

Issued and paid up preference shares: - None -

Par value of 10 Baht per share

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The Board of Directors
SCG Packaging Public Company Limited

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Executive Officers

SCG Packaging Public Company Limited
and its Subsidiaries

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2016 Consolidated Financial Statements of SCG Packaging Public Company Limited

and its Subsidiaries

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2016 Financial Statements of

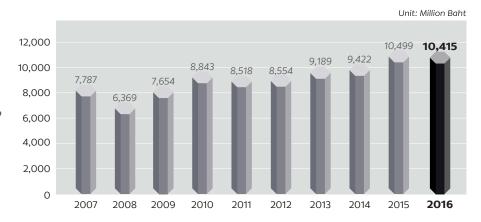
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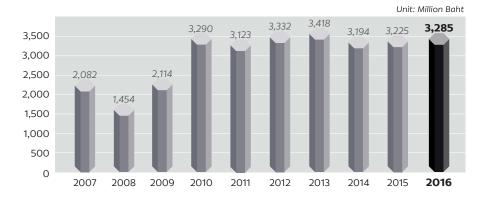
Financial Overview

SCG Packaging Public Company Limited and its Subsidiaries

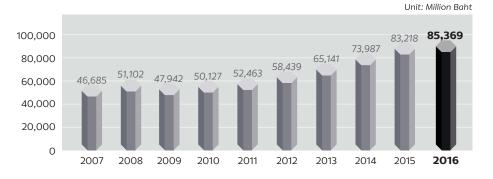
Profit before finance costs, income tax expense, depreciation and amortization -EBITDA



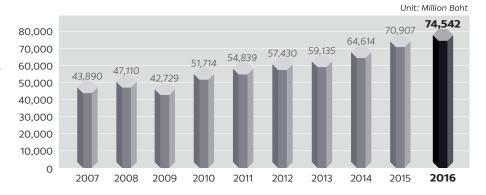
Profit Attributable to Owners of the Parent



Total Assets



Revenue from Sales



Financial Overview

SCG Packaging Public Company Limited and its Subsidiaries

| | | | | | | Unit: Million Baht |
|---|------------------|----------|----------|----------|----------|--------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| Statements of Income | | | | | | |
| Revenue | | 74,989 | 71,598 | 65,107 | 59,582 | 57,969 |
| Costs and expenses | | (70,660) | (67,114) | (60,664) | (54,825) | (53,416) |
| EBITDA | | 10,415 | 10,499 | 9,422 | 9,189 | 8,554 |
| Profit attributable to owners of | the parent | 3,285 | 3,225 | 3,194 | 3,418 | 3,332 |
| Statements of Financial Po | sition | | | | | |
| Assets | | 85,369 | 83,218 | 73,987 | 65,141 | 58,439 |
| Liabilities | | 32,618 | 34,892 | 29,150 | 26,105 | 22,656 |
| Total equity attributable to owners | of the parent | 40,402 | 38,339 | 35,714 | 34,103 | 31,387 |
| Total shareholders' equity | | 52,752 | 48,326 | 44,837 | 39,036 | 35,783 |
| Share Information | | | | | | |
| Total number of shares issued | (Million Shares) | 156.3 | 156.3 | 156.3 | 156.3 | 156.3 |
| Book value per share | (Baht) | 258.5 | 245.3 | 228.5 | 218.2 | 200.8 |
| Basic earnings per share | (Baht) | 21.0 | 20.6 | 20.4 | 21.9 | 21.3 |
| Proposed dividends per share | (Baht) | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Financial Ratio | | | | | | |
| Dividends payout ratio | (%) | 23.8 | 24.2 | 24.5 | 22.8 | 23.5 |
| Profit on revenue from sales | (%) | 4.4 | 4.5 | 4.9 | 5.8 | 5.8 |
| Return on assets | (%) | 3.9 | 4.1 | 4.6 | 5.5 | 6.0 |
| Return on equity attributable to owners of the parent | (%) | 8.3 | 8.7 | 9.1 | 10.4 | 11.1 |

SCG Practices Philosophy of The "Sufficiency Economy"



SCG believes that philosophy of the Sufficiency Economy can be adapted for everyday lives as well as for business operation. It is a framework of balance and reflection on one's potentiality along with the economy, society, and environment which will lead to sustainability. As we are holding on to the concept, obstacles can be overcome and one can continue to sustainably develop to benefit others.

SCG humbly inherits His Majesty's royal aspirations and will disseminate our application of **philosophy of the Sufficiency Economy**. This will serve as good examples for sustainable growth in large conglomerates as opposed to the more acquainted agricultural applications. We sincerely honor His Majesty King Bhumibol Adulyadej's royal intelligence in exploring and granting us with such valuable gift for both the Thais and the world. The philosophy is truly applicable at every level and has proven to bear tangible and sustainable outcomes.

SCG Packaging Public Company Limited and its Subsidiaries

Packaging Chain

Packaging Business

- Thai Containers Group Co., Ltd.
- Thai Containers Rayong Co., Ltd.
- Thai Containers Khonkaen Co., Ltd.
- Dyna Packs Co., Ltd.
- Orient Containers Co., Ltd.
- Tawana Container Co., Ltd.
- D-In Pack Co., Ltd.
- TC Flexible Packaging Co., Ltd.
- Prepack Thailand Co., Ltd.
- TCG Rengo (S) Ltd. (Singapore)
- New Asia Industries Co., Ltd. (Vietnam)
- Alcamax Packaging (Vietnam) Co., Ltd. (Vietnam)
- AP Packaging (Hanoi) Co., Ltd. (Vietnam)
- Packamex (Vietnam) Co., Ltd. (Vietnam)
- Tin Thanh Packing Joint Stock Company (Vietnam)
- PT Primacorr Mandiri (Indonesia)
- PT Indoris Printingdo (Indonesia)

Packaging Paper Business

- Siam Kraft Industry Co., Ltd.
- Thai Cane Paper Public Company Limited
- Vina Kraft Paper Co., Ltd. (Vietnam)
- United Pulp and Paper Co., Inc. (The Philippines)

Fibrous Chain

Forestry Business

• The Siam Forestry Co., Ltd.

Pulp and Paper Business

- Phoenix Pulp & Paper Public Company Limited
- Phoenix Utilities Co., Ltd.
- Siam Cellulose Co., Ltd.
- Thai Paper Co., Ltd.
- Thai Union Paper Public Company Limited

Other Businesses

- SCGP Excellence Training Center Co., Ltd.
- SCG Paper Energy Co., Ltd.

Message from the Board of Directors

44 2016 was the time that all Thais suffered the greatest loss after the announcement of the passing of His Majesty King Bhumibol Adulyadej which came in a statement from the Bureau of the Royal Household on October 13. With eternal respect and gratitude for His Majesty King Bhumibol Adulyadej's dedication and kindness to Thai people, SCG Packaging pledges to follow in the King's footsteps in sustaining the development of our business. The Board of Directors, the Management, and SCG Packaging staff humbly offer our respect and best wishes to His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun. Long live His Majesty the King. 77

2016 marked the year of change for the global economy, triggered by a slew of significant political events and economic factors. Chief among them include Britain's vote to leave the European Union (Brexit), the presidential election results in the U.S., the Philippines and Myanmar, coupled with China's structural economic reform and price fluctuation of oil and coal. Despite the continued change, ASEAN Economic Community (AEC) maintained their steady growth pace, propelled by government infrastructure investment as well as domestic consumption and trade between ASEAN nations. In Thailand, the Draft Constitution was approved after the referendum vote in 2016, making the country's political roadmap and timeframe become clearer. As for the economic aspect, numerous economic and industrial reforms have been announced, contributing to enhanced competitiveness and future economic growth of the country.

In 2016, the packaging and printing & writing paper industries were affected by a slowdown in the labor market. The decrease in household income in the agricultural sector; impacted by low prices of important agricultural products, has caused the public to be more conscious about their spending. Other factors included the relocation of manufacturing bases from Thailand, the confrontation with price competition, and the decrease in demand for printing & writing paper in advertisement and magazines. In order to limit such risks, SCG Packaging has operated its business with a strict regime, by focusing on efficiency enhancement within the organization, maintaining its financial stability and ensuring a proper level of working capital through cost control, increased business value, enhancement on production process efficiency and maximizing of flow and efficiency in product distribution. As a result

from aforementioned strategies and business activities, SCG Packaging achieved a total sales of 74,542 million Baht, an increase of 5%, while the profit was 3,285 million Baht, an increase of 2% from 2015.

Looking ahead into 2017, it is expected that the world economy will witness a modest growth, while oil and energy prices will increase. However, it is anticipated that the economy in ASEAN countries will expand continuously as a result of domestic consumption and investment. As for Thailand, the economic growth is likely to be better than the previous year due to the recovery of domestic spending and the continuously growing tourism sector, as well as the support to bring infrastructure investment projects to fruition. Overall, the packaging industry is expected to expand in line with the country's economic growth, while the printing & writing paper industry will still have to face price competition from international suppliers and the likelihood of decreased demand for paper. Amidst these economic and industrial challenges, SCG Packaging managed its business through continuing sustainable business operation with a focus on three key strategies in 2016; expansion of investment to address market demands, innovation development, and human resources, social and environmental development.

Expanding investment in packaging business to address market demands

Due to a steady growth both in domestic and international demands for packaging and packaging paper, SCG Packaging has expanded its production capacity in the flexible packaging business line for food and consumer product segments at Prepack



Thailand Co., Ltd., Samut Sakhon Province, with increased production capacity of 70 million square meters per year. The company also expanded the manufacturing base for packaging paper at Vina Kraft Paper Co., Ltd. in Vietnam. The move increased the company's production capacity by 243,000 tons per year, enabling it to meet the fast-growing demands for packaging paper in Vietnam. These investments play an important role in supporting the market expansion, while helping address customers' needs and exhibiting its potential for the steady growth of the business.

Development of innovative products that create values for consumers

Aiming to become the leader in product innovation and one-stop services, SCG Packaging has developed packaging of fruits and vegetables for exportation (OptiBreath[©]), containing a special innovation that helps prolong freshness of the products longer than regular plastic bags, preventing unpleasant odors and enabling consumers to keep the fruits and vegetables fresh longer. The company also developed flat-bottom flexible packaging in which products can be steadily placed on the shelves despite their light weight. The packaging will remain in shape, thus making it suitable for brand owners who wish to increase product values for products that require strength and shape maintenance. In addition to the business's recent innovative products, the company also develops shelf for sales promotion called Point of Purchase Technology (PopTech) that accommodates to brand owners' demands for product shelves in different designs which reduce the time for installation, require less storage area and help save shipping costs. Besides packaging development, food safe packaging, under the brand "Fest", was enabled new distribution channels for retailers and developed a one-stop service by providing pattern designs for the packaging and addressing consumer needs for packaging that can be used for various occasions.

> (Roongrote Rangsiyopash) Chairman

Ongoing supports for human resources, social and environmental development

SCG Packaging always places high importance on operating its business according to a sustainable development model which is based on philosophy of the "Sufficiency Economy". To ensure a proper resource management, the Workforce Planning model was applied by the company through an analysis of the workforce as well as employees' knowledge and skills. Furthermore, the company developed its employees to be skilled and knowledgeable in aspects that address business demands, as well as applied the Performance Management System in its performance appraisals to ensure that the superior officers understand their employees and are able to provide proper support to them. At the same time, the company also prioritized quality of life and social livelihood; it consistently developed an environmentally friendly production process to reduce energy consumption and maintain the environment of the communities around its plants. In addition, SCG Packaging has participated in forwarding knowledge to the community; encouraged occupational promotion for enterprises to gain income based on their occupation and natural resources of each area, to ensure sustainable development for the society altogether.

The Board of Directors would like to express our gratitude to shareholders, business partners, customers, employees, all stakeholders, and financial institutes both domestic and foreign for supports, beneficial suggestions and always having confidence in SCG Packaging. We urge you to trust that the company will continue to conduct the business effectively and transparently, while adhere to the principles of good governance and sustainable development for maximum benefits of all stakeholders.

Bangkok, January 25, 2017

(Tanawong Areeratchakul) Vice-Chairman and President

2016 Operating Results

SCG Packaging Public Company Limited and its Subsidiaries

SCG Packaging Practices Philosophy of **The "Sufficiency Economy"**

SCG Packaging operates its business according to a sustainable development model which is based on philosophy of the Sufficiency Economy initiated by His Majesty King Bhumibol Adulyadej. SCG Packaging is committed to Good Governance while focusing on ensuring proper, careful and standardized resource management. As driven by organization's excellent competency and abilities in handling situational changes, SCG Packaging operates the business in conjunction with a responsibility to society and the environment, with an aim to provide public benefits for every stakeholder. Nevertheless, feedback from the communities and related parties are being considered in a serious manner in order to enhance stakeholders' quality of life. In addition to employee aspect, SCG Packaging has constantly developed employees in which they could apply their knowledge and skills towards improving the organization, society and, most importantly, leveraging Thailand's packaging industry to prosperity.

2016 Operating Results

In 2016, revenue from sales was 74,542 million baht, indicating an increase of 5% compared to 2015 due to an increase in sales volume. EBITDA was 10,415 million baht, a decrease of 1% from the preceding year while profit in 2016 was 3,285 million baht, increasing 2% compared to 2015.

Packaging Chain: Total sales volume rose 7% compared to 2015 due to rising demand for packaging and packaging paper, especially in the ASEAN countries where the volume of demand grew by 4% compared to the previous year.

Fibrous Chain: Total sales volume of printing & writing paper increased by 1% compared to 2015 due to increased export volume while domestic demand declined continuously.

Market and Competition

In 2016, domestic demand for corrugated containers witnessed a modest growth due to a decrease in domestic consumption. However, demand in ASEAN grew continuously, especially in Vietnam, prompting corrugated containers manufacturers in the region to continue expanding their production capacities, resulting in an intense price competition. Consequently, it remained a challenge for manufacturers to streamline their operations to better address customer needs and maintain sustainable business growth.

Domestic demand for packaging paper remained stable whereas demand in ASEAN increased steadily, in conjunction with the economy and export-oriented manufacturing. For the competition aspect, manufacturers in the region continued capacity expansion consistently.

Domestic demand for printing & writing paper suffered a continuous decline due to digital media while the import demands for printing & writing paper in 2016 also dropped from the previous year. The copy paper industry was still impacted by strong price competition between Chinese and Indonesian manufacturers.

Business Growth and Development

- o Expanded domestic flexible packaging capacities to accommodate demand in packaging for food and consumer products including diapers and flexible refill pouch packaging. Prepack Thailand Co., Ltd. increased its production capacity of 70 million square meters per year in Samut Sakhon Province. Production was scheduled to start in the first quarter of 2016.
- o Expanded the manufacturing base for packaging paper through investment in capacity expansion at Vina Kraft Paper Co., Ltd. in Vietnam. The move increased the company's production capacity by 243,000 tons per year, enabling it to meet the fast-growing demand for packaging paper in Vietnam. The expansion project would commence operations in the first quarter of 2017, three months earlier than previously planned.





Human Resources Development

- o Applied Workforce Planning model, along with an analysis of the workforce as well as employees' knowledge and skills to support recruitment and development of a sufficient number of employees that would accommodate both current business demands and future business plans.
- o Enhanced Learning and Talent Transformation Program to ensure that employees will be well-prepared for challenges in fast-changing industry.
- o Implemented the Performance Management System to ensure mutual understanding of objectives and fairness in performance appraisal through communication between supervisors and employees. This is another way for supervisors to understand their employees better and offer them with proper support.
- o Preparing for emergency situations, the company sent its employees to attend a training program with the $9^{\rm th}$ Infantry Division at Surasi Camp, Kanchanaburi Province and a medical emergency response training program with the $1^{\rm st}$ Development Division, Ratchaburi Province, assuring that employees would be able to react to the emergency situations safely and correctly.
- o Enhanced business planning skills of employees and coaching skills of supervisors through The Unbounded 2016: SCG Packaging Innovative Business Plan Contest; the contest that offered a significant opportunity for employees to propose their thoughts and create business opportunities from direct utilization of the organization's innovation in combination with customer demands, which subsequently enabled them to overcome the limitations in addressing customer demands.



Development of Products, Services and Production Process According to Philosophy of the "Sufficiency Economy"

Product and Service Development

- o Developed packaging of fruits and vegetables for exportation (OptiBreath®) that could help prolong the freshness of products longer than regular plastic bags by 50%. With a special technology called Inorganic Filter, it ensures proper ventilation and greater quantity of steam that bettering the respiratory efficiency of fresh fruits and vegetables. Consumers will be able to keep fresh products without experiencing any unpleasant odors; responding to the growth of consumers' demands in healthy foods.
- o Developed flat-bottom flexible packaging in which products can be outstandingly and steadily placed on the shelves. Despite the light weights of the objects, the packaging will remain in shape, thus making it suitable for application as a shelf and increasing product values.
- o Developed a product shelf for sales promotion called Point of Purchase Technology (PopTech) with paper as the main material. The packaging accommodates customer demands for recyclable product shelves that come in different designs which reduce the time for installation, require less storage area, save shipping cost and serve environmental friendly.
- o Developed food safe packaging under the brand "Fest" by opening new distribution channels to retailers and a one-stop service which provides pattern design for the packaging. It addresses consumer needs for packaging that can be used in various occasions.
- o Developed EucaSiam Application on iOS and Android Systems for farmer users who adopted eucalyptus planting. The application was developed for convenient utilization at which farmers are able to contact sales representatives and submit their feedback to the company directly. This is a solution for users who are seeking a farmer network and those who are interested in eucalyptus planting.





Production Process Development

- o Committed to eco-friendly business practices in response to the sufficiency principles of sustainable development. The company ensures that its production is environmentally friendly throughout the entire process as well as maximizes the utilization of natural resources according to the 3R Principles (Reduce, Reuse, and Recycle), and maintains the environment surrounding the plant for sustainable growth.
- o Adopted philosophy of the Sufficiency Economy by highlighting the importance of energy consumption efficiency. In order to achieve this, the company studied and sought methods to employ alternative energy, energy-saving investments and communication with employees to raise awareness about energy consumption efficiency. These approaches led to the following projects:
 - > Reduction of energy in manufacturing process through heat recovery
 - > Improving the efficiency of steam traps
 - > Application of LED in substitution of fluorescent lamps to reduce energy consumption
 - > Biogas generation from eucalyptus bark, which is waste from pulp production, and can be used as a substitution for fuel oil in lime kilns

- o Improved the manufacturing process to reduce waste and water consumption; aggregated wastewater from machines for renewable purposes and reused water that had undergone treatment, including cooling water, wastewater from pulp making machines and felt & wire sprinkler water.
- o Reduced waste generated inside the plant; maximized use of renewable waste by installing lime kilns to reduce the amount of lime mud and waste generated during pulp manufacturing process, resulting in calcium carbonate which can be used as a raw material in the pulp manufacturing process again.

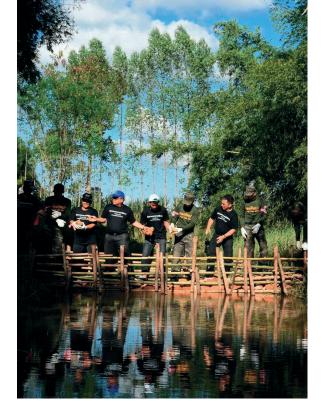
Social and Environmental Responsibility

SCG Packaging and SCG have adopted the King Rama IX's initiatives on water management through "70,000 Dams: Water Conservation across Thailand" Project, where a total of 70,000 check dams were built according to the King Rama IX's initiatives, as appropriate to the social geography of 6 provinces, including Kanchanaburi, Saraburi, Lampang, Nakhon Si Thammarat, Khon Kaen and Rayong. This project was intended to continue the King Rama IX's initiatives on water management and solve drought and flood issues by using a proper method, and to facilitate a better quality of life for the people in order to sustain itself as a self-dependent and strong community.

SCG Packaging provided support of 400,000 units of food safe packaging under the brand "Fest" to Thai Restaurant Association and Volunteers for Dad Project to serve packaging of food to be distributed to the people who came to pay respect to His Majesty the late King. This activity reflects the company's attention to consumers' health and contribution to the improvement of the surrounding environment.

SCG Packaging invited volunteer employees to join the Volunteers for Dad Coordination Center to facilitate and provide various services for the people at Sanam Luang, including first-aid and coordination regarding communication.

SCG Packaging and Tourism Authority of Thailand (TAT) held "Thailand Stylish Street Food Makeover Festival 2016" Event with a purpose to push Thailand as one of the best street food destinations with its unique, beautiful and clean standards of food, and to encourage people to learn how to choose food safe packaging.



SCG Packaging presented as a part of the world-class food industry showcase in Asia, THAIFEX-World of Food Asia 2016, with the concept of "Let Us Be Your Answers for Food Industry" that featured various types of packaging; for instance, food safe packaging "Fest", innovative logistic packaging, food packaging innovation, along with design solution consultant provision.

SCG Packaging supported the standard preparation methods for emergency situations by upgrading the medical emergency ambulance according to the standards specified in the Emergency Medical Act, which focuses on the preparation process to help sick or injured employees with standard and quick medical tools.

SCG Packaging donated automated external defibrillators and CPR training mannequins, worth a total of 60,000 baht, to Pitakkarn Foundation as equipment for rescue training courses for government agencies and general public.

Realizing the importance of knowledge sharing, SCG Packaging provided agencies with training instructions, including basic principles of fire extinguishing and marine-accident victim rescue for students and officers from Ban Tha Chang School, Pak Chong District, Nakhon Ratchasima Province, a basic first-aid course and the moving of the injured to officers from Sawang Ratchaburi Foundation, Ratchaburi Province, and provided knowledge on fire accidents to students from Wat Kosi Narai School and Wat Tha Pha Community School, Ban Pong District, Ratchaburi Province.

SCG Packaging held the "SCG Packaging x Wallpaper* The Challenge 2016 Contest" under the theme "Creating Value for the Society". The contest provided an opportunity for youths to illustrate their creativeness and showcase their potential in packaging designs. The event helped inject creativity into Thailand's packaging industry, which subsequently led to a growth in efficiency. The packaging from the contest will be adopted for practical use to increase the value of community products.

SCG Packaging arranged the "SCG Packaging Happy Community" Project to promote income opportunities for communities and enterprises, and to allow them to gain income based on their occupation and natural resources in each area. The project provided support for community products such as Jasmine Rice from integral rivers, including the Phong River in Khon Kaen Province, the Mae Klong River in Ratchaburi Province and the Phra Prong River in Prachinburi Province; multi-purpose canvas bag "WO-MANIS" produced by the group of women who were affected by the South Thailand Insurgency; wooden phone holder product which helped create income opportunities for the disabled and the underprivileged in several areas in Thailand; and rice milk nourishing products from "Chewawithi" Community Enterprises of Nam Kian Sub-district, Nan Province. The value of these products was uplifted due to renovated packaging designs, as they were produced and distributed as gifts for the New Year Festival.

SCG Packaging held the "We Are Greeners" Project for the 4th consecutive year. The project is an establishment of the online community that adopts the ideology of social responsibility by acting as media between green business operators and healthy consumers. This enabled increased value of products and sales promotion for social enterprises through inspirational stories that motivated people to realize the importance of self-care and the environment.

SCG Packaging held the "Green Mart - We Are Greeners" Project for the 2nd consecutive year to support the community surrounding the plants and establish a social enterprise network by opening a channel for green business operators to advertise and distribute their community products, in order to promote sales among the community near the plants. The community earned a total of 918,000 baht sales revenue from the event in 2016.

SCG Packaging and SCG Foundation held the "Tales in Garden Festival in Khon Kaen" to raise widespread awareness among society about the importance of



storytelling and reading for children, which contributes to sustainable upbringing of children through books.

SCG Packaging held the "SCG Packaging Green Academy" Youth Camp for the 9th consecutive year under the "Thinking Forward for Sustainability" concept. This project is meant to cultivate awareness and a positive attitude towards environmental conservation in children who live near the plants, as well as teach them how to select safe and eco-friendly food and packaging. In 2016, there were 900 children from 5 plants participated in the project.

Siam Kraft Industry Co., Ltd. invited its business partners to make a 254,100 baht donation for a construction of the 84th Year Nawaminthrabophit Medical Center, Siriraj Hospital in celebration of His Majesty King Bhumibhol Adulyadej's 84th birthday.

Idea Paper presented their goodwill on environmental conservation through the "Love the Earth, Love Recycling with Idea Paper Project", where children were taught the importance of the earth and environmental protection, and were encouraged to be confident environmental conservation initiators. This year, scholarships amounting to a total of 400,000 baht were given to the students.

Phoenix Pulp & Paper Public Company Limited incorporate with SCG Foundation arranged the "Sharing the Opportunity, Drawing the Future" to encourage its employees to execute their knowledge and skills to contribute to the society. This initiative was held through activities involving the utilization of solar cell systems that stimulate the pump water from public sources to agricultural farms and vegetable greenhouses, of which the products are used as ingredients for students' lunch meals. The project also included building stalls in the market to help promote income opportunities, which eventually led to sustainable growth of the community.

Major Achievements and Awards in 2016

Thai Containers Group Co., Ltd. received the ThaiStar Packaging Awards 2016 in the Shipping Package category from the Department of Industrial Promotion, Ministry of Industry.

Thai Containers Group Co., Ltd., Pathumthani plant received an award at the Asian Packaging Design Awards in the Beverage category for their "LEO Wrap Around/ Flexographic" project from the Asian Flexographic Technical Association (AFTA).

Thai Containers Group Co., Ltd., Ratchaburi plant, Navanakorn plant, Saraburi plant, Kamphaeng Phet plant, Samut Prakan plant, Pathumthani plant, Songkhla plant, Chonburi plant and Prachinburi plant, Thai Containers Rayong Co., Ltd., and Thai Containers Khonkaen Co., Ltd., and Tawana Container Co., Ltd. received the Outstanding Workplace Award for Safety, Occupational Health and Environment; Thai Containers Group Co., Ltd., Ratchaburi plant, Navanakorn plant and Pathumthani plant were awarded for an Outstanding Organization Award - Labor Relations and Welfare in 2016 from the Department of Labour Protection and Welfare, Ministry of Labour.

Thai Containers Group Co., Ltd., Pathumthani plant received the CSR-DIW Continuous Awards in 2016; and Thai Paper Co., Ltd. received the CSR-DIW Continuous Awards from Department of Industrial Works, Ministry of Industry.

Thai Containers Group Co., Ltd., Saraburi plant and Siam Kraft Industry Co., Ltd., Wangsala plant received a Bronze Award at Thailand Kaizen Awards 2016 from the Technology Promotion Association (Thailand - Japan).

Thai Containers Group Co., Ltd., Samut Prakan plant received the Advanced Special Award for TPM Achievement; Thai Containers Group Co., Ltd., Chonburi plant received the Excellence in Consistent TPM Commitment; and United Pulp & Paper Co., Inc. (the Philippines) received the TPM Excellence Awards, Category B from Japan Institute of Plant Maintenance (JIPM), Japan.



Thai Containers Group Co., Ltd., Samut Prakan plant obtained the Thai Labor Standard Certificate TLS 8001-2553 from the Ministry of Labour.

Prepack Thailand Co., Ltd. received a Supreme Award in the Flexible Packaging category for their project "Self-Venting Microwavable Food Packaging: EazySteam" while Tin Thanh Packing Joint Stock Company (Vietnam) received a Silver Award for "Piccolo" project at the 2nd ASEAN Plastics Awards 2016 from the ASEAN Federation of Plastic Industries (AFPI).

Siam Kraft Industry Co., Ltd. received 3 awards in the Luxury Packaging category at the WorldStar Awards 2016 from the World Packaging Organisation (WPO).

Thai Cane Paper Public Company Limited, Prachinburi plant obtained the Standard on Prevention and Solution to Drug Problems in an Establishment Certificate from the Department of Labour Protection and Welfare, Ministry of Labour.

Phoenix Pulp and Paper Public Company Limited received the first position award for Alternative Energy in the Off-Grid (Thermal) Project category at the Thailand Energy Awards 2016 and ASEAN Energy Awards 2016 from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

SCG Packaging Public Company Limited and its Subsidiaries

(As of January 3, 2017)

The Board of Directors

SCG Packaging Public Company Limited

Mr. Roongrote Rangsiyopash

Chairman

Mr. Tanawong Areeratchakul

Vice-Chairman and President

Mr. Chaovalit Ekabut

Director

Mr. Somchai Wangwattanapanich

Director

Mr. Aree Chavalitcheewingul

Director

Mr. Nithi Patarachoke

Director

Mrs. Pornpen Namwong

Secretary to the Board

Executive Officers

SCG Packaging Public Company Limited and its Subsidiaries

Mr. Tanawong Areeratchakul

Vice-Chairman and President SCG Packaging Public Company Limited

Packaging Chain

Packaging Business

Mr. Poramate Larnroongroj

Managing Director

- Thai Containers Group Co., Ltd.
- Thai Containers Rayong Co., Ltd.
- Thai Containers Khonkaen Co., Ltd.
- Dyna Packs Co., Ltd.
- Orient Containers Co., Ltd.

Mr. Jakjit Klomsing

Managing Director

• Tawana Container Co., Ltd.

Mr. Leaudej Vimonpackt

Managing Director

• D-In Pack Co., Ltd.

Mr. Karan Tejasen

Managing Director

• TC Flexible Packaging Co., Ltd.

Mr. Paradorn Chulajata

Managing Director

• Prepack Thailand Co., Ltd.

Mr. Phua Thye Hin

Managing Director

• TCG Rengo (S) Ltd. (Singapore)

Mr. Amnuay Pattaramongkolkul

General Director

- New Asia Industries Co., Ltd. (Vietnam)
- Alcamax Packaging (Vietnam) Co., Ltd. (Vietnam)
- AP Packaging (Hanoi) Co., Ltd. (Vietnam)
- Packamex (Vietnam) Co., Ltd. (Vietnam)

Mr. Somchart Patamamongkonchai

General Director

 Tin Thanh Packing Joint Stock Company (Vietnam)

Mr. Paisan Thanasitsomboon

President Director

- PT Primacorr Mandiri (Indonesia)
- PT Indoris Printingdo (Indonesia)

Packaging Paper Business

Mr. Wichan Jitpukdee

Managing Director

• Siam Kraft Industry Co., Ltd.

Mr. Amnuay Ponpued

Managing Director

• Thai Cane Paper Public Company Limited

Mr. Sangchai Wiriyaumpaiwong

General Director

• Vina Kraft Paper Co., Ltd. (Vietnam)

Mr. Wichan Charoenkitsupat

President and CEO

 United Pulp and Paper Co., Inc. (The Philippines)

Fibrous Chain

Forestry Business

Mr. Mahasan Thieravarut

Managing Director

• The Siam Forestry Co., Ltd.

Pulp and Paper Business

Mr. Surasak Amawat

Managing Director

- Phoenix Pulp & Paper Public Company Limited
- Phoenix Utilities Co., Ltd.
- Siam Cellulose Co., Ltd.
- Thai Paper Co., Ltd.
- Thai Union Paper Public Company Limited

Other Businesses

Mr. Jesda Saeliang

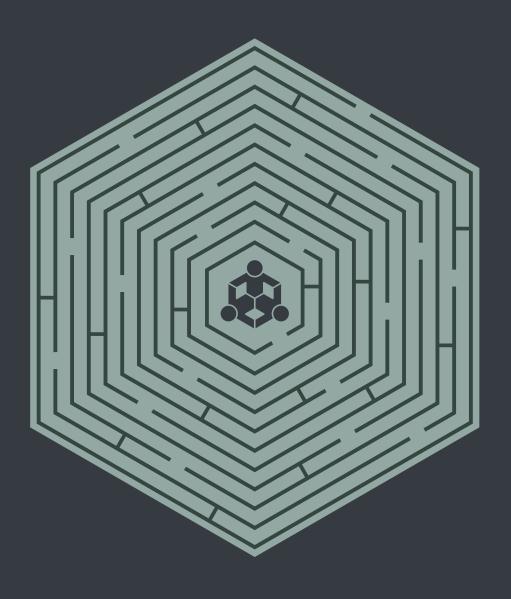
Managing Director

• SCGP Excellence Training Center Co., Ltd.

Mr. Panya Sopasriphan

Managing Director

• SCG Paper Energy Co., Ltd.



SCG Packaging
Practices Philosophy of
The "Sufficiency Economy"



SCG Packaging Public Company Limited and its Subsidiaries

Referring to the Annual Report 2016 Page 017 - 104

Independent Auditor's Report on the Summary Financial Statements

To the Shareholders of SCG Packaging Public Company Limited

Opinion

The summary consolidated financial statements, which comprise the consolidated statements of financial position as at 31 December 2016, the consolidated statement of income and comprehensive income, changes in shareholders' equity and cash flows for the year then ended which are derived from the audited consolidated financial statements of SCG Packaging Public Company Limited and its subsidiaries (the "Group") for the year ended 31 December 2016.

In my opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures by Thai Financial Reporting Standards which are used for preparing audited consolidated financial statements of SCG Packaging Public Company Limited and its subsidiaries. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and My Report Thereon

I expressed an unmodified audit opinion on the audited consolidated financial statements in my report dated 24 February 2017.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements for publication to shareholders, investors and business partners.

Auditor's Responsibility

My responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on my procedures, which were conducted in accordance with Thai Standard on Auditing 810 (Revised), "Engagements to Report on Summary Financial Statements".

(Thanyalux Keadkeaw)

Ih. Xm

Certified Public Accountant

Registration No. 8179

KPMG Phoomchai Audit Ltd.

Bangkok

24 February 2017

Consolidated statement of financial position

SCG Packaging Public Company Limited and its Subsidiaries

As at 31 December 2016

| Assets | Note | 2016 | 2015 |
|-------------------------------------|------|-------------|------------|
| | | (in thousar | nd Baht) |
| Current assets | | | |
| Cash and cash equivalents | | 1,518,188 | 1,774,728 |
| Current investment | | 48,000 | - |
| Trade and other receivables | 5, 6 | 11,309,584 | 10,792,740 |
| Short-term loans to related parties | 5 | 5,250 | 5,000 |
| Inventories | 7 | 10,591,838 | 10,616,906 |
| Other current assets | | 1,084,958 | 1,105,504 |
| Total current assets | | 24,557,818 | 24,294,878 |
| Non-current assets | | | |
| Investments in associates | 8 | 880,381 | 892,982 |
| Other long-term investments | | 16,182 | 17,416 |
| Investment properties | 10 | 85,492 | 56,021 |
| Property, plant and equipment | 11 | 56,017,173 | 54,104,881 |
| Goodwill | 12 | 1,979,378 | 1,975,815 |
| Intangible assets | 13 | 284,320 | 237,479 |
| Deferred tax assets | 14 | 372,867 | 356,785 |
| Others non-current assets | 5 | 1,175,641 | 1,282,164 |
| Total non-current assets | | 60,811,434 | 58,923,543 |
| Total assets | | 85,369,252 | 83,218,421 |

For and on behalf of the Board of Directors

Lud. Ht.

(Roongrote Rangsiyopash)

Chairman

(Tanawong Areeratchakul)

Vice-Chairman and President

Consolidated statement of financial position

SCG Packaging Public Company Limited and its Subsidiaries

As at 31 December 2016

| Liabilities and shareholders' equity | Note | 2016 | 2015 |
|--|-------|-------------|------------|
| | | (in thousan | d Baht) |
| Current liabilities | | | |
| Bank overdrafts and short-term loans from | | | |
| financial institutions | 15 | 4,811,969 | 6,800,022 |
| Trade and other payables | 5, 16 | 7,510,098 | 7,001,500 |
| Current portion of long-term loans from | | | |
| financial institutions | 17 | 2,159,044 | 1,972,900 |
| Current portion of finance lease liabilities | 18 | 45,269 | 52,879 |
| Short-term loans from related parties | 5 | 12,519,912 | 12,804,170 |
| Income tax payable | | 224,976 | 197,246 |
| Short-term provisions | | 190,368 | 71,290 |
| Other current liabilities | | 309,480 | 256,765 |
| Total current liabilities | | 27,771,116 | 29,156,772 |
| Non-current liabilities | | | |
| Long-term loans from financial institutions | 17 | 3,190,527 | 3,904,657 |
| Finance lease liabilities | 18 | 36,217 | 81,485 |
| Deferred tax liabilities | 14 | 244,841 | 271,399 |
| Employee benefit obligations | 19 | 1,361,708 | 1,369,187 |
| Other non-current liabilities | | 13,255 | 108,548 |
| Total non-current liabilities | | 4,846,548 | 5,735,276 |
| Total liabilities | | 32,617,664 | 34,892,048 |

Consolidated statement of financial position

SCG Packaging Public Company Limited and its Subsidiaries

As at 31 December 2016

| Liabilities and shareholders' equity | Note | 2016 | 2015 |
|---|------|-------------|-------------|
| | | (in thousan | d Baht) |
| Shareholders' equity | | | |
| Share capital | 20 | | |
| Authorised share capital | | | |
| - Ordinary share | | 1,563,000 | 1,563,000 |
| Issued and paid-up share capital | | | |
| - Ordinary share | | 1,563,000 | 1,563,000 |
| Share premium | 21 | 1,935,000 | 1,935,000 |
| Retained earnings | | | |
| Appropriated | | | |
| Legal reserve | 21 | 156,300 | 156,300 |
| General reserve | | 3,000 | 3,000 |
| Unappropriated | | 38,502,387 | 36,003,206 |
| Other components of shareholders' equity | | (1,757,342) | (1,321,840) |
| Total equity attributable to owners of the parent | | 40,402,345 | 38,338,666 |
| Non-controlling interests | 9 | 12,349,243 | 9,987,707 |
| Total shareholders' equity | | 52,751,588 | 48,326,373 |
| Total liabilities and shareholders' equity | | 85,369,252 | 83,218,421 |

Consolidated income statement

SCG Packaging Public Company Limited and its Subsidiaries

| | Note | 2016 | 2015 |
|--|-------|--------------|--------------|
| | | (in thousan | d Baht) |
| Revenue from sales | 5 | 74,541,943 | 70,907,445 |
| Cost of sales | 5 | (61,499,342) | (58,236,908) |
| Gross profit | | 13,042,601 | 12,670,537 |
| Gain (loss) on exchange rate | | 138,699 | (129,278) |
| Other income | 5 | 447,451 | 691,031 |
| Profit before expenses | | 13,628,751 | 13,232,290 |
| Selling expenses | 5, 22 | (3,671,179) | (3,618,395) |
| Administrative expenses | 5, 23 | (4,717,144) | (4,104,495) |
| Total expenses | | (8,388,323) | (7,722,890) |
| Profit from operations | | 5,240,428 | 5,509,400 |
| Share of profit (loss) of associates | 8 | 4,561 | (91,439) |
| Profit before finance costs and income tax expense | | 5,244,989 | 5,417,961 |
| Finance costs | 5 | (911,485) | (1,024,763) |
| Profit before income tax expense | | 4,333,504 | 4,393,198 |
| Income tax expense | 25 | (482,808) | (549,012) |
| Profit for the year | | 3,850,696 | 3,844,186 |
| Profit attributable to: | | | |
| Owners of the parent | | 3,284,908 | 3,224,818 |
| Non-controlling interests | 9 | 565,788 | 619,368 |
| | | 3,850,696 | 3,844,186 |
| Basic earnings per share (in Baht) | | | |
| Attributable to owners of the parent | 27 | 21.02 | 20.63 |
| | | | |

Consolidated statement of comprehensive income

SCG Packaging Public Company Limited and its Subsidiaries

| | Note | 2016 | 2015 |
|---|------|--------------|-----------|
| | | (in thousand | l Baht) |
| Profit for the year | | 3,850,696 | 3,844,186 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Defined benefit plan actuarial losses | 19 | (6,855) | (139,007) |
| Share of other comprehensive income of associates | | - | (295) |
| Income tax on other comprehensive income | | | |
| relating to items that will not be reclassified | 25 | 575 | 26,118 |
| Items that will be reclassified to profit or loss | | | |
| when specific conditions are met | | | |
| Foreign currency translation differences | | (189,452) | 381,113 |
| Share of other comprehensive income of associates | | (6,039) | (16,383) |
| Other comprehensive income for the year, | | | |
| net of income tax | | (201,771) | 251,546 |
| Total comprehensive income for the year | | 3,648,925 | 4,095,732 |
| Total comprehensive income attributable to | | | |
| Owners of the parent | | 3,082,488 | 3,422,036 |
| Non-controlling interests | | 566,437 | 673,696 |
| | | 3,648,925 | 4,095,732 |

Consolidated statement of changes in shareholders' equity

SCG Packaging Public Company Limited and its Subsidiaries

| | | | • | | 5 | Ings | Otinei Componei | Other components of shareholders equity | | | |
|--|------|---------------|-----------|--------------|---------|----------------|--------------------|---|-----------------|-------------|---------------|
| | | | • | Appropriated | iated | Unappropriated | | Changes in ownership | Total equity | | |
| | | Issued and | | | | | Currency | interests in subsidiaries | attributable to | Non- | Total |
| | | dn-pied | Share | Legal | General | | translation | that do not result in | owners of | controlling | shareholders' |
| | Note | share capital | premium | reserve | reserve | | differences | a loss of control | the parent | interests | equity |
| | | | | | | | (in thousand Baht) | <i>t</i>) | | | |
| Balance at 1 January 2015 | | 1,563,000 | 1,935,000 | 156,300 | 3,000 | 33,647,122 | (798,712) | (791,520) | 35,714,190 | 9,122,777 | 44,836,967 |
| Transactions with owners, recorded directly | | | | | | | | | | | |
| in shareholders' equity | | | | | | | | | | | |
| Contributions by and distributions to | | | | | | | | | | | |
| owners of the parent | | | | | | | | | | | |
| Dividends | 28 | | • | ı | ı | (781,500) | 1 | | (781,500) | (216,907) | (998,407) |
| Total contributions by and distributions to | | | | | | | | | | | |
| owners of the parent | | • | • | | | (781,500) | | • | (781,500) | (216,907) | (998,407) |
| Changes in ownership interests in subsidiaries | | | | | | | | | | | |
| Acquisition and increase in capital of non-controlling | | | | | | | | | | | |
| interests without a change in control | | 1 | 1 | ı | ı | 1 | ı | (16,060) | (16,060) | 374,347 | 358,287 |
| Acquisition and increase in capital of non-controlling | | | | | | | | | | | |
| interests with a change in control | | 1 | 1 | ı | ı | 1 | ı | 1 | 1 | 33,794 | 33,794 |
| Total changes in ownership interests in subsidiaries | | , | | , | , | • | | (16,060) | (16,060) | 408,141 | 392,081 |
| Total transactions with owners, recorded directly | | | | | | | | | | | |
| in shareholders' equity | | | | | | (781,500) | | (16,060) | (797,560) | 191,234 | (606,326) |
| Comprehensive income for the year | | | | | | | | | | | |
| Profit or loss | | | , | ı | ı | 3,224,818 | 1 | | 3,224,818 | 619,368 | 3,844,186 |
| Other comprehensive income | | , | ' | • | - | (87,234) | 284,452 | - | 197,218 | 54,328 | 251,546 |
| Total comprehensive income for the year | | | | | - | 3,137,584 | 284,452 | 1 | 3,422,036 | 673,696 | 4,095,732 |
| Balance at 31 December 2015 | | 1,563,000 | 1,935,000 | 156,300 | 3,000 | 36,003,206 | (514,260) | (807,580) | 38,338,666 | 9,987,707 | 48,326,373 |

Consolidated statement of changes in shareholders' equity

SCG Packaging Public Company Limited and its Subsidiaries

| | | | | Re | Retained earnings | ings | Other componen | Other components of shareholders' equity | | | |
|--|------|---------------|-----------|--------------|-------------------|----------------|--------------------|--|-----------------|-------------|---------------|
| | | | 1 | Appropriated | ated | Unappropriated | | Changes in ownership | Total equity | | |
| | | Issued and | 1 | | | | Currency | interests in subsidiaries | attributable to | Non- | Total |
| | | paid-up | Share | Legal | General | | translation | that do not result in | owners of | controlling | shareholders' |
| N | Note | share capital | premium | reserve | reserve | | differences | a loss of control | the parent | interests | equity |
| | | | | | | | (in thousand Baht) | 6 | | | |
| Balance at 1 January 2016 | | 1,563,000 | 1,935,000 | 156,300 | 3,000 | 36,003,206 | (514,260) | (807,580) | 38,338,666 | 9,987,707 | 48,326,373 |
| Transactions with owners, recorded directly | | | | | | | | | | | |
| in shareholders' equity | | | | | | | | | | | |
| Contributions by and distributions to | | | | | | | | | | | |
| owners of the parent | | | | | | | | | | | |
| Dividends | 28 | 1 | • | 1 | , | (781,500) | • | 1 | (781,500) | (155,248) | (936,748) |
| Total contributions by and distributions to | ! | | | | | | | | | | |
| owners of the parent | | | | | 1 | (781,500) | , | • | (781,500) | (155,248) | (936,748) |
| Changes in ownership interests in subsidiaries | ı | | | | | | | | | | |
| Acquisition and increase in capital of non-controlling | | | | | | | | | | | |
| interests without a change in control | | ı | | , | 1 | | | (237,309) | (237,309) | 1,950,347 | 1,713,038 |
| Total changes in ownership interests in subsidiaries | | • | 1 | , | | • | • | (237,309) | (237,309) | 1,950,347 | 1,713,038 |
| Total transactions with owners, recorded directly | | | | | | | | | | | |
| in shareholders' equity | I | | | | | (781,500) | | (237,309) | (1,018,809) | 1,795,099 | 776,290 |
| Comprehensive income for the year | | | | | | | | | | | |
| Profit or loss | | ı | 1 | ı | 1 | 3,284,908 | • | 1 | 3,284,908 | 565,788 | 3,850,696 |
| Other comprehensive income | ! | ı | • | 1 | ı | (4,227) | (198,193) | | (202,420) | 649 | (201,771) |
| Total comprehensive income for the year | ı | • | ' | | | 3,280,681 | (198,193) | | 3,082,488 | 566,437 | 3,648,925 |
| Balance at 31 December 2016 | ij | 1,563,000 | 1,935,000 | 156,300 | 3,000 | 38,502,387 | (712,453) | (1,044,889) | 40,402,345 | 12,349,243 | 52,751,588 |

Consolidated statement of cash flows

SCG Packaging Public Company Limited and its Subsidiaries

| | Note | 2016 | 2015 |
|---|------|--------------|-------------|
| | | (in thousand | l Baht) |
| Cash flows from operating activities | | | |
| Profit for the year | | 3,850,696 | 3,844,186 |
| Adjustments for | | | |
| Depreciation and amortisation | | 5,302,052 | 4,842,432 |
| Interest income | | (18,837) | (46,027) |
| Interest expense | | 858,496 | 952,225 |
| Unrealised losses (gains) on foreign currency exchange | | 10,844 | (2,086) |
| Allowance for doubtful debts expenses (recovery) | | 5,554 | (3,018) |
| Allowance for decline in value of inventories | | 49,165 | 8,495 |
| Impairment losses on property, plant and equipment | | | |
| and intangible assets | | 182,597 | 35,014 |
| Gains on sales of property, plant and equipment | | | |
| and intangible assets | | (43,004) | (886) |
| Impairment losses on investment | | 1,141 | - |
| Loss (gain) on sales of investments | | 92 | (248,273) |
| Gain on fair value adjustment of investments | 4 | - | (157,901) |
| Dividend Income | | (14,186) | - |
| Employee benefit expense | | 191,625 | 92,862 |
| Share of loss (profit) of associates | 8 | (4,561) | 91,439 |
| Income tax expense | | 482,808 | 549,012 |
| Profit provided by operating activities before changes in | | | |
| operating assets and liabilities | | 10,854,482 | 9,957,474 |
| Decrease (increase) in operating assets | | | |
| Trade and other receivables | | (521,094) | (828,645) |
| Inventories | | (24,097) | (666,909) |
| Other current assets and other non-current assets | | 328,340 | (182,940) |
| Net increase in operating assets | | (216,851) | (1,678,494) |

Consolidated statement of cash flows

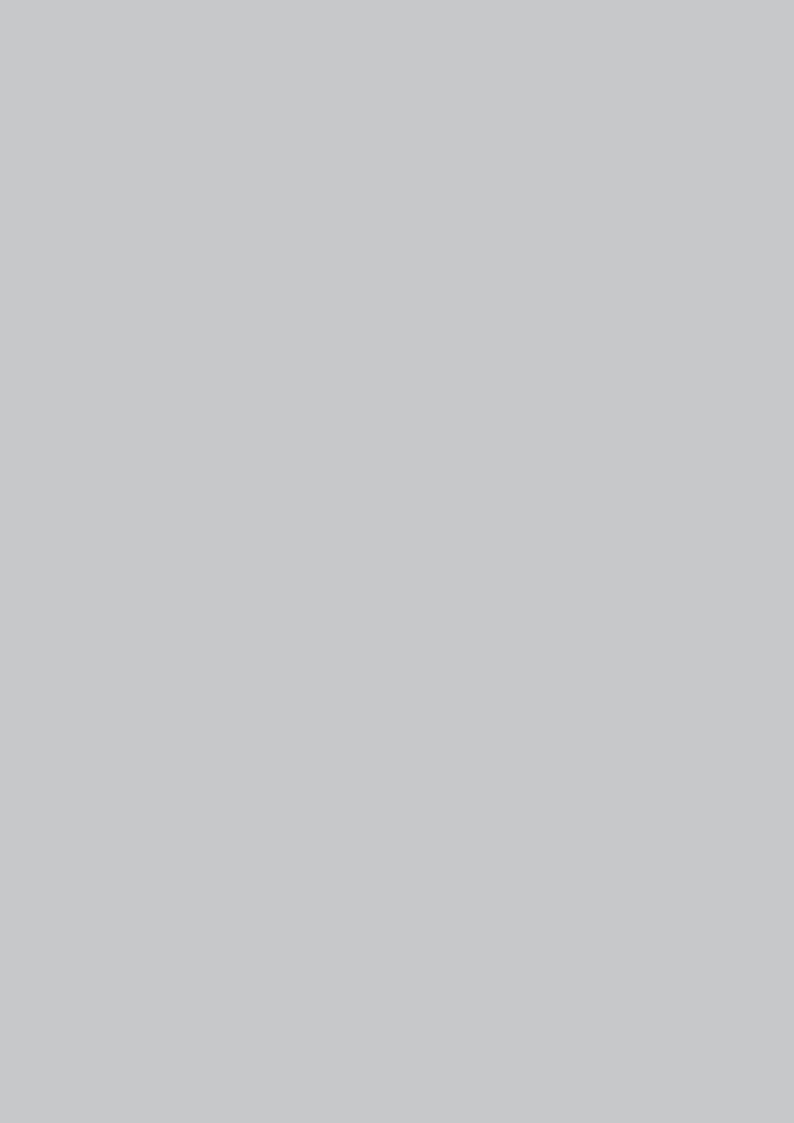
SCG Packaging Public Company Limited and its Subsidiaries

| | Note | 2016 | 2015 |
|---|------|-------------|--------------|
| | | (in thousar | nd Baht) |
| Increase (decrease) in operating liabilities | | | |
| Trade and other payables | | 623,947 | 342,785 |
| Employee benefit obligations | | (127,543) | (63,149) |
| Other current liabilities and other non-current liabilities | | 54,786 | (46,801) |
| Net increase in operating liabilities | | 551,190 | 232,835 |
| Cash generated from the operations | | 11,188,821 | 8,511,815 |
| Income tax paid | | (584,190) | (684,415) |
| Net cash provided by operating activities | | 10,604,631 | 7,827,400 |
| Cash flows from investing activities | | | |
| Interest received | | 17,920 | 46,921 |
| Dividends received | | 25,309 | 8,942 |
| Current investment | | (48,000) | - |
| Net cash outflow on acquisition of subsidiaries | 4 | - | (1,465,629) |
| Proceed from sales of investments | | - | 245,680 |
| Purchase of property, plant and equipment | | (7,873,454) | (9,657,012) |
| Purchase of intangible assets | | (115,764) | (38,488) |
| Proceeds from sales of property, plant and equipment | | 190,022 | 86,217 |
| Increased in short-term loans to related parties | | (250) | (5,000) |
| Currency translation differences | | (89,586) | 166,037 |
| Net cash used in investing activities | | (7,893,803) | (10,612,332) |

Consolidated statement of cash flows

SCG Packaging Public Company Limited and its Subsidiaries

| | 2016 | 2015 |
|--|--------------|-------------|
| | (in thousand | d Baht) |
| Cash flows from financing activities | | |
| Interest paid | (890,143) | (1,002,896) |
| Increase (decrease) in bank overdrafts and short-term loans | | |
| from financial institutions | (1,988,053) | 5,523,362 |
| Increase (decrease) in short-term loans from related parties | (284,258) | 556,553 |
| Proceeds from long-term loans from financial institutions | 1,444,914 | 27,557 |
| Payments of long-term loans from financial institutions | (1,972,900) | (2,096,956) |
| Payments of finance lease | (52,878) | (45,055) |
| Net increase (decrease) in borrowings | (3,743,318) | 2,962,565 |
| Dividends paid | | |
| Dividends paid to owners of the parent | (781,500) | (781,500) |
| Dividends paid to non-controlling interests | (155,248) | (216,907) |
| Total dividends paid | (936,748) | (998,407) |
| Acquisition and increase in capital of non-controlling interests | 1,712,698 | 358,303 |
| Net cash provided by (used in) financing activities | (2,967,368) | 2,322,461 |
| Net decrease in cash and cash equivalents | (256,540) | (462,471) |
| Cash and cash equivalents at beginning of the year | 1,774,728 | 2,237,199 |
| Cash and cash equivalents at end of the year | 1,518,188 | 1,774,728 |
| Supplementary information for cash flows | | |
| Non-cash transactions | | |
| Outstanding payable from purchase of property, plant | | |
| and equipment | 623,479 | 798,755 |





SCG Packaging Public Company Limited

Referring to the Annual Report 2016 Page 105 - 161





Vater Repellent oated Box

าฟูกกันน้ำ เป็นกล่องที่มีการเคลือบสาร Polymer Resin ลงบนผิวของ เลูกทุก เพื่อให้ใดกล่องที่สามารถทนน้ำได้ดี โดยยังคงคุณสมบัติอันๆ ที่ต่องการไว้ งมีคุณสมบัติทนน้ำได้มากกว่าบรรจุภัณฑ์ทั่วไปตั้ง 40% ลดความเสียหายที่จะ ต่าวามน้ำ ระหว่างการเก็บเรื่องแล้ง Sh

Independent Auditor's Report on the Summary

Financial Statements

To the Shareholders of SCG Packaging Public Company Limited

Opinion

The summary financial statements, which comprise the statement of financial position as at 31 December 2016, the statement of income and comprehensive income, changes in shareholders' equity and cash flows for the year then ended which are derived from the audited financial statements of SCG Packaging Public Company Limited (the "Company") for the year ended 31 December 2016.

In my opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures by Thai Financial Reporting Standards which are used for preparing audited financial statements of SCG Packaging Public Company Limited. Reading the summary financial statements and auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and My Report Thereon

I expressed an unmodified audit opinion on the audited financial statements in my report dated 24 February 2017.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements for publication to shareholders, investors and business partners.

Auditor's Responsibility

My responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on my procedures, which were conducted in accordance with Thai Standard on Auditing 810 (Revised), "Engagements to Report on Summary Financial Statements".

(Thanyalux Keadkeaw)

Certified Public Accountant

th. Xm/

Registration No. 8179

KPMG Phoomchai Audit Ltd.

Bangkok

24 February 2017

Statement of financial position

SCG Packaging Public Company Limited

As at 31 December 2016

| Assets | 2016 | 2015 |
|-------------------------------------|-------------|------------|
| | (in thousan | d Baht) |
| Current assets | | |
| Cash and cash equivalents | 4,710 | 6,609 |
| Other receivables | 153,610 | 146,218 |
| Short-term loans to related parties | 9,128,638 | 9,656,261 |
| Other current assets | 450 | 34,538 |
| Total current assets | 9,287,408 | 9,843,626 |
| | | _ |
| Non-current assets | | |
| Investments in associates | 350,121 | 350,121 |
| Investments in subsidiaries | 26,112,882 | 25,963,984 |
| Investment properties | 218,754 | 210,510 |
| Property, plant and equipment | 268,263 | 261,771 |
| Intangible assets | 19,115 | 20,136 |
| Deferred tax assets | 17,029 | 15,877 |
| Other non-current assets | 139,855 | 101,965 |
| Total non-current assets | 27,126,019 | 26,924,364 |
| | | |
| Total assets | 36,413,427 | 36,767,990 |

For and on behalf of the Board of Directors

Aft.

(Roongrote Rangsiyopash)

Chairman

(Tanawong Areeratchakul)

Vice-Chairman and President

Statement of financial position

SCG Packaging Public Company Limited

As at 31 December 2016

| Liabilities and shareholders' equity | 2016 | 2015 |
|---------------------------------------|-------------|------------|
| | (in thousan | d Baht) |
| Current liabilities | | |
| Trade and other payables | 82,282 | 68,373 |
| Short-term loans from related parties | 12,466,886 | 12,847,881 |
| Income tax payable | - | 1,262 |
| Short-term provisions | 12,207 | 10,444 |
| Other current liabilities | 44,993 | 32,757 |
| Total current liabilities | 12,606,368 | 12,960,717 |
| | | |
| Non-current liabilities | | |
| Employee benefit obligations | 73,304 | 77,877 |
| Other non-current liabilities | 3,793 | 3,901 |
| Total non-current liabilities | 77,097 | 81,778 |
| Total liabilities | 12,683,465 | 13,042,495 |

Statement of financial position

SCG Packaging Public Company Limited

As at 31 December 2016

| Liabilities and shareholders' equity | 2016 | 2015 |
|--|-------------|------------|
| | (in thousan | d Baht) |
| Shareholders' equity | | |
| Share capital | | |
| Authorised share capital | | |
| - Ordinary share | 1,563,000 | 1,563,000 |
| Issued and paid-up share capital | | |
| - Ordinary share | 1,563,000 | 1,563,000 |
| Share premium | 1,935,000 | 1,935,000 |
| Retained earnings | | |
| Appropriated | | |
| Legal reserve | 156,300 | 156,300 |
| General reserve | 3,000 | 3,000 |
| Unappropriated | 20,072,662 | 20,068,195 |
| Total shareholders' equity | 23,729,962 | 23,725,495 |
| Total liabilities and shareholders' equity | 36,413,427 | 36,767,990 |

Income statement

SCG Packaging Public Company Limited

| | 2016 | 2015 |
|--|-------------|-----------|
| | (in thousan | d Baht) |
| Dividend income | 774,236 | 891,410 |
| Other income | 176,167 | 431,575 |
| Gain (loss) on exchange rate | 81 | (23) |
| Total revenues before expenses | 950,484 | 1,322,962 |
| Administrative expenses | (33,169) | (34,141) |
| Profit before finance costs and | | |
| income tax benefit (expense) | 917,315 | 1,288,821 |
| Finance costs | (130,835) | (156,594) |
| Profit before income tax benefit (expense) | 786,480 | 1,132,227 |
| Income tax benefit (expense) | 432 | (47,718) |
| Profit for the year | 786,912 | 1,084,509 |
| Basic earnings per share (in Baht) | 5.03 | 6.94 |

Statement of comprehensive income

SCG Packaging Public Company Limited

| | 2016 | 2015 |
|---|-------------|-----------|
| | (in thousar | nd Baht) |
| Profit for the year | 786,912 | 1,084,509 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Defined benefit plan actuarial gains (losses) | (1,181) | 3,334 |
| Income tax on other comprehensive income | | |
| relating to items that will not be reclassified | 236 | (661) |
| Other comprehensive income for the year, | | |
| net of income tax | (945) | 2,673 |
| Total comprehensive income for the year | 785,967 | 1,087,182 |

Statement of changes in shareholders' equity

SCG Packaging Public Company Limited

| | | | Re | Retained earnings | 10 | |
|---|---------------|---------------|--------------------|-------------------|----------------|---------------|
| | Issued and | • | Appropriated | ated | Unappropriated | Total |
| | paid-up | • | Legal | General | | shareholders' |
| | share capital | Share premium | reserve | reserve | | equity |
| | | | (in thousand Baht) | nd Baht) | | |
| Balance at 1 January 2015 | 1,563,000 | 1,935,000 | 156,300 | 3,000 | 19,762,513 | 23,419,813 |
| Transactions with owners, | | | | | | |
| recorded directly in shareholders' equity | | | | | | |
| Dividends | ı | ı | • | ı | (781,500) | (781,500) |
| Total transactions with owners, | | | | | | |
| recorded directly in shareholders' equity | • | | | | (781,500) | (781,500) |
| Comprehensive income for the year | | | | | | |
| Profit or loss | 1 | 1 | 1 | ı | 1,084,509 | 1,084,509 |
| Other comprehensive income | ı | ı | | 1 | 2,673 | 2,673 |
| Total comprehensive income for the year | ' | - | | | 1,087,182 | 1,087,182 |
| Balance at 31 December 2015 | 1,563,000 | 1,935,000 | 156,300 | 3,000 | 20,068,195 | 23,725,495 |
| | | | | | | |

Statement of changes in shareholders' equity

SCG Packaging Public Company Limited

| | | | Re | Retained earnings | S | |
|---|---------------|---------------|--------------------|-------------------|----------------|---------------|
| | Issued and | • | Appropriated | ated | Unappropriated | Total |
| | paid-up | • | Legal | General | | shareholders' |
| | share capital | Share premium | reserve | reserve | | equity |
| | | | (in thousand Baht) | nd Baht) | | |
| Balance at 1 January 2016 | 1,563,000 | 1,935,000 | 156,300 | 3,000 | 20,068,195 | 23,725,495 |
| Transactions with owners, | | | | | | |
| recorded directly in shareholders' equity | | | | | | |
| Dividends | 1 | 1 | 1 | 1 | (781,500) | (781,500) |
| Total transactions with owners, | | | | | | |
| recorded directly in shareholders' equity | ' | , | ' | ' | (781,500) | (781,500) |
| Comprehensive income for the vear | | | | | | |
| Profit or loss | ı | ı | 1 | ı | 786,912 | 786,912 |
| Other comprehensive income | ı | ı | ı | 1 | (945) | (945) |
| Total comprehensive income for the year | | | | | 785,967 | 785,967 |
| Balance at 31 December 2016 | 1,563,000 | 1,935,000 | 156,300 | 3,000 | 20,072,662 | 23,729,962 |
| | | | | | | |

Statement of cash flows

SCG Packaging Public Company Limited

| | 2016 | 2015 |
|--|--------------|-----------|
| | (in thousana | l Baht) |
| Cash flows from operating activities | | |
| Profit for the year | 786,912 | 1,084,509 |
| Adjustments for | | |
| Depreciation and amortisation | 36,167 | 34,972 |
| Interest income | (359,896) | (445,328) |
| Interest expense | 490,518 | 601,696 |
| Unrealised losses on foreign currency exchange | 362 | 297 |
| Reversal of allowance for decline in value of inventories | - | (3,510) |
| Reversal of impairment losses on property, plant and equipment | - | (5,766) |
| Disposal of intangible assets | - | 3,071 |
| Losses on sales of property, plant and equipment | 28 | 2,102 |
| Employee benefit expense | 10,695 | 28,535 |
| Gain on sales of investment in subsidiary | - | (302,087) |
| Dividend income | (774,236) | (891,410) |
| Income tax expense (benefit) | (432) | 47,718 |
| Profit provided by operating activities before | | |
| changes in operating assets and liabilities | 190,118 | 154,799 |
| Decrease (increase) in operating assets | | |
| Other receivables | (8,574) | 42,870 |
| Inventories | - | 4,797 |
| Other current assets and other non-current assets | 37,378 | (19,059) |
| Net decrease in operating assets | 28,804 | 28,608 |

Statement of cash flows

SCG Packaging Public Company Limited

| | 2016 | 2015 |
|---|--------------|-----------|
| | (in thousand | l Baht) |
| Increase (decrease) in operating liabilities | | |
| Trade and other payables | 14,797 | 259 |
| Employee benefit obligations | (14,686) | (7,655) |
| Other current liabilities and other non-current liabilities | 12,128 | (883) |
| Net increase (decrease) in operating liabilities | 12,239 | (8,279) |
| Cash generated from the operations | 231,161 | 175,128 |
| Income tax paid | (42,926) | (44,669) |
| Net cash provided by operating activities | 188,235 | 130,459 |
| | | |
| Cash flows from investing activities | | |
| Interest received | 360,761 | 445,704 |
| Dividends received | 774,236 | 891,410 |
| Investment in subsidiaries | (148,898) | (181,089) |
| Proceeds from sales of investment in subsidiary | - | 453,415 |
| Purchases of investment property | (10,084) | - |
| Purchases of property, plant and equipment | (37,150) | (62,293) |
| Purchases of intangible assets | (2,703) | (11,353) |
| Proceeds from sales of property, plant and equipment | 27 | 25,217 |
| Decrease (increase) in short-term loans to related parties | 527,623 | (861,482) |
| Net cash provided by investing activities | 1,463,812 | 699,529 |

Statement of cash flows

SCG Packaging Public Company Limited

| | 2016 | 2015 |
|--|--------------|-----------|
| | (in thousand | d Baht) |
| Cash flows from financing activities | | |
| Interest paid | (491,451) | (602,842) |
| Dividends paid | (781,500) | (781,500) |
| Decrease in bank overdrafts | - | (257) |
| Increase (decrease) in short-term loans from related parties | (380,995) | 556,384 |
| Net cash used in financing activities | (1,653,946) | (828,215) |
| | | |
| Net increase (decrease) in cash and cash equivalents | (1,899) | 1,773 |
| Cash and cash equivalents at beginning of the year | 6,609 | 4,836 |
| Cash and cash equivalents at end of the year | 4,710 | 6,609 |



SCG Packaging Public Company Limited

Company Profile

Registration no. 0107537000921

Head office address 1 Siam Cement Road, Bangsue, Bangkok 10800

Business type Holding company for packaging and packaging paper, forestry, pulp and

paper and other businesses

Initial registered capital (as at the registration date of conversion into the Public Limited Company

on March 24, 1994)

Registered capital: 1,000 Million Baht Paid-up capital: 1,000 Million Baht

Issued and paid up ordinary shares of: 100 Million shares,

Issued and paid up preference shares: - None -

Par value of 10 Baht per share

Present registered capital

Registered capital: 1,563 Million Baht Paid-up capital: 1,563 Million Baht

Issued and paid up ordinary shares of: 156.3 Million shares,

Issued and paid up preference shares: - None -

Par value of 10 Baht per share

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