



Seafresh Industry Public Company Limited
บริษัท ซีเฟรชอินดัสตรี จำกัด (มหาชน)

ANNUAL REPORT 2017
รายงานประจำปี 2560

Sustainable Business Growth
Through Core Value Practices

Social Responsibility

Ethic & Integrity

Transparency



BOARD OF DIRECTORS



Mrs. Supanee Punnasri

Independent Director

Mr. Narit Chia-apar

Chairman of the Board and
Chief Executive Officer

Dr. Kamales Santivejkul

Independent Director and Chairman
of Audit Committee

Mr. Chintat Chia-apar

Director and Chief Overseas
Business Officer

Dr. Worapong Leewattanakit

Independent Director and Member
of Audit Committee

Dr. Sorachai Bhisalbutra

Independent Director and
Member of Audit Committee

Mrs. Tassanee Youngmeevithya

Director and Deputy Chief
Executive Officer

Mr. Narongrit Chiarawongvanit

Director

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Message from the Chairman

Total shrimp production in the year 2017 was approximately 300,000 tons, close to the previous year but lower than expected. This is due to the weather and the flooding in many areas, especially in the southern region which is the main shrimp farming area of the country. As a result, raw material prices were stable at the same level as last year. Meanwhile, the Baht has strengthened against the dollar, appreciating by 9% from the beginning of the year to the end of the year and strengthening more than the competing countries.

In addition, a UK referendum that has decided to leave the European Union (BREXIT) since mid-2016 also results in a depreciation of the pound sterling by about 20% in 2017 compared to last year. Along with delays in the trade negotiations between Thailand and the EU, tariffs on Thai shrimp imports to Europe are higher than other competing countries.

Despite the impact of such factors, the group's sales were close to that of the previous year. However, the gross margin narrowed from 14.36% to 12.13%. Once combined with a forex loss of Baht 142 million, the company had a loss of Baht 8 million.

Among the negative factors, however, Seafresh continues to focus on product quality, food safety, traceability, on-time delivery, and cost controls. The Company also focuses on supply chain management as well as enhancing relationships and strategic collaboration with its partners. We believe these will help us run our business sustainably and build confidence for our customers around the world. Our continuous efforts have earned us The Best Sustainability Award from the Stock Exchange of Thailand for the second consecutive year.

For business outlook in 2018, shrimp production in Thailand is expected to increase as the government and private sector work together to improve shrimp farming efficiency and global economic recovery.

Finally, we would like to thank all our shareholders, customers, business partners and employees who have always trusted and supported our operations.

A handwritten signature in black ink, consisting of a large, stylized 'N' and 'C' intertwined, with a horizontal line extending to the right.

(Mr. Narit Chia-apar)
Chairman of the Board of Directors

Board of Directors and Executives

Mr. Narit Chia-apar	Chairman of the Board of Directors Chief Executive Officer Chairman of Executive Committee		
Age	59 years old		
Date of appointment as Director	29 November 1982		
Education	College, Malaysia		
Directorship Course	DCP: Director Certification Program By Thai Institute of Director (IOD)		
Professional experience	1982 - Present Seafresh Industry Public Company Limited		
Positions as director/executive office in other companies	- Subsidiary by Seafresh Industry PCL. : 3 companies - Listed Company : Nil - Non-Listed Company : 2 companies - Other companies with conflict of interests : Nil		
Relationship with Management	Mrs. Tassanee Youngmeevithya's spouse Mr. Chintat Chia-apar's father		
Shareholding ¹	By Mr. Narit Chia-apar	23.26%	
	By Mrs. Tassanee Youngmeevithya (Spouse)	22.91%	
Mrs. Tassanee Youngmeevithya	Director Deputy Chief Executive Officer Chairman of Risk Management Committee Chairman of Corporate Governance Committee Member of Nomination and Remuneration Committee Deputy Chairman of Executive Committee		
Age	63 years old		
Date of appointment as Director	29 November 1982		
Education	B.S (Economics)		
Directorship Course	DCP: Director Certification Program By Thai Institute of Director (IOD)		
Professional experience	1982 - Present Seafresh Industry Public Company Limited		
Positions as director/executive office in other companies	- Subsidiary by Seafresh Industry PCL. : 3 companies - Listed Company : Nil - Non-Listed Company : 2 companies - Other companies with conflict of interests : Nil		
Relationship with Management	Mr. Narit Chia-apar's spouse Mr. Chintat Chia-apar's mother		
Shareholding ¹	By Mrs. Tassanee Youngmeevithya	22.91%	
	By Mr. Narit Chia-apar (Spouse)	23.26%	
Mr. Chintat Chia-apar	Director Member of Risk Management Committee Member of Corporate Governance Committee Member of Executive Committee Chief Overseas Business Officer		
Age	33 years old		
Date of appointment as Director	28 April 2015		

Board of Directors and Executives (Cont.)

Education	Management MSc, Brunel University, UK Finance and Investment MSc, BPP business school, UK Bachelor Degree of Arts in Economics, Srinakarinwirot University		
Directorship Course	DAP: Director Accreditation Program By Thai Institute of Director (IOD)		
Professional experience	2011 - Present Seafresh Industry Public Company Limited		
Positions as director/executive office in other companies			
- Subsidiary by Seafresh Industry PCL.			: 4 companies
- Listed Company			: Nil
- Non-Listed Company			: 1 companies
- Other companies with conflict of interests			: Nil
Son of Mr. Narit Chia-apar and Mrs. Tassanee Youngmeevithya			
Shareholding ¹	By Mr. Chintat Chia-apar		14.47%
	By Spouse or immature children		- Nil -
Dr. Kamales Santivejkul			
	Independent Director Chairman of Audit Committee Chairman of Nomination and Remuneration Committee		
Age	66 years old		
Date of appointment as Director	27 July 1993		
Education	Ph.D. (Business Admin.) Oklahoma State University, USA		
Directorship Course	DCP: Director Certification Program By Thai Institute of Director (IOD)		
Professional experience			
2015 – Present	Advisor of Computer Center Faculty of Commerce and Accountancy, Chulalongkorn University		
2012 – 2015	Director of Computer Center Faculty of Commerce and Accountancy, Chulalongkorn University		
2008 - 2012	Associate Professor Department of Banking and Finance, Faculty of Commerce and Accountancy, Chulalongkorn University		
2004 - 2008	Deputy Dean & CIO, Chulalongkorn University		
1988 – 2007	Assistant Professor Department of Banking and Finance, Faculty of Commerce and Accountancy, Chulalongkorn University		
1995 - 2003	Director: Centers of Academic Resources, Chulalongkorn University		
1997 - 2000	Director: Office of Information Technology, Chulalongkorn University		
1986 - 2004	Director: Computer center, Faculty of Commerce and Accountancy, Chulalongkorn University		
Positions as director/executive office in other companies			
- Subsidiary by Seafresh Industry PCL.			: Nil
- Listed Company			: 2 companies
- Non-Listed Company			: 2 companies
- Other companies with conflict of interests			: Nil
Relationship with Management	None		
Shareholding ¹	By Dr. Kamales Santivejkul		0.22%
	By Spouse or immature children		- Nil -

Board of Directors and Executives (Cont.)

Dr.Sorachai Bhisalbutra	Independent Director		
	Member of Audit Committee		
	Member of Nomination and Remuneration Committee		
Age	77 years old		
Date of appointment as Director	27 July 1993		
Education	Ph.D (Statistics) Oklahoma State University, USA		
Directorship Course	DAP: Director Accreditation Program By Thai Institute of Director (IOD)		
Professional experience			
2005 - 2016	Advisor to President and Vice President for Research and Academic Services, Dhurakijbundit University		
1999 - 2005	Deputy Dean-Research & development Department, Dhurakijbundit University		
1991 - 1998	Director of research center and business administration, Faculty of Commerce and Accountancy, Chulalongkorn University		
1991 - 1998	Assistant Dean of research section, Faculty of Commerce and Accountancy, Chulalongkorn University		
1995 - 1997	President of Thai Statistical Association, Statistical Association		
Positions as director/executive office in other companies			
- Subsidiary by Seafresh Industry PCL.		: Nil	
- Listed Company		: Nil	
- Non-Listed Company		: Nil	
- Other companies with conflict of interests		: Nil	
Relationship with Management	None		
Shareholding ¹	By Dr. Sorachai Bhisalbutra		0.20%
	By Spouse or immature children		0.27%
Dr.Worapong Leewattanakit	Independent Director		
	Member of Audit Committee		
	Member of Nomination and Remuneration Committee		
Age	47 years old		
Date of appointment as Director	28 July 2005		
Education	Ph.D (Computer Science), Vienna University of Technology, Austria		
Directorship Course	DAP: Director Accreditation Program By Thai Institute of Director (IOD)		
Professional experience			
1996 - Present	Instructor – Faculty of Commerce and Accountancy, Chulalongkorn University		
2005 - 2008	Director of Office of Information Technology, Chulalongkorn University		
Positions as director/executive office in other companies			
- Subsidiary by Seafresh Industry PCL.		: Nil	
- Listed Company		: Nil	
- Non-Listed Company		: Nil	
- Other companies with conflict of interests		: Nil	
Relationship with Management	None		
Shareholding ¹	By Dr. Worapong Leewattanakit		0.11%
	By Spouse or immature children		- Nil -

Board of Directors and Executives (Cont.)

Mrs. Supanee Punnasri Independent Director
Age 58 years old
Date of appointment as Director 28 April 2006
Education Bachelor of Medical Science (Certificate of Medical)
Directorship Course DAP: Director Accreditation Program
By Thai Institute of Director (IOD)
Professional experience
1992 - 2012 Director: E.B. International Company Limited
1984 - 1992 Medical Doctor: Samui, Chaingrai, Chulalongkorn Hospital
Positions as director/executive office in other companies
- Subsidiary by Seafresh Industry PCL. : Nil
- Listed Company : Nil
- Non-Listed Company : Nil
- Other companies with conflict of interests : Nil
Relationship with Management None
Shareholding¹ By Mrs. Supanee Punnasri 0.12%
By Spouse or immature children 0.06%

Mr. Narongrit Chiarawongvanit Director
Age 64 years old
Date of appointment as Director 27 July 1993
Education College, Malaysia
Directorship Course DAP: Director Accreditation Program
By Thai Institute of Director (IOD)
Professional experience 1982 - Present Seafresh Industry Public Company Limited
Positions as director/executive office in other companies
- Subsidiary by Seafresh Industry PCL. : Nil
- Listed Company : Nil
- Non-Listed Company : Nil
- Other companies with conflict of interests : Nil
Relationship with Management Mr. Narit Chia-apa's relative
Shareholding¹ By Mr. Narongrit Chiarawongvanit 0.56%
By Spouse or immature children 0.12%

Mr. Chaisit Chuenchuwit Chief Financial Officer
Member of Risk Management Committee
Member of Corporate Governance Committee
Company Secretary
Age 39 years old
Education Master of Business Administration
Bachelor of Business Administration
Bachelor of Accounting
Professional experience 2015 - Present Chief Financial Officer, Seafresh Industry Public Company Limited
2010 - Present Company Secretary, Seafresh Industry Public Company Limited
2006 – Present Strategic Planning and Investment Department Manager, Seafresh Industry Public Company Limited

Board of Directors and Executives (Cont.)

Relationship with Management	None	
Shareholding ¹	By Mr. Chaisit Chuenchuwit	- Nil -
	By Spouse or immature children	- Nil -
Mr. Boonlert Foongvannaluck	Chief Commercial Officer	
Age	46 years old	
Education	Bachelor of Business Administration	
Professional experience	1996 - Present	Seafresh Industry Public Company Limited
Relationship with Management	None	
Shareholding ¹	By Mr. Boonlert Foongvannaluck	0.05%
	By Spouse or immature children	- Nil -
Mr. Pairoj Yangthong	Chief Operating Officer	
Age	47 years old	
Education	Master of Business Administration	
Professional experience	1994 - Present	Seafresh Industry Public Company Limited
Shareholding ¹	0.01%	
Relationship with Management	None	
Shareholding ¹	By Mr. Pairoj Yangthong	0.01%
	By Spouse or immature children	0.004%
Mrs. Phongsri Nittipho	Accounting Department Manager	
Age	52 years old	
Education	Bachelor of Business Administration (Accounting)	
Professional experience	2008 - Present	Seafresh Industry Public Company Limited
Relationship with Management	None	
Shareholding ¹	By Mrs. Phongsri Nittipho	0.001%
	By Spouse or immature children	- Nil -

¹ Numbers of shares on March 13th, 2018.

1. Policy and Business Operation Overview

Seafresh Industry Public Company Limited (CFRESH) is one of the leaders in frozen shrimp products. The company is operating business more than 30 years. We distribute products to all regions of the world such as North America, Europe, Asia, Africa and Oceania. The full capacity of production is over 30,000 tons per year with modern and standardized processes. The plant is located near large sources of raw materials. We have various products as the following frozen raw shrimp, frozen cooked shrimp and value-added shrimp products. The operation complied with food safety management, modern technology and reliable traceability systems. We have been committed to continually improve quality system, so CFRESH has received several international standard certifications such as GMP, HACCP, ISO 9001, ISO 14001, ISO 50001, FSSC:22000, BRC, BAP.

The company established own shrimp farm to emphasize sustainable business growth. At present the company has expanded investment in other countries. (5 Company's subsidiaries base in United Kingdom, 1 company in United States and 1 affiliated company in Belize). These companies and farm can increase intimacy between consumer and distribution channel, and also strengthen the supply chain management of the company.

1.1 Company Performance Policy in Overview Defined by Board Committee

Mission: The best shrimp company

Vision: Sustainable business growth through core value practices

Core Value:

- Social Responsibility
- Ethic & Integrity
- Transparency

Business Policy:

S-Shareholders	: Safeguard the interests of shareholders by adding value to the business under the principles of good governance
U-Ultimate Results	: Results-based management where all departments must achieve their undertaking target in accordance to the strategic plan and business plan.
C-Customers	: Satisfy the customers by producing quality products and timely delivery.
C-Corporate Risk Management	: Manage various business risks by generally accepted standards.
E-Employees	: Manage human resources with efficiency and fairness in order to enhance the good environment and quality of work life that can yield its full potential.
S-Suppliers	: Select vendors who have management capabilities, possess approach that is consistent with the company policy, and have willingness to strengthen relations and strategic cooperation to jointly maximize business benefits.
S-Society and Environment	: Conduct business with regard to social responsibility, community and strict compliance with the law and environmental regulations.

1.2 Key Changes and Development

In October 2011, CFRESH established a new subsidiary Seafresh Industry Invest Limited (“SII”) registered in United Kingdom with the company hold 51 percent of the total paid-up capital. The purpose of investment is related to the production and distribution of processed food products.

In the same month, CFRESH and SII invested in Blue Earth Foods Limited (“BEF”) which provide and distribute frozen food products and located in United Kingdom. CFRESH and SII hold 25% and 75% of the total paid-up capital, respectively. Furthermore, SII also purchased 3,750,000 of redeemable preference shares with par value of 1 pound.

In November 2011, SII established a new subsidiary Sea Farms Limited (“SF”) which registered in United Kingdom and SII hold 100% of the total paid-up capital. The purpose of investment is food business trading and including import food product from CFRESH and other vendors. This is also for distribution in UK and European countries.

In August 2012, SII invested in Belize Aquaculture Limited (“BAL”) which is fully integrated shrimp farm in Belize. BAL has hatchery, farming, and processing factory. SII holds 50% of the total paid-up capital.

In January 2013, CFRESH invested in Manufacturing System Implementation Company Limited (“MSI”) which located in Thailand. MSI provides consulting service and designed planning in computer systems in Oracle module. CFRESH holds 100% of the total paid-up capital.

In February 2013, CFRESH and SII established a new subsidiary Sea Farms, Inc. (“SFI”). The purposes of investment are purchase and distribute frozen food products. SFI registered in the United States of America. CFRESH and SII hold 25 and 65 percent of the total paid-up capital, respectively.

In March 2013, CFRESH and SII established a new subsidiary Prochaete Innovations Limited (“PCI”), which engages in research and production of fishmeal replacement product. PCI registered in United Kingdom. CFRESH and SII hold 25 and 35 percent of the total paid-up capital, respectively.

In November 2014, SII changed the company’s name to be Seafresh Group (Holdings) Limited (“SGH”).

In August 2015, CFRESH established a new subsidiary as Seafresh IHQ Limited (“SIHQ”) which the company held 100 percent of the total shares. SIHQ principally engaged in managerial services, technical, support services and financial management services to companies in the Group.

In January 2016, SIHQ has increased authorized share capital for 890 million THB that make authorized share capital moved from 10 million THB into 900 million THB.

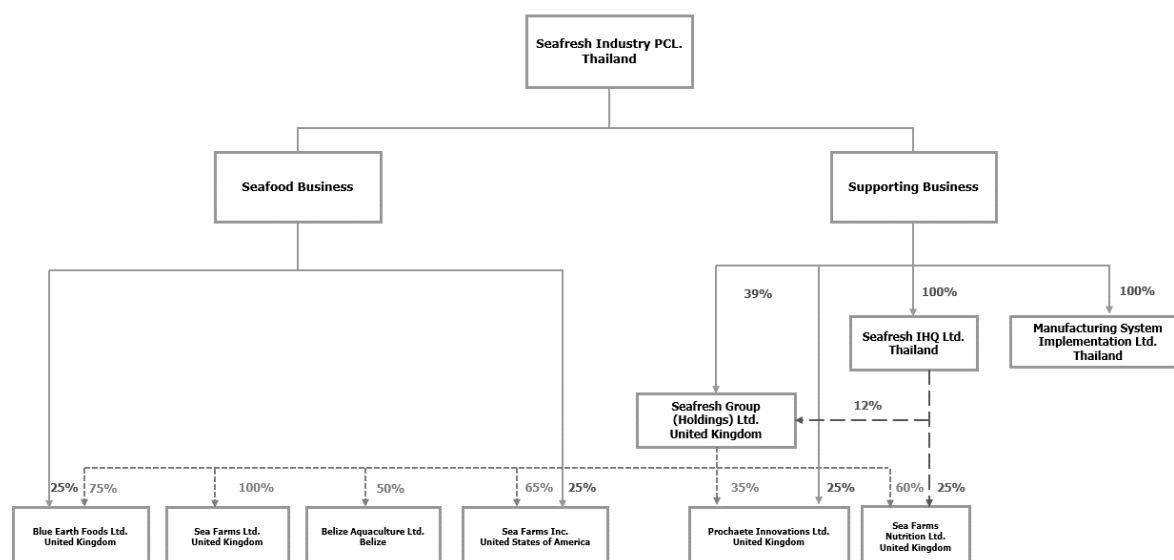
In the midyear of 2016, CFRESH commenced shrimp farming which complies with requirements and International standard for producing high quality shrimp to meet the high-end customers.

In September 2016, the company and its subsidiaries (“the group”) established a new subsidiary Sea Farms Nutrition Limited (“SFN”) which engages in produce and sells animals feed and nutrition. SFN registered in United Kingdom. SGH and SIHQ hold 60 and 25 percent of the total paid-up capital, respectively.

In December 2017, CFRESH implemented the company group restructure by selling 12% of SGH paid-up shares held by CFRESH to SIHQ.

(Remark: In December 2017, CFRESH approved the company group restructure by letting SIHQ buy 16.55% of SGH paid-up shares held by another shareholder. The ownership of shares was completely transferred in January 2018.)

1.3 Shareholding Group's Structure



Name list and percentage of shareholding by business partner

1. Temchu Limited and Mr. David Hall hold 49% of SGH.
2. Mike & David's Fish Company holds 10% of SFI.
3. Blue Aqua Consultancy Limited and Valemare Limited hold 40% of PCI.
4. The Estate of Sir Barry M. Bowen and Bowen & Bowen Limited hold 50% of BAL which all business partners are not related.
5. Valemare Limited holds 15% of SFN.

1.4 Relationship with Business Group of Major Shareholders

Company and its subsidiaries have relationship neither rely on nor complete with other businesses in major shareholder group business significantly.

2. Core Business

Revenue Structure

Revenue Structure ⁽¹⁾	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Frozen raw shrimp ⁽²⁾	1,429	19	1,801	24	1,293	16
Frozen cooked shrimp ⁽²⁾	1,109	15	980	13	1,265	16
Value added shrimp ⁽³⁾	4,226	56	4,005	53	4,490	57
Other seafood products ⁽⁴⁾	698	9	787	10	754	10
Other Sales and Service ⁽⁵⁾	33	1	13	0	15	0
Other Incomes	27	0	32	0	72	1
Total ⁽⁶⁾	7,522	100	7,618	100	7,889	100

Note: ⁽¹⁾ All revenue already deducted related transaction

⁽²⁾ Operated by CFRESH, SF, SFI

⁽³⁾ Operated by CFRESH, BEF, SFI

⁽⁴⁾ Operated by CFRESH, BEF, SF, PCI, SFN

⁽⁵⁾ Operated by MSI, SIHQ

⁽⁶⁾ Total revenue excluded gains and losses on exchange rate

2.1 Products

The 4 Group's main products of CFRESH and its subsidiaries are as follows:

Group 1 Frozen raw Shrimp product

Group 2 Frozen cooked Shrimp product

Group 3 Value added shrimp product such as breaded shrimp, tempura shrimp and sushi shrimp etc.

Group 4 Other seafood products such as raw seafood, ready-to-eat seafood.

The products will be distributed and exported covering overseas countries under "Seafresh", "Sea Angel", "Phoenix", "Thai Chia", "Go Go", "Ultra" trademark and customers' brand.

1) Promotional Privileges

1.1) Promotional privileges by the Board of Investment

The Company has been granted various promotional privileges by the Board of Investment under the Investment Promotion Act. B.E. 2520. Details of the promotion certificates are as follows:

Certificate No.	Certificate's date	The promoted business	Date of first earning operating income
1739(3)/2550	4 June 2007	The manufacture of frozen seafood, and frozen processed and semi-processed seafood products.	1 July 2011
1740(2)/2550	20 June 2007	The manufacture of frozen seafood products.	1 July 2011
1070(2)/2557	9 January 2014	The manufacture of frozen seafood products.	No revenue in the present
1075(3)/2557	10 January 2014	The manufacture of semi-processed product and frozen product	No revenue in the present

Subject to certain imposed conditions, the privileges granted under the Company's promotion certificates include the following:

- a) Permission to own land in order to carry on the promoted activities, as deemed appropriate by the Board of Investment.
- b) Exemption from import duty on machinery imported for use in production, as approved by the Board.
- c) Exemption from corporate income tax on net profit for a period of eight years commencing as from the date of first earning income from the promoted operation. (Exemption certificate no. 1740(2)/2550 and 1070(2)/2557 not exceed 100 percent of investment).
- d) Exemption from income tax on dividends paid from the profit of the promoted operation, for a period of eight years.
- e) Permission to deduct costs of installation or construction of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.

1.2) Other tax incentives

Seafresh IHQ Limited was granted an approval to operate as "International Headquarter" (IHQ) by the Revenue Department which shall be entitled to the reduction of income tax rate and the exemption of income tax for 15 accounting periods beginning from 1 January 2016 in accordance with the following tax incentives:

1. Corporate income tax exemption on the following incomes:
 - 1.1 Income from providing management or technical services, providing support services or providing treasury management to its associated enterprises established under foreign laws.
 - 1.2 Royalties received from associated enterprises established under foreign laws.
 - 1.3 Dividends received from associated enterprises established under foreign laws.
 - 1.4 Income from the transfer of shares in associated enterprises established under foreign laws, where a monetary value of the proceeds from the transfer exceeds the capital.
 - 1.5 Income from the purchase and sales of goods overseas, provided that such goods must not be imported into Thailand or imported into Thailand in the description of goods in transit or transshipment under the law on customs, and income from providing services relating to international trade to juristic persons established under foreign laws, which is received from or in a foreign country.
2. The income tax rate for companies or juristic partnerships shall be reduced and collected at ten percent on net profits of international headquarters derived from the following incomes:
 - 2.1 Income from managerial or technical service provision, supporting service provision or treasury management for associated enterprises established under Thai laws.
 - 2.2 Royalties received from associated enterprises established under Thai laws.Income entitled to income tax reduction shall be limited to the amount not exceeding the amount of income entitled to income tax exemption under no. 1.1 and 1.2.
3. Specific Business Tax exemption shall be granted to an international headquarters having the qualifications on income derived from providing treasury management to its associated enterprises.
4. A withholding income tax rate shall be reduced and charged at 15 percent on the assessable income derived by an alien from his or her employment in the international headquarters.
5. Corporate income tax exemption to a company or juristic partnership established under foreign laws and not carrying out business in Thailand on the following incomes:
 - 5.1 Dividends received from the international headquarters, only if paid out of income entitled to income tax exemption under no. 1.
 - 5.2 Interest received from the international headquarters, only if derived from loan taken out by the international headquarters to relend to associated enterprises for treasury management purpose.

1.3) Other Rights

Patent, concession, copyright, and other benefits

- nil -

2) Business Restriction

- nil -

2.2 Marketing and Competition

1) Marketing Strategy

1. Seafresh's factory is based in Chumphon. The location is near a lot of good quality shrimp farms, so the company can supply large quantities and high quality materials through the year and save cost of transportation.

2. The Company's major export markets are European Union, Japan, USA, Canada, Australia, and others. The Company's policy is diversify exports to each country in the right proportions for reduce the risk of dependence on a single market.

3. The Company's strategy to retain customers with on-time delivery and honesty to clients. The Company increases customer satisfaction by meet the agreement and focus on quality of products and great services.

4. The company focuses on shrimp products which make company expertise in shrimp. Moreover, the company also focuses on developing products resources with high quality and includes skill workers with expertise in the shrimp business. Therefore, the company can run operations smoothly and efficiently.

5. The Company has a policy to keep raw materials in right quantities and reasonable prices to solve the material shortages which caused from the outbreak in shrimp, weathering problems, quantity cultivate, etc. Furthermore the company and subsidiaries have estimated the allowance of decline value of inventory. The allowance determined by the turnover of inventory types.

6. The company focus on sustainable business with suppliers and environmental friendly.

7. In accordance with the company business core value which emphasizes sustainable business growth, the company establish own shrimp farm for the purpose of expand business to comprehensive supply chain. This farm is master farm which certified high standard and meet customer requirements. Furthermore, the farm can be a role model to shrimp farmer of developing their farm.

2) Marketing Policy

Company's policy is to produce high quality and high standards with advanced technology and high performance in order to maximize customers' satisfaction. In 2017, the company got 87% Satisfaction score from the customer's satisfaction survey.

We have system to monitor product quality at every step to ensure products are certified by the world-class quality and Food Safety systems as follows:

- **Good Manufacturing Practice (GMP)** from Department of Fisheries, and "GMP Codex Alimentarius" from Ministry of Agriculture and Cooperatives' National Bureau of Agricultural Commodity and Food Standards, is a standard of hygienic management in production and food safety, which uses to ensure that products are consistently produced, control according to quality standards and cover the fundamentals of production management.
- **Hazard Analysis Critical Control Point (HACCP)** from Department of Fisheries and HACCP Codex Alimentarius accreditation from Ministry of Agriculture and Cooperatives' National Bureau of Agricultural Commodity and Food Standards, is standard of food safety management for preventative approach to food safety. The company also focuses in production and distribution of food. It's the most significant aspects of quality and safety to customers.
- **Q Mark** from Department of Fisheries is certificate that the company has a quality system and product meets standard of Q-Mark.

- **ISO9001** from “United Kingdom Accreditation Service (UKAS)” is a quality management standard utilized for establish, upgrade, and certify organization's process-based quality management system.
- **FSSC22000** from “United Kingdom Accreditation Service (UKAS)” is a complete certification scheme for Food Safety Management Systems FSSC22000 is a combination of two well-established standards: ISO 22000 and PAS 220 which there are 2 standards about food safety for food manufacturers.
- **BAP Standard** from Global Aquaculture Alliance is a certification system that combines site inspections with sanitary controls. It addresses the vital elements of responsible aquaculture, including food safety, traceability in aquaculture production chain, and environmental responsibility.
- **Global Standard for Food Safety (BRC) Standard** from “German Accreditation Body (DAkkS)” is the standards that guarantee the standardization of quality, safety and operational criteria and ensure that manufactures fulfill their legal obligations and provide protection for the end consumer in United Kingdom and European Union country.
- **Aquaculture Stewardship Council (ASC) Chain of Custody Standard** from “Accreditation Services International (ASI)” is a sustainable aquaculture standard and be able to trace back source of seafood from the production to retailer.
- **Halal Standard** from The Central Islamic Council of Thailand is the integration process system from beginning to end of the "chain of production". Halal is complied with Islamic law and gets great hygienic food products with nutritional value.
- **ISO/IEC 17025** from “Bureau of Laboratory Quality Standards”, Ministry of Public Health is the Accreditation of Laboratory system.

Customer Type

Customers are divided to 4 categories.

- Importer: import for distribute to wholesalers and restaurants.
- Wholesaler: import for sell to retailers and restaurants.
- Retailer: import for sell to the chain stores.
- Reprocessor: import for raw or cooked shrimp to make new process or change new packaging.

Distribution and Distribute Channel

Most of Seafresh Industry Public Company Limited and its subsidiaries' products are sold abroad under company trademark and customers' trademark. The company deals directly with the customers who are the main retailers in each market. The company serves more than 100 clients who spread across the globe.

Sales proportion value group by specific regions of Seafresh Industry Public Company Limited included its subsidiaries

Description	2017 (%)	2016 (%)	2015 (%)
1. European Union	69	72	74
2. U.S.A. and Canada	16	15	13
3. Asia	14	12	12
4. Australia, New Zealand and other	1	1	1
Total	100	100	100

The company has some subsidiaries based in United Kingdom, so the sales portion in EU Market is quite high when compared with the other markets. However, the origins of products sold in the EU market have come from many regions. In 2017, the portion of Thai products sold to EU was only 13% of total sales revenues. It has reduced the risk in case that EU announced any trade policies to boycott any products from Thailand.

Competition

In 2017, the world shrimp production was around 2.8 million tons. The volume slightly increased relative to the previous year because of growth in main producer countries, i.e. India, Ecuador, Vietnam, and China. For Thailand, farmers could improve farming to be more effective in order to handle with the Early Mortality Syndrome or EMS. Besides, shrimp species had been improve for the better quality and growth, including, quality and diagnosis on shrimp to keep them healthy before release to grow-out pond. Thailand shrimp production was approximately 300,000 tons although the variable weather conditions such as floods, rainy and diseases, affect to the raw material price in Thailand were close to the last year.

Overall, global shrimp aquaculture industry was very competitive by the major countries which were India, Vietnam, Indonesia, Ecuador, and China as they gained advantages on labor wage, raw material costs, and trade agreement. Nevertheless, Thailand gained competitiveness in term of technique for standard shrimp farming, residue-free shrimp, and high quality labors' skill. In 2017, Thailand exported frozen shrimp to the main market, which were U.S., Japan, Vietnam, Canada, Australia, and China, declined approximately 6% relative to the previous year.

Export during the year 2017

Japan Market

Japan's import volume from worldwide growth for the second year about 5% compared to the previous year. Generally, it was evidence of recovery in shrimp consumption. The value added shrimp products were our main products which exported to Japan. Their volumes were increased in the same direction with the total Japanese import. The situation reflects that the company has ability to retain market share of this product group even Japan's market had high competitive circumstances in their market.

Europe Market

Overall imported volume shrimp by EU28 has increased by 3% when compared to previous year. For Thailand, after EU cut Thailand's GSP Privileges, custom duty of importing processed frozen shrimp has increased from 7% to be 20% since early 2014, and the rate of raw frozen shrimp has increased from 4.2% to be 12% since early 2015. Thai exporters lost competitive advantage to competitors who still gain GSP or FTA contract with EU. Furthermore, EU gave the yellow card to Thailand in case of IUU Fishing. Therefore, EU import value from Thailand declined from the previous year by 15%.

For 2017, the company's export decrease with the same rate to EU since Thailand has lost GSP and FTA contract with EU. Nevertheless, according to the company's policy, achieves customer's conditions, i.e., ethical recruitment though supply chain, thus, the company can maintain the exiting customers. The company keeps track of IUU Fishing situation and FTA negotiation between EU and Thailand as well as Brexit for a strategic planning.

North America Market

The US Department of Commerce announced the review of antidumping rate in the final results for importing frozen shrimp during February 1, 2015, to January 31, 2016, which give Thailand's better rate at 0.81% from previous year of 1.36%. Consequently, Thailand has more competitive advantage in America although the US State Department still remained Thailand in Tier 2 watch list on its 2017 Trafficking in Persons (TIP) Report compliance with Trafficking Victims Protection Act of 2000. By the way, Thai Government continuously solves the problem and reports the progress to the US Department of Commerce.

For 2017, U.S. imported shrimp from world market approximately 10% increasing from last year, while the company's export to US in 2016 was 75% higher than last year. The advantages were sale

channels from its subsidiaries in U.S., increased in sales from existing customers, and gained new customers from high quality and up to order product in reasonable price.

Other Markets

The company expanded markets to China, Taiwan, South Korea, Singapore, and Oceania, whereas value of shrimp import and consumption are high level, in order to gain new customers by using high quality and up to order product in reasonable price as a strategy. The company also exported to the other markets increase to 98% relative to the previous year.

In 2017, overall company's exports to EU market was decreased but the company still gained growth in North America market, and maintain market share in Japan. Also, market expansion to the Asia market, as a result, company's exports increase compare to the last year.

2.3 Product and Service Management

Production

Seafresh Industry Public Company Limited (CFRESH) has a plant in Chumphon province and Blue Earth Foods Limited which a subsidiary has a plant located in United Kingdom. The total capacity for the major products in 2015-2017 as follows:

Full capacity and actual capacity (include subsidiary)

Capacity (Ton)	2017	2016	2015
Full capacity	30,000	30,000	30,000
Actual capacity			
Chilled and frozen seafood products	15,092	13,653	13,328
Capacity utilization (%)	50.31	45.51	44.43
Increase (Decrease) production rate (%)	10.54	2.44	(7.41)

Production policy depends on company's sales target which is estimated every year.

Raw Material and Suppliers

The origins of products of the company and its subsidiaries have come from many countries such as countries in America and Asia regions. However, the portion of origin from Thailand has been about 40 percent of total raw material.

Regarding Thai shrimp products, raw material more than 98 percent come from Thailand as Vannamei. Source of raw shrimp from farms covers areas in Chumphon, Surat Thani, Ranong, Prachuap Khiri Khan. All raw materials are purchased from domestic suppliers. The Company will purchase raw materials from almost 400 shrimp farmers

The company established its owned shrimp farm for the purpose of expanding business to comprehensive supply chain. This farm is the prototype farm which certified high standard and meet customer requirements.

Raw materials purchase from suppliers, more than 30 percent of all order value.

- Nil -

Average Raw material price (Vannamei) per kilogram, 2017

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Price/Baht	230	241	247	195	176	205	190	216	215	202	197	198

Raw Material Problem

For 2017, white-shrimp production in Thailand decreased approximately 2 percent relative to the previous year since the El Niño condition, for instance, rainy, flood, which affected to the Southern Thailand. Besides, Enterocytozoon hepatopenaei or EHP has been discovered as a new disease that the farmers have to deal with. Nevertheless, Thai farmers could handle the EMS and EHP by using technology in farming. As a result, it not only increased the product yield, but also provided the larger shrimp size. Development of shrimp farming, to be more effective, subsequently, the shrimp quantities were close to the previous year and average shrimp prices were stable over the year of 2017.

Environment Impact

Company's production processes do not have any environmental impact and comply with environmental management system ISO14001. The resource management involves with resource efficiency resource management, sustainable energy utilize, waste management from the production and distribute in a form of debris. Regarding the pollution from production process, the company has a system for monitoring performance and installation wastewater treatment system under industry office control. The processes are followed with legal and compliance management system and continuous improvement. The company spent costs for wastewater treatment in year 2016-2017 are Baht 237,019 and Baht 284,174 respectively.

3. Risk Factors

The risk factors identified in this section are uncertainties that may have a material effect on the Company's short-term and long-term objectives, including its competitiveness, reputation, financial status, operating results, etc. However, other risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and financial condition. The key risk factors for the year 2017 remain unchanged from the previous year. There was a cyber-risk, however, in the emerging risk category at our surveillance level. Although we have established measures to manage and monitor, this emerging risk may become a key risk to the organization in the future.

3.1 Strategic Risk

1) Market Competition

The global frozen shrimp market has continued to grow in the past year. Major buyers such as the United States have imported higher quantities than ever before. Unfortunately, Thailand has lost its leading position in shrimp exports for more than 5 years. Competing countries such as India and Indonesia have increased their productivity so amazingly that they can overtake Thailand.

Technological advances and innovations also play a role in the market competitiveness of this industry. Whether it be production cost, distribution, product or service, all must be adjusted to keep up with these changes.

Despite the intense competition in the global market, we remain confident of our ability to compete at the national level by assessing the risks and adjusting its strategies to match changing factors.

Risk Management

The Company manages above risk by:

- Create and maintain customer and stakeholder confidence in the Company's production process, food safety management, environmental management, labor practices, and traceability system, which are certified according to international standards such as HACCP (Hazard Analysis Critical Control Point), GMP, BRC Global Standard, BAP (Best Aquaculture Practices), IFS (International Featured Standard), Halal, ISO9001:2015, ISO22000, ISO/IEC17025, ISO 14001, ISO50001, OHSAS 18001 and CSR-DIW, etc.
- Allow flexibility to meet the requirements of each partner that are diverse in both the product and service.
- Create a unique product identity that is distinctly different from those products in the market, especially the quality and freshness.
- Strengthen business relationship with customers.
- Continuous improvement of machinery, equipment and production processes to increase production efficiency, productivity, and cost control.
- Develop and expand overseas markets with affiliates in the European Union and the United States. This helps meeting our customers' requirements effectively and providing access to markets that are difficult to access if operated from Thailand alone.
- Operate our own shrimp farm that meets international standards and requirements to produce high quality shrimp that meet the needs of the upper tier market. In the past year our shrimp farms are in the process of obtaining certification from the Aquaculture Stewardship Council (ASC), which is a European standard with strict requirements that focus on responsible aquaculture that has minimal impact on society and the environment.

2) Overseas investment

The diversified overseas business investment from 2011 onwards (*as detailed in Section 1.2 Key Changes and Development*) is a strategy to enhance business sustainability beyond the export of shrimp products. It allows us to expand our trade to hard-to-reach markets and also enable us to better serve our customers where only these international operations can make it happens.

The overall performance of overseas investments has been growing steadily over the years. Without proper risk management, return on investment may not be as expected.

Risk management

The Company manages above risk by:

- Appoint directors to oversee operations of subsidiaries and set up a subcommittee to closely review the operations of companies in the group at least once a month.
- Create an information system and enterprise resource planning system that links the Company and its overseas subsidiaries, enabling quick access and review of information.
- Assign staff members from various departments to work in group companies periodically.
- Hold a meeting between senior executives of the company and its subsidiaries approximately once a month. Business strategies and annual business plans are held throughout the group at least once a year.

3.2 Operational Risk

1) Fluctuation of raw material price and quantity

Shrimp raw materials are agricultural products, so the quantity and price are varied according to season, weather, disease, and management ability of farmers. These risk factors in Thailand and other shrimp producing countries are under close monitoring and management at all times. Although shrimp production in Thailand last year was close to that of prior year, the price of shrimp in both Thailand and the importing countries continued to fluctuate due to a significant increase in shrimp production of other major shrimp producing countries.

Risk Management

The Company manages above risk by:

- Reserve raw materials for use in production to deliver to customers during the off season of raw materials.
- Access and purchase raw materials directly from farmers in wide areas by our own staff teams.
- Maintain a good relationship with farmers.
- Expand the network of farmers to BAP (Best Aquaculture Practice) certification to increase the quantity of quality raw material sources by providing farmers support for personnel, training, advice and costs
- Regularly update shrimp farming data to help assess the farm's productivity and to plan the purchase of the appropriate quantity, price and time.
- Improve the operation of shrimp farms continuously as a supplement source of high quality raw materials.
- Distribute products purchased from other countries, such as those imported from countries in the Americas and Asia by subsidiaries. The proportion of raw materials from these countries accounts for 60% of total raw material value.
- Sell other seafood products in addition to shrimp, currently accounting for 9% of total revenue, by subsidiaries.

2) Geographical concentration of customers

Foreign business investment has contributed to the company's overall revenue growth in line with its strategy. The increase in market expansion, however, has led to the concentration of trading partners in the European Union. Any change in the economic, social, political, trade policy, and other aspects of the European Union could affect the company's performance both positively and negatively. These factors are challenges that the company must manage to minimize the impact of potential risks or to capitalize on potential opportunities.

Risk Management

The Company manages such risks as follows:

- Expansion of exports from Thailand to non-EU countries, especially to the Asia-Pacific region with high growth rate. After several years of efforts, the proportion of imports of key trading partners in the past year has returned to a satisfactory level that is no longer concentrated. In 2017, the export revenue of the company from Thailand to the European Union accounted for only 13% of the total value of the distribution. This will reduce the impact if the European Union has announced trade measures that affect the export of goods from Thailand.
- Develop domestic market

3.3 Financial Risk

1) Fluctuation of currency exchange rate

Most trading transactions of the company group are denominated in US dollars and pound sterling. The fluctuation of foreign exchange rates is a major risk factor affecting the financial management and operating results of the Company.

In 2017, the Group generated more revenue in foreign currency compared to 2016. However, the amount was decreased when converted to Thai Baht due to changes in the currency as follows:

- The pound sterling has fallen by about 9% in 2017 compared to last year, as a consequence of the British referendum that has decided to leave the EU. (BREXIT) since mid-2016.
- The Baht strengthened on the US interest rate hike and GDP growth in Thailand.

Risk Management

The Company manages above risk by:

- Set up a foreign exchange sub-committee to review the guidelines and actions taken to reduce the risk impact and diversify the risk from foreign exchange rate changes.
- Use derivative financial instruments as appropriate at each specific period. Foreign exchange forward contracts are used to manage exchange rate risk of export earnings in proportion to the revenue. Currency swap is used to manage foreign exchange risk arising from borrowing or investing in a percentage of the transaction.
- Make a natural hedge or balance between export earnings and foreign currency loans in the same currency over the same period.

2) Fluctuation of interest rate

Interest rates are less volatile than foreign exchange rates. The change in interest rates in the past year may be different from what some analysts in the banking and finance industry have forecasted, but we are able to manage them adequately. However, since the company still has floating interest rate loans, interest rate fluctuations are still a risk that could diminish the company's performance if it is not well managed.

Risk Management

The Company manages above risk by:

- Monitor the money market and interest rate trends closely to determine appropriate financial instruments to manage risk arising from changes in interest rates.
- For floating rate loans, derivative financial instruments, such as interest rate swaps, are used to manage significant borrowing transactions in order to provide the company reasonable financial costs in accordance with the market conditions at that time.
- Issue long-term debentures with fixed interest rates to reduce long-term interest rate volatility.

3.4 Compliance Risk

1) Food safety regulation compliance

Food safety regulations are a good measure. At present, both Thailand and importing countries have various food safety regulations ranging from raw materials, ingredients, production processes, personnel, machinery, equipment, facilities, environments, packaging, storage and transportation to traceability process. Although we are well-versed in handling food safety compliance, we cannot underestimate the risk new regulations or rules that change more rapidly and more rigorously.

Risk Management

The Company manages above risk by:

- Attain international standards accreditation on food processing, food safety, quality management, labor, environment and energy, etc., such as HACCP (Hazard Analysis Critical Control Point), GMP, BRC Global Standard, ISO9001:2015, FSSC22000, ISO/IEC17025, ISO14001, ISO50001, BAP (Best Aquaculture Practices) Standard, OHSAS 18001, Q Mark, Halal, CSR-DIW, etc. It has also been continuously monitored according to international customer standards from various countries throughout the year.
- Deploy a tracking system to notify new or revised regulations to relevant parties.

2) Trade Measures of Importing Countries

The world's leading import countries of frozen shrimp have imposed trade measures in terms of import duties and non-tariff barriers which hinder Thailand's export of frozen shrimp. The barriers that the Thai frozen shrimp industry experienced are as follows.

- Illegal, Unreported and Unregulated (IUU) Fisheries Regulation is an EU measure that focuses on the conservation of aquatic resources and the biodiversity of marine resources. The European Commission still maintained the yellow card status for Thailand in the past year. If the ongoing improvement of Thailand does not meet the requirements, there may be a chance of receiving a red card which may lead to the suspension of imports of fish and seafood products into the EU.
- Anti-dumping duty is a measure that the United States has imposed on frozen shrimp from Thailand for more than 13 years and will continue for at least another 3 years. Thai exporters still have to face with the impact of duty fluctuations each year as duties are adjusted on an annual basis.
- Trafficking in Persons Report is another measure of the United States that has a significant impact on the reputation of the country. In the 2017 report, Thailand is still ranked in the Tier 2 Watch List for the second consecutive year. If the next assessment is downgraded to Tier 3, it will affect the image of Thai products and pose serious risks to the export sector of many industries, both directly and indirectly.
- Trade Facilitation Act (TFTEA) is a United States law that prohibits the importation of foreign goods produced by forced labor, child labor, labor produced by prisoners, and indentured labor. It requires importers to verify and certify that imported goods are not produced by forced labor throughout the supply chain to avoid quarantine or import refusal.

The above measures are only part of other measures that are beyond the control of the company and adversely affect the competitive advantages compared to competitors from other countries as well as operators in the importing country.

Risk Management

The Company manages above risk by:

- Closely assess trade information of importing countries and identify possible impacts in order to prepare necessary response actions in time.
- Expand market in many countries and expand overseas investments to reduce dependency risk on any particular market.
- Attain certification of compliance with TLS 8001-2553 (Thai Labor Standard), the highest completion level, from The Ministry of Labor as well as OHSAS 18001 (Standard for

occupational health and safety management systems). Receive a certification for outstanding national establishment in occupational health, safety, and environment in the work place.

- Require all suppliers and subcontractors in the supply chain not to use child labor under the age of 18 years old, assign pregnant employees to dangerous work, use forced labor, or use involuntary labor
- Collaborate and support independent organizations and institutions to source and treat labor appropriately and ethically.
- Process shrimp from aquaculture only to prevent possible violations of Illegal, Unreported and Unregulated (IUU) fisheries regulations.

3.5 Shareholders' Investment Risk

Chia-Apar group and related parties hold 66.68 percent of company's total paid up shares. This enables an almost absolute control of shareholders' vote with an exception of at least 3 out of 4 voting in shareholders' meeting as required by law. Therefore, minority shareholders will be unable to gather enough vote to counterbalance the majority shareholders' proposals.

Risk Management

The company requires all important decisions to receive an approval from the Board of Directors. Not less than half of the members of the Board of Directors are independent directors who do not have a material relationship with the majority shareholders. Therefore, independent directors are able to act as an effective counterbalance to majority shareholders for the benefit of minority shareholders.

4. General Information and Other Important Information

4.1 General Information

Name of company	Seafresh Industry Public Company Limited or CFRESH
Register No	0107537000751
Head Office & Factory	402 Moo 8, Chumphon-Paknam Road, Paknam, Muang, Chumphon 86120, Thailand Telephone: +66 7752 1321-3 Fax: +66 7752 1007
Branch Office	152/25 Chartered Square Bldg., 31 st fl., North Sathon Rd., Silom, Bangrak, Bangkok 10500, Thailand Telephone: +66 2637 8888 Fax: +66 2637 8801
Homepage	www.seafresh.com
E-mail	seafresh@seafresh.com
Type of business	Manufacturing and Distributing Frozen Raw Shrimp, Frozen Cooked Shrimp, and Frozen Value-added Shrimp
Issued and paid-up share capital	463,549,600 shares of common stock, Par value: Baht 1 per share

4.2 Subsidiary/Associated Company which holding by CFRESH exceed 10 percent

1. Seafresh Group (Holdings) Limited

Head Office & Factory	Atlantic House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 460 460 Fax: +44 1527 460 461
Type of business	Investment in Manufacturing and Distributing Processed Food Products Business
Issued and paid-up share capital	20,000 shares of common stock, Par value: 0.50 pound per share
Percentage of shares holding by CFRESH	51% (CFRESH holds 39% and Seafresh IHQ Limited holds 12%)

2. Blue Earth Foods Limited

Head Office & Factory	Ocean House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 519 900 Fax: +44 1527 519 901
Type of business	Manufacturing and Distributing Chilled Food Products
Issued and paid-up share capital	30,000 shares of common stock, Par value: 0.10 pound per share
Percentage of shares holding by CFRESH	63.25% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 75%)

3. Sea Farms Limited

Head Office & Factory	Atlantic House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 460 460 Fax: +44 1527 460 461
Type of business	Importing and Distributing Seafood Products
Issued and paid-up share capital	1 share of common stock, Par value: 1 pound per share
Percentage of shares holding by CFRESH	51% (Seafresh Group (Holdings) Limited holds 100%)

4. Prochaete Innovations Limited

Head Office & Factory	Ocean House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 460 460
Type of business	Research and produce fish meal replacement product.
Issued and paid-up share capital	100 shares of common stock, Par value: 1 pound per share
Percentage of shares holding by CFRESH	42.85% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 35%)

5. Belize Aquaculture Limited

Head Office & Factory	Mile 4, Placencia, Stann Creek District, Belize, Central America Telephone: + 501 521 2100 Fax: + 501 521 2190
Type of business	Fully integrated shrimp farming operation which start from hatchery, farming, and factory.
Issued and paid-up share capital	13,750,188 shares of common stock, Par value: 1 Belize dollar per share
Percentage of shares holding by CFRESH	25.50% (Seafresh Group (Holdings) Limited holds 50%)

6. Sea Farms, Inc

Head Office & Factory	2288 W Commodore Way, Suite # 110, Seattle, WA 98199 United States Telephone: +1 206 403 1417 Fax: +1 206 432 9940
Type of business	Import and Distribution Seafood Products.
Issued and paid-up share capital	10,000 shares of common stock, Par value: 1 US dollar per share
Percentage of shares holding by CFRESH	58.15% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 65%)

7. Manufacturing Systems Implementation Company Limited (MSI)

Head Office & Factory	152 Chartered Square Building, 12 th A Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand Telephone: +66 2637 8453-5 Fax: +66 2637 8456
Type of business	Consultant and computer systems
Issued and paid-up share capital	50,000 shares of common stock, Paid value: Baht 60 per share
Percentage of shares holding by CFRESH	CFRESH holds 100%

8. Seafresh IHQ Company Limited (SIHQ)

Head Office & Factory	152/25 Chartered Square Bldg., 31 st Fl., North Sathon Rd, Silom, Bangrak, Bangkok 10500 Telephone: +66 2637 8888 Fax: +66 2637 8801-2
Type of business	Management, technical support and treasury services to Companies in the Group
Issued and paid-up share capital	180,000,000 shares of common stock, Paid value: Baht 5 per share
Percentage of shares holding by CFRESH	CFRESH holds 100%

9. Sea Farms Nutrition Limited

Head Office & Factory	Atlantic House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 460 460 Fax: +44 1527 460 461
Type of business	Produce and sell animals feed and nutrition
Issued and paid-up share capital	10,000 shares of common stock, Par value: 1 pound per share
Percentage of shares holding by CFRESH	55.6% (Seafresh Group (Holdings) Limited holds 60% SIHQ holds 25%)

Other Reference

Auditor

Grant Thornton Company Limited
18thFl., Capital Tower All Seasons Place,
87/1, Wireless Road, Lumpini, Pathumwan,
Bangkok 10330
Telephone: +66 2205 8222
Fax: +66 2654 3339

Share Register

Thailand Securities Depository Company Limited
93, 14th Fl., the Stock Exchange of Thailand Bldg.,
Ratchadapisek Rd., Dindaeng, Dindaeng, Bangkok
10400
Telephone: +66 2009 9000
Fax: +66 2009 9991

4.3 Other Important Information

Investors can find more information from company's annual statement (module 56-1) as listed on The Securities and Exchange Commission of Thailand's website or www.sec.or.th.

5. Shareholders

Major Shareholders

Major Shareholders (as of 13th March 2018)

	Shareholders	Stock amount	%
1.	Chia-apar Group	200,322,700	43.21%
2.	Mrs. Tassanee Youngmeevithya	106,200,000	22.91%
3.	Thai N.V.D.R. Co.,Ltd	21,189,550	4.57%
4.	Mr. Chatchai Tangsricharoenporn	15,563,500	3.36%
5.	Mrs.Wijarinee Harikul	4,900,000	1.06%
6.	Mr. Pew Apiratikul	3,680,000	0.79%
7.	Mr. Kritsanapan Supanrode	3,333,000	0.72%
8.	Mr. Narongrit Chiarawongvanit	2,593,800	0.56%
9.	Ms. Metta Wathanasawaswong	2,150,000	0.46%
10.	Ms. Suchada Mongkolchaipak	2,000,000	0.43%

Remarks: Chia-apar Group consists of:

1. Mr. Narit Chia-apar
2. Mr. Chintat Chia-apar
3. Miss Chankate Chia-apar

Related persons consist:

1. Mrs. Tassanee Youngmeevithya
2. Mr. Narongrit Chiarawongvanit

Shareholders able to visit website for updating information via <http://www.seafresh.com/investor> before the Annual General Meeting of Shareholders date.

Other Securities Issuance

1. Warrants

Year 2015 the company has allocated warrants (ESOP No.3) to the directors and employees 22,145,000 total amount of warrants is 22,145,000 units at Baht 0 per unit with a 4-year. Duration and the exercise right of Baht 12.00 per unit which is higher than the market price at that time. Furthermore, neither director nor employee is allowed the allocation of over 5% of the total amount of warrants which is offered to the employees and the directors.

2. Debentures

2.1 Debentures of Seafresh Industry Public Company Limited No. 1/2016 Due date for 2021

Bond Type	: Name-Registered certificate of unsecured and unsubordinated debentures without debenture holders' representative
Offering	: Private placement to institutional investors and high net worth
Issuing amount	: Not exceeding 500,000 units
Outstanding amount	: Not exceeding Baht 500,000,000
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Coupon rate	: 4.30% Fixed rate per annum
Coupon frequency	: Semi-annually on Interest Payment Date
Tenor	: 5 years from the Issuing date
Issue date	: May 27 th , 2016
Maturity date	: May 27 th , 2021
Redemption (Put/Call Option)	: The Company ineligible to redeem debentures prior to the maturity date unless redemption defined in eligibility requirements and the debenture-holder ineligible to redeem the debentures prior to the maturity date.
Status of debenture	: Debentures constitute unsubordinated debt owned by the issuer and shall enjoy equal legal status for all units and the debenture holders are entitled to receive payment not less favorable than the ordinary creditors of the issuer at present and in the future, except for those obligations with preferential order of payment under law.
Registrar	: Siam Commercial Bank Public Company Limited
Issue rating	: The issuer had been rated "BBB" by TRIS Rating Company Limited as the date of April 26 th , 2016. The Issuer shall annually review company rating throughout the term of debenture to comply with SEC.

2.2 Debentures Seafresh Industry Public Company Limited No.1/2017 Due date at 2020

Bond Type	: Name-Registered certificate of unsecured and unsubordinated debentures without debenture holders' representative
Offering	: Private placement to institutional investors and high net worth
Issuing amount	: 500,000 units
Outstanding amount	: Baht 500,000,000
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Coupon rate	: 3.60% per annum
Coupon payment period	: Semi-annually
Issue term	: 3 years from the issuing date
Issue date	: November 9 th , 2017
Maturity date	: November 9 th , 2020
Put/Call option	: The Company ineligible to redeem debentures prior to the maturity date unless redemption defined in eligibility requirements and the debenture-holder ineligible to redeem the debentures prior to the maturity date.
Status of debenture	: Debentures constitute unsubordinated debt owned by the issuer and shall enjoy equal legal status for all units and the debenture holders are entitled to receive payment not less favorable than the ordinary creditors of the issuer at present and in the future, except for those obligations with preferential order of payment under law.
Registrar	: Siam Commercial Bank Public Company Limited
Issue rating	: The issuer had been rated "BBB" by TRIS Rating Company Limited as the date of April 7 th , 2017. The Issuer shall annually review company rating throughout the term of debenture to comply with SEC.

6. Dividend Payment Policy

The dividend payment policy is not less than 40% of net income after corporate income taxes and all types of reserved fund as required by law. Nevertheless, the dividend payment policy may change, depending on performance, cash flow, investment plan, and economic outlook. Moreover, the Board of Directors' resolution approving dividend payment shall be proposed for final approval with shareholders' meeting.

The subsidiary company's policy is to make dividend payment of no less than 50% of the net profit after tax to the shareholders of the subsidiary company. Nevertheless, the dividend payment policy may change, depending on performance, cash flow, investment plan, and economic outlook. Moreover, dividend payment shall be proposed for final approval with subsidiary's shareholder meeting.

7. Management Structure

7.1 Board of Directors

Name	Position	Attendance/ No. of attendance
1. Mr. Narit Chia-apar	Chairman of the Board of Directors/ Chief Executive Officer/ Chairman of Executive Board	10/10
2. Mrs. Tassanee Youngmeevithya	Director/ Deputy Chief Executive Officer/ Chairman of Risk Management Committee/ Chairman of Corporate Governance Committee/ Member of Nomination and Remuneration Committee/ Deputy Chairman of Executive Board	8/10
3. Mr. Narongrit Chiarawongvanit	Director	10/10
4. Dr. Kamales Santivejkul	Independent Director/ Chairman of the Audit Committee/ Chairman of Nomination and Remuneration Committee	10/10
5. Dr. Sorachai Bhisalbutra	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee	10/10
6. Dr. Worapong Leewattanakit	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee	10/10
7. Mrs. Supanee Punnasri*	Independent Director	9/10
8. Mr. Chintat Chia-apar	Director/ Member of Risk Management Committee / Member of Corporate Governance Committee / Member of Executive Committee/ Chief Overseas Business Officer	9/10

* Independent director with relevant business experiences.

1) Responsibility of the Board of Directors

1. In charge of company's good management by defining company's objectives, target, strategy, policies and resource management as well as monitoring, evaluation, and reporting in accordance with the aforementioned. Furthermore, the board is responsible to implement innovation and technology to add values for the company including overseeing of such information technology.
2. In charge of company's competitiveness and performance with ethical business, respect right and responsible to shareholder and stakeholder, beneficial to social, develop or reduce environment impact and corporate resilience under uncertainty including creating corporate culture and behaving exemplary.
3. Ensure that all directors and management carry out their roles and responsibilities with duty of care and duty of loyalty to the organization in accordance with law, regulations and shareholder meeting resolution.
4. Determine remuneration in accordance with duties and responsibilities of the directors and based on performance of Chief Executive Officer including of set salary structure to motivate the employee to lead the company in meeting its objectives.
5. Ensure that there is a framework and mechanism to oversee the policies and operations of subsidiaries and other businesses that the company has significant investment. Such framework and mechanism should be appropriate with each company. Those subsidiaries and other businesses should have the same understanding of the policies and operations.
6. Determine and ensure that the company has effective and comprehensive framework of internal control as well as risk management.
7. Ensure that the company has a clear anti-corruption policy and guidelines and clearly communicate to all of staff level in the company, so that everyone will comply.
8. The board should ensure disclosure and financial and non-financial integrity.

9. The board is responsible for monitoring financial liquidity and debt services coverage, establishing a mechanism to support operations under tight financial constraints, and ensuring financial literacy education for employees.

2) Roles and Duties of Chairman of the Board of Directors

1. Oversee, monitor, and ensure that the board effectively carries out its duties.
2. Ensure that all directors contribute to the company's ethical culture and good corporate governance.
3. Determine and approve meeting agenda with representative of Independent directors appointed by the board of directors and assign the Company Secretary sends meeting invitation letter to the Directors.
4. The Chairman of the Board of Directors shall ensure that directors receive effective information for each agenda.
5. The Chairman of the Board of Directors shall serve as the Chair of the meeting, with a duty to allocate adequate time in each agenda item for the directors to freely and carefully discuss important matters.
6. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.
7. Ensure that the company has effective communication with Shareholders.

3) Ratio of director who represent shareholders

- Nil -

The Board of Directors comprise of 8 persons from 3 directors with executive role, 1 non-executive director, and 4 independent directors or 50% of the entire Board.

The board of directors has authority to consider who are authorized to sign along with the company's stamp.

The authorized director is Mr. Narit Chia-apor, Chairman, signing with the company seal affixed, or Mrs. Tassanee Youngmeevithya and Mr. Chintat Chia-apor, two directors jointly sign with the company seal, Only certifying true copies of documents of the Company or related to the Company, financial statements, commercial contracts, export or import documents, and employee contracts, one of directors signing with the company seal affixed can bind the Company.

In case of the board of directors has authorized others to manage the business routine on their behalf, such authorization must be in accordance with the meeting resolutions. Such authorization must consist of clear limitations on roles and responsibilities and the authorized persons are not able to approve items that are in conflict of interest between themselves and the company, proxy, or other subsidiaries.

4) Independent Director's Qualification

In the selection of independent director, the Board has set the following qualification guidelines and definition of "Independent" in complies with the SET and SEC regulations as follows:

1. Holding not more than one percent of the total voting shares of the company, its subsidiary, associated company, juristic persons with potential of conflict of interest, major shareholder, or controlling person, with the number of shares held by the director's related persons being counted.
2. Being a director who is not or has never been an executive director, employee, staff member, salaried advisor, or controlling person of the company, its subsidiary, associated company, same-level subsidiary, juristic persons with potential of conflict of interest, major shareholder, or controlling person, unless such characteristics have lapsed for at least two years before being appointed.
3. Having no relationship by blood or by legal registration under the status of father, mother, spouse, sibling, and child, including the child's spouse, of other directors, executives, major shareholders, controlling persons, or persons who are being nominated for appointment as directors, executives, or controlling persons of the company or its subsidiary.

4. Not being or having been a shareholder or authority having control of the business relationship with the company, parent company, subsidiaries, affiliates, shareholders or controlling person of the company including professional service and business relationship which are specified by the Securities and Exchange Commission of Thailand, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
5. Being a director who is not or has never been an external auditor of the company, subsidiary, affiliate, major shareholder, or controlling person, and not a significant shareholder, controlling person, or partner of audit firm to which an external auditor of the company, subsidiary, affiliate, major shareholder, or controlling person belongs, except in case such characteristics have lapsed for at least 2 years before being appointed.
6. Being a director who is not or has never been a provider of any professional service including legal advisory service or financial advisory service with the service fee thereof exceeding Baht 2 million per year from the company, subsidiary, affiliate, major shareholder, or controlling person, and not a significant shareholder, controlling person, or stockholder of the provider of such professional service, except in case such characteristics have lapsed for at least 2 years before being appointed.
7. Being a director who is not appointed as representative of a director, major shareholder or shareholder with a relationship to a major shareholder of the company.
8. Not having or not having had a business with the same nature and in competition to the business of the Company, subsidiaries or not be a significant partner in a partnership company or director, employee, consultant who receives a regular salary or holds more than 1 percent of the total shares with voting rights of another company which has the same nature and in competition to the business of the company, subsidiaries, or affiliates.
9. Not having any other characteristics that may hinder the exercise of his/her independent judgment about the company's business operations.

5) The Board of Director's Performance Assessment

The Board of Directors has conducted performance assessment of the entire to accordance with the SET guideline which requires to be conducted on a yearly basis which divided by principle as follows:

5.1) The Board of Director's performance (as group) assessment by subject as follows:

1. Structure and Characteristics of the Board
2. Roles and Responsibilities of the Board
3. Board meetings attendance
4. The Board's performance of duties
5. Relationship with management
6. Self-development of Directors and executives development

5.2) The Board of Director's individual self-assessments by subject as follows:

1. Roles and responsibilities of the board
2. Board Meeting attendance
3. Duties of director
4. Relationship with the management
5. Self-development of directors and executives development

The result of Board of Director's performance assessment and self-assessment for the year 2017 is in the level of "Very Good". The Board intends to use this result to further improve their performance.

5.3) Chief Executive Officer annual performance assessment

The Board of Directors has conducted annual performance assessment of Chief Executive Officer to accordance with the SET guideline. The company has delivered assessment to the committee evaluation which includes assessment topics as follows:

1. Leadership
2. Strategies
3. Compliance to strategies
4. Planning and financial practices.
5. Relationship with Board of Directors
6. Relationship with externals
7. Management and relationships with employees
8. Succession
9. Product knowledge and services
10. Personal attribute

CEO performance for year 2017 was evaluated by 7 directors (excluding CEO). Overall in 10 topics considered an excellent.

5.4) Sub-committee annual performance assessment

The board also held annual evaluation of the Board of Directors for each set included the Audit Committee, Risk Management Committee, Corporate Governance Committee, and Nomination and Remuneration Committee, Executive Committee. The performance evaluation result for each sub-committee overall is in very good criterion.

7.2 Executive Board

Name	Position
1. Mr. Narit Chia-apar	Chief Executive Officer
2. Mrs.Tassanee Youngmeevithya	Deputy Chief Executive Officer
3. Mr. Chintat Chia-apar	Chief Overseas Business Officer
4. Mr. Chaisit Chuenchuwit	Chief Financial Officer
5. Mr. Boonlert Foongvannaluck	Chief Commercial Officer
6. Mr. Pairoj Yangthong	Chief Operating Officer
7. Mrs.Phongsri Nittipho	Accounting Department Manager

1) The Responsibility of Executives

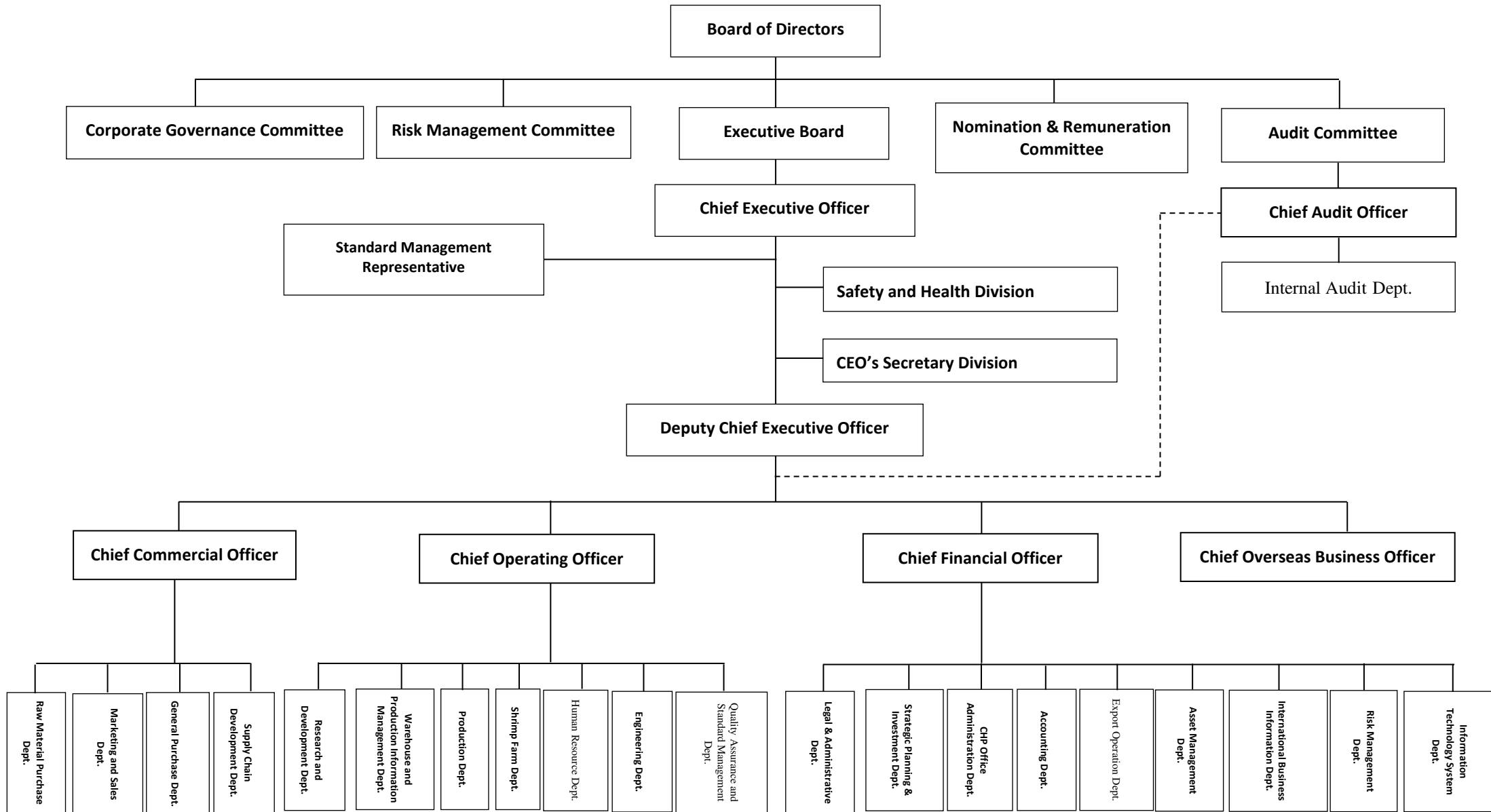
1. To determine general company's policy in order to coordinate with the board of directors.
2. To manage company's internal operations and to determine the general Company's management system.
3. To determine the structure of the company's administration to coordinate with the board of directors.
4. Plan and set up general company's projects.
5. To direct, coordinate, monitor, and assign; affiliated unit, position, responsibilities, and delegate authority, in consideration of appropriate and efficiency.
6. To determine objective in order to properly manage with high efficiency and following the company's policy.

2) Succession Plan

The Board of Directors realized the importance of company's human resource. For sustainable business, the company had proceeded as follows:

1. Company arranged training course for manager level and above to increase their potential such as Risk Management for Sustainable growth and Innovative Thinking.
2. Company appropriated task to more challenge and job rotation for increase knowledge of employee which is important factor to in career growth.
3. Company considered remuneration and preferment by corporate KPI through Balanced Scorecard concept.

Organization Chart of Seafresh Industry Public Company Limited



Report on Securities Holding of Director and Executives						
Name	Position	Shareholding As on March 14, 2017		Change during year	Shareholding As on March 13, 2018	
		Shares	%	Shares	Shares	%
Mr.Narit Chia-apar	Chairman of the Board of Directors/ Chief Executive Officer/ Chairman of Executive Board	107,803,000	23.26	-	107,803,000	23.26
Mrs.Tassanee Youngmeevithya	Director/ Deputy Chief Executive Officer/ Chairman of Risk Management Committee/ Chairman of Corporate Governance Committee/ Member of Nomination and Remuneration Committee/ Deputy Chairman of Executive Board	106,200,000	22.91	-	106,200,000	22.91
Mr.Chintat Chia-apar	Director/ Member of Risk Management Committee / Member of Corporate Governance Committee / Member of Executive Committee/ Chief Overseas Business Officer	67,053,500	14.47	-	67,053,500	14.47
Mr.Narongrit Chiarawongvanit	Director	3,128,200	0.68	-	3,128,200	0.68
Dr.Kamales Santivejkul	Independent Director/ Chairman of the Audit Committee/ Chairman of Nomination and Remuneration Committee	1,000,000	0.22	-	1,000,000	0.22
Dr.Sorachai Bhisalbutra	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee	2,198,200	0.47	-	2,198,200	0.47
Dr.Worapong Leewattanakit	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee	500,000	0.11	-	500,000	0.11
Mrs.Supanee Punnasri	Independent Director	841,900	0.18	-	841,900	0.18

Report on Securities Holding of Director and Executives (Continued)						
Name	Position	Shareholding As on March 14, 2017		Change during year	Shareholding As on March 13, 2018	
		Shares	%	Shares	Shares	%
Mr.Chaisit Chuenchuwit	Chief Financial Officer	-	-	-	-	-
Mr.Boonlert Foongvannaluck	Chief Commercial Officer	230,000	0.05	-	230,000	0.05
Mr.Pairoj Yangthong	Chief Operating Officer	69,000	0.01	-	69,000	0.01
Mrs.Phongsri Nittipho	Accounting Department Manager	5,000	0.001	-	5,000	0.001

Remark: Securities Holding is including the securities holding by own, spouse, and immature child

Director of Subsidiaries								
Name	Seafresh Group (Holdings) Limited	Blue Earth Foods Limited	Sea Farms Limited	Manufacturing System Implementation Limited	Sea Farms, Inc	Prochaete Innovations Limited	Seafresh IHQ Limited	Sea Farms Nutrition
1. Mr.Narit Chia-apar	X			X			X	
2. Mrs. Tassanee Youngmeevithya	I			II			II	
3. Mr. Lasse Bo Hansen	II	X	X		X	X		X
4. Mr. David Arthur Hall	I	I	I		I	I		
5. Mr. Phillip Albert Kent		II						
6. Mr.Chaisit Chuenchuwit		I	I		I			I
7. Mr.Chintat Chia-apar		I	I		I			I
8. Mr. Michael H Girton					II			
9. Mr. David Leroy Broberg					II			
10. Mr. Odd Geir Oddsen						II		II
11. Mr. David Stuart Mathers								II

* Mr. David Arthur Hall ended his term as a director in January 2018.

Remark	X	=	President
	II	=	Executive Director
	I	=	Director

7.3 Company Secretary

The Board of Directors appointed Mr. Chaisit Chuenchuwit as a company secretary effective from 8th October 2010. The qualification of company secretary is shown in appendix 1 of Form 56-1 subject “company secretary”

7.4 Remuneration for Director and Management

1) Director Remuneration

The company complies with guidelines for Director’s remuneration as follows:

- Remuneration of directors has a reasonable level comparing to similar industry and appropriate with the assigned duties and responsibilities.
- Non-executive director will receive only a meeting allowance by the number of attendant. In case of they are assigned to be a director of sub-committee, they have the right to receive a meeting allowance by number of attendant.
- The executive director will not receive meeting allowance.

The Nomination and Remuneration Committee will primarily consider and pass a resolution to the Board of Directors for approval prior submit to shareholder meeting for approval later. The remuneration of Directors of the committee and sub-committee for year 2017 were approved by the shareholders in amount not exceeded Baht 1,580,000.

2) Executive Remuneration

The board of director is responsible of considering the level of executive remuneration basing on the company’s performance and individual performance of each executive.

Details of remuneration paid in 2017 are as follows:

3) Monetary Remuneration

The directors’ remuneration in 2017 amounting to Baht 1,424,444 was for the meeting allowance for 5 independent directors as follows:

<u>Name</u>	<u>Position</u>	<u>Remuneration/year (Baht)</u>
1. Dr. Kamales Santivejkul	Independent Director	166,667
	Chairman of the Audit Committee	200,000
	Chairman of the Nomination and Remuneration Committee	13,333
2. Dr. Sorachai Bhisalbutra	Independent Director	166,667
	Member of Audit Committee	200,000
	Member of Nomination and Remuneration Committee	13,333
3. Dr. Worapong Leewattanakit	Independent Director	166,667
	Member of Audit Committee	200,000
	Member of Nomination and Remuneration Committee	13,333
4. Mrs. Supanee Punnasri	Independent Director	134,444
5. Mr. Narongrit Chiarawongvanit	Director	150,000

- None of the directors received any remuneration from being directorship of the subsidiary of the company.

- The total remuneration is Baht 17.53 Million which consists of salary and bonus.

4) Other Remunerations

In 2015, the company allocated warrants (ESOP No.3) offered to the employees and the directors of the company. The total amount of warrants is 22,145,000 units at Baht 0 per unit with a 4 year duration and the exercise right of Baht 12 per unit which is higher than the market price at that time. There are no directors and employees who receive number of warrant more than 5% of the total warrants.

List of Directors with Warrants Allocation

Name	Position	No. of Shares	% of Warrants
1.Mr. Narit Chia-Apar	Chairman of Board of Directors	1,000,000	4.52
2. Mrs. Tassanee Youngmeevithya	Director	1,000,000	4.52
3. Mr. Chintat Chia-apar	Director	500,000	2.26
4. Dr. Kamales Santivejkul	Chairman of the Audit Committee and Independent Director	500,000	2.26
5. Dr. Sorachai Bhisalbutra	Audit Committee and Independent Director	400,000	1.81
6. Dr. Worapong Leewattanakit	Audit Committee and Independent Director	300,000	1.35
7. Mrs. Supanee Punnasri	Audit Committee and Independent Director	200,000	0.90
8. Mr. Narongrit Chiarawongvanit	Director	200,000	0.90
Total		4,100,000	18.51

Executives, who are not Director, gain 3,300,000 units of warrant as total amount.

During 2016 - 2017, none of the Director and executive received any non-monetary remuneration.

7.5 Employee

Total employees 3,405 people, divided into production lines 2,932 people, management section 311 people and sales management 162 people.

For benefit and welfare, total remuneration (salary, bonus, allowances, and provident fund) is about Baht 983.69 million. The Company and employees have jointly established a provident fund on 10 April, 2006 in accordance with the Provident Fund Act B.E.2530 and amended Securities and Stock Exchange Act B.E. 2535, and also other relevant laws as welfare for the employees, started the collection and contributions from payroll period of May 2006 onwards. In addition, there are benefits in areas such as health, accident, and life insurance, employee dormitories, fitness center, entertainments center, and training center within and outside the company, for improving and increasing the quality of work life.

The company's condition of hire, working environment, and other welfares are compiled under employment law and Thai labor standard. Due to the company follow the principle of justice, ethics, and transparency, the company was certified Thai Labor Standard TLS.8001-2003 Certification (Completion

Level Superlative Phase) which the company is only 1 of 5 company in Thailand that maintain Thai Labor Standard more than 10 consecutive years.

Furthermore, the company also emphasizes in every recruiting processes considering by knowledgeable, competency, experience which suitable for required position. The employee was assessed follow the Key Performance Index (KPI) in Balanced Scorecard aspect for being promotion or salary consideration.

The company always emphasizes on safety, sanitation, and working environment for the employees. Executives are responsible for monitoring the safety, sanitation, and working environment and all employees have to strictly comply by the concerning law. The company sufficiently supports budget, time, person, and other resources to achieve a target and continual development such as training, practicing and other campaigns. The results of year 2017 were clearly seen by the Accident Frequency Rate (AFR.), it was only 0.87 time per 1 million man-hours decrease from last year was 0.02 times per 1 million man-hours. Furthermore company has been approved The Best Establishment for Safety, Sanitary, and Working Environment in National Level for the 5-9 consecutive years, and for Early Childhood Learning Development as well.

Moreover, the company has environmental, safety and health management. In addition the company has joined “Disease-free and Body Safety Workplace” project which assessment by government and assessment result more than 90%.

Company has policy in human resource development by continuously enhanced staff abilities. For 2017, the average hours of employee training, both in-house and outsource training, is 20 hours per year; according to 6 achievements as follows:

- 1) To comply with laws and regulations
- 2) To correspond with operation
- 3) To strengthen standard management
- 4) To enhance employee abilities
- 5) To develop organization
- 6) Self Learning

In 2017, the company has conducted 83 training courses for employees, for example, Risk Management and Corporate Culture, Innovation thinking, Water Pollution Operator, Introduction of Standard System and Work Safety, CSR-DIW, Requirements and Implementation of BRC (Issue 7), Corporate Social Responsibility-Department of Foreign Trade, Corporate Social Responsibility-Department of Industrial works 2017, ASC (Aquaculture Stewardship Council) Shrimp COC Awareness, Carbon Footprint for Organization Assessment, CSR for Corporate Sustainability and salary management.

For quality assurance management, the company emphasize in food safety, sanitation in production, service employees and stakeholders, Conservation of Natural Resources, and Occupational Health to comply with international standards such as GMP, HACCP, ISO9001, ISO/IEC17025, ISO22000, BRC, BAP, HALAL, ISO14001, ISO50001 and OHSAS18001 etc.

In Human Rights and Fairly-Treated to employees’ perspective, the company set priority to protect the human rights, which is fundamental of equitable of human rights including company’s stakeholders or related persons or related organizations. The company operates without abuse of human right and permit employee to making complaints or suggestions. Furthermore, the company cares employee through employee caring team and employee representative committee.

8. Corporate Governance

8.1 The Principles of Corporate Governance

The Board of Directors recognizes the importance of corporate governance and code of best practices for directors of public company which comply with the Stock Exchange Thailand's guidance. Through these practices, we created the transparency system of internationally accepted professional management as guidelines for administrative and decision-making procedures and have them reviewed on a regular basis.

The Board of Directors must follow the procedures of good corporate governance in 5 principles as follow:

1) Rights of Shareholders

The Board of Directors should act with a reasonable degree of care and responsibility in regards to the rights and equality of shareholders and should also protect the interests of shareholders. The company encourages shareholders to exercise their following fundamental rights:

- Right to purchase, sell, or transfer stock.
- Right to dividends.
- Right to receive adequate and timely information of the company.
- Right to participate in general meetings and to vote on the appointment or withdrawal of the directors, accounting auditor, and issues that have impacts on the company.

2) Equitable Treatment of Shareholders

Boards of Directors should ensure the equitable treatment and fundamental rights protection of shareholders as follow:

- Allow shareholders to propose meeting agenda in advance before the date of the General Meeting. Minority shareholders are also allowed to propose potential candidates, as specified criteria, for the appointment of the directors.
- Encourage shareholders to appoint proxies to attend and vote at the meetings for and on their behalf.
- No additional meeting agenda without prior notice to the shareholders.
- Establish measures to prevent the exploitation of inside information for own benefit or for the benefit of others in a deceitful way which causes damage to shareholders.
- Directors must disclose information about personal stake and involved parties.

3) Practice towards stakeholders

The Boards of Directors should not violate the rights of stakeholders. Directors should encourage a good collaboration between the company and other stakeholders. Directors should also establish key policies and practice guidelines in relation to each type of stakeholders based on fair business operation.

4) Disclosure and Transparency

The Boards of Directors should disclose financial as well as other important information that are accurate, complete, timely, and transparent in accordance to applicable regulations of The Stock Exchange of Thailand and Securities and Exchange Commission through channels that are easy to access, unbiased, and reliable. Directors should set up Investor Relations Department to communicate with shareholders, investors, and analysts in an unbiased and fair manner.

5) Roles and responsibility of the Board of Directors.

The Board of Directors is responsible for overseeing the business and the performance of its duties to shareholders as follows:

- Oversee company's strategies, policies, business plans and budgets, including IT governance and encouraging innovation and use of technology to support sustainable value creation.
- Ensure the company is competitive with good performance, engage in ethical business, beneficial to society, respect rights and responsibilities to shareholders and stakeholders, develop or reduce negative impacts on the environment, and able to adapt to changing factors.
- Ensure that clear policies and guidelines for anti-corruption are defined and communicated at all levels of the organization and with outsiders for real use.
- Ensure that the company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.
- Ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties, and that the company operates in accordance with applicable law and standards.
- Understand the shareholder structure and shareholder relations which may have an impact on the company's management and operations. Maintain independence from the management by clearly separating duties between the board and the management.
- Dedicate enough time to fulfill their duties and responsibilities. Directors, including the Chief Executive Officer, are prohibited to engage in business or be a director in another entity of the same nature and compete with the company unless it is notified to the shareholders' meeting prior to the resolution. Each director shall not hold position in more than three public listed companies at any one time.
- Ensure that the company has effective and appropriate risk management and internal control systems that cover all aspects.
- Monitor financial liquidity and debt servicing ability, establishing a mechanism to support operations under tight financial constraints, and ensuring financial literacy education for employees, and establishing provident funds.
- Determine the remuneration of directors in accordance with their roles and responsibilities. Determine the remuneration of the Chief Executive Officer in accordance with the performance of duties.
- Ensure that the board consists of directors with appropriate and the necessary qualifications, knowledge, skills, experience, character traits, with an appropriate gender and age balance and diversity to achieve the objectives of the company.

Furthermore, the Board of Directors regularly reviewed and evaluated the practice of a policy guide. The results of the survey in Corporate Governance of Listed Companies Thailand year 2017, the company got the score as "Excellent" level that made the company achieved the top quartile of Market Capitalization between Baht 3,000 – 9,999 Million.

8.2 Sub-Committee

The Board of Directors has appointed 5 sub-committees to assist in the corporate governance of the company which are the Audit Committee, Executive Committee, Risk Management Committee, Corporate Governance Committee, and Nomination and Remuneration Committee. The details are as follows:

1) Audit Committee

The Audit Committee, established on December 21, 1999 and serving period of each director not exceeding 2 years. The committee members are comprises of three independent directors which

qualified with SEC regulation. The Audit Committee also held meetings and proposed reports to Board of the Directors on regular basis.

Name	Position	Attendance/ No. of attendance
1. Dr. Kamales Santivejkul	Chairman of Audit committee	13/13
2. Dr. Sorachai Bhisalbutra	Member of Audit committee	13/13
3. Dr. Worapong Leewattanakit	Member of Audit committee	13/13

Remark: Dr. Kamales Santivejkul is an Audit Committee member who has knowledge and experience in reviewing the financial statements.

Audit Committee's Qualifications

1. Audit Committee members should be appointed by the Board of Directors and/or shareholders meeting.
2. All Audit Committee members must be an independent director and fully qualified by the Securities and Exchange Commission (S.E.C) regulations.
3. Not being a director appointed by the Board of the Directors to decide on the direction of the company, subsidiary, affiliated company, subsidiary in the same level, major shareholders or controlling person of the company.
4. Not being a director of the company, subsidiary, and affiliate in the same level of the company only for the case of listed company.
5. Fully knowledge and experience that is able to achieve an assigned audit tasks. The audit committee must be able to devote sufficient time to the operation of the Audit Committee.

Audit Committee Responsibility

1. To review the company's financial reporting process to ensure that it is accurate and adequate.
2. To review the company's internal control system, risk management system, and internal audit system to ensure that they are suitable and efficient, to determine an Internal Audit unit 's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review the company's practice to be in compliance with the securities laws and regulations of the Stock Exchange of Thailand and laws that related to the company's business.
4. To consider, nominate, or change an independent person to be the company's auditor, and propose to person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and regulations of the Stock Exchange of Thailand for the highest benefit of the company.
6. To prepare, and to disclose in the company's annual report, Audit Committee's report which must be signed by the Audit Committee's Chairman and to be consisted of at least the following information.
 - (1) An opinion that accuracy, completeness and creditability to the company's financial report.
 - (2) An opinion on the adequacy of the company's internal control system and risk management system.
 - (3) An opinion on the compliance with the securities laws and regulations of the Stock Exchange of Thailand and the laws relating to the company's business.

- (4) An opinion on the suitability of an Auditor.
 - (5) An opinion on the transactions that may lead to conflicts of interests.
 - (6) The number of the Audit Committee Meetings, and the attendance of such meeting by each committee member.
 - (7) An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter.
 - (8) Other transactions that should be known to the shareholders and general investors, under the scope of duties and responsibilities assigned by the Company's Board of Directors.
7. Ensure that preliminary investigation is carried out after receiving the external auditor's report on behavior suspicious of fraud or violation of laws by the board members and management. The Audit Committee shall report the results of such investigation to the Securities and Exchange Commission and the external auditor within 30 days from the date they are notified by the external auditor.
 8. To review Anti-Corruption Self-Assessment template and the appropriateness of internal control over corruption risks.
 9. Review the Audit Committee Charter at least once a year and propose any necessary amendments;
 10. To perform any other acts as assigned by the Company's Board of Directors, with the approval of the Audit Committee

Performance of the Audit Committee over the past year

Please refer to the Audit Committee Report.

2) Risk Management Committee

1. Mrs. Tassanee Youngmeevithya	Chairman of the Risk Management Committee
2. Mr. Chintat Chia-apar	Member of the Risk Management Committee (Starting from December 2017)
3. Mr. Chaisit Chuenchuwit	Member of the Risk Management Committee
4. Mr. Krisda Manothirawat	Member and Secretary of the Risk Management Committee

The company has established a Risk Management Committee in 2011. In 2017, the Committee held a regularly meeting of 13 times. All committee members attended at all times unless, Mr.Chintat Chia-apar attended 1 meeting because he has started the position from December 2017. Since all members are the top and middle level executives, none has received compensation for serving this Committee.

Duties and Responsibilities

1. Consider the company's policy and framework and set the pace for its current international risk management and proposed to the Board of Directors for approval.
2. Supervise all departments in the company to provide
 - Risk assessment, for instance, strategic risk, operational risk, financial reporting risk, compliance risk, corruption risk, and operational disruptions etc. which are relevant to the business and responsibility of each department.
 - Risk management
 - Mitigation strategy to manage risks to be within the acceptable level
3. Monitor the company's risk management plan in each department, according to previous paragraph, in order that reduce the risk to acceptable level and/or suitable to business condition.
4. Adjust and develop company's risk management regularly to ensure risk management is effective.

5. Review risk management policy and framework annually to ensure that the content is aligned with business operation.
6. Report significant risk management performance, exposure, risk management conduct, progress, and result of risk management to the Board of Directors, Audit Committee, and Executive Committee regularly and disclose in the annual report.

Performance of the Risk Management Committee over the past year

Please refer to the Risk Management Committee Report.

3) Corporate Governance Committee

- | | |
|---------------------------------|--|
| 1. Mrs. Tassanee Youngmeevithya | Chairman of the Corporate Governance Committee |
| 2. Mr. Chintat Chia-apar | Member of the Corporate Governance Committee (Starting from December 2017) |
| 3. Mr. Chaisit Chuenchuwit | Member of the Corporate Governance Committee |
| 4. Mr. Krisda Manothirawat | Member and Secretary of the Corporate Governance Committee |

The Company has established a Corporate Governance Committee in 2012. Eight meetings were held in 2017 where all of the members attended unless, Mr.Chintat Chia-apar attended 1 meeting because he has started the position from December 2017. Since all members are the top and middle level executives, none has received compensation for serving this committee.

Duties and Responsibilities

1. Propose corporate governance practices to Board of Directors.
2. Oversee the performance of the Board of Directors and management to ensure compliance with corporate governance practices.
3. Revise current corporate governance practices against international standards and give recommendations to the Board for review and continuous development.
4. Monitor to ensure effective anti-corruption policies for business operation.
5. Establish guidelines for corporate policies to ensure the departments set the policies in accordance with corporate governance practices.
6. Screen, deliberate, and affirm the company policies in accordance with corporate governance practices.
7. Propose affirmative policies to the company board for approval.
8. Review the company policies at least once a year.
9. Report on actions taken in connection with all aspects of corporate governance to the audit committee.
10. Perform annual performance evaluate on the Corporate Governance Committees.

Performance of the Corporate Governance Committee over the past year

Please refer to the Corporate Governance Committee Report.

4) Nomination and Remuneration Committee

- | | |
|---------------------------------|---|
| 1. Dr. Kamales Santivejkul | Chairman of the Nomination and Remuneration Committee |
| 2. Mrs. Tassanee Youngmeevithya | Member of Nomination and Remuneration Committee |
| 3. Dr. Sorachai Bhisalbutra | Member of Nomination and Remuneration Committee |
| 4. Dr. Worapong Leewattanakit | Member of Nomination and Remuneration Committee |

The Nomination and Remuneration Committee has 4 members comprises of 1 executive director and 3 independent directors or 75% of the committee. Furthermore, chairman of the committee is an independent director. In year 2017, there was one meeting, and all members attended the meeting.

Responsibility of Nomination and Remuneration Committee

1. Considers the appropriate structure, and composition of members for the Board of Directors.
2. Establishes the qualifications of the Board of Directors and top management as well as criteria in nomination of the Board of Directors and top management.
3. Considers and reviews the qualifications of Board of Directors and assessment Board of Directors', who is retired by rotation, and top management's performance.
4. Defines nomination process in accordance with the composition and qualifications as the position of Board of Directors and top management.
5. Considers remuneration form and criteria to suit the responsibilities of the Board of Directors and top management by proposing to the Board of Directors. The Board of Directors shall consider and propose to shareholders' meeting for approval.
6. Determines criteria of conditional consideration of offering new issuing share to the Board of Directors and top managements, in the case that the company has offering new issuing share to the Board of Directors and employees.
7. Clarify all the questions of the remuneration of the company's director at the meeting of shareholder.
8. Submits an operation report annually to the Board of Directors.

Performance of the Nomination and Remuneration Committee over the past year

Please refer to the Nomination and Remuneration Committee Report.

5) Executive Committee

1. Mr. Narit	Chia-apar	Chairman of Executive Committee
2. Mrs. Tassanee	Youngmeevithya	Deputy Chairman of Executive Committee
3. Mr. Chintat	Chia-apar	Member of Executive Committee

The Executive Committee has 3 members comprises of all executive directors or 100% of the committees. In year 2017, 13 meeting were held, and all members attended the meeting.

Scope of Duties, authorities, and Responsibilities of Executive Committee

1. Establish strategies, business plan, management structure, and administrative powers to propose to the Board of Directors for approval.
2. Monitor, audit and determine the management policies for efficiency and productivities, also, to conform to the instruction of the Board of Directors.
3. Support activities and adapt internal control in accordance with anti-corruption policies.
4. Consider and approve the Company's annual budget and investment prior to further approval of the Board of Directors.
5. Consider remuneration policy and salary structure.
6. Entering into any transaction binding the company conforming to the Company's Delegation of Authorities.
7. Perform other duties as assigned by the Board of Directors. However, in the granting of powers, duties and responsibilities, the Executive Committee shall not be granted or sub-grant power to a grantee that causes the Executive Committee or the grantee to approve transactions in which the Executive Committee or the grantee to approve transactions in which the Executive Committee or the grantee, or any person who may have any conflict of interest, may have a vested interest, or any person who may have any conflict of interest with the company or its

subsidiaries, except where the approval of transactions must be presented to the Board meeting and/or the shareholders' meeting for consideration and approving such transactions in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand or related laws and regulations.

Performance of the Executive Committee over the past year

Please refer to the Executive Committee Report.

8.3 Nomination of Directors and Top Executives management

1) Selection of Independent Director Criteria

For the selection of independent directors, nomination and remuneration committee act as a leader to recruit qualified candidates in accordance with the Board of directors instruction which consistent with the regulations of the SET and the SEC and then propose to the board of directors and / or shareholders for consideration and approval.

2) Nomination of Directors

To appoint the new director, nomination and remuneration committee which consists 3 independent directors of 4 directors are responsible for the selection and screening individual person who are qualified under the regulations of the company, adhere to the policy's tenure as director, and accord with company's operational strategies.

The company also considers the rights of minor shareholders to appoint the director and given the opportunity to propose the highly qualified knowledgeable, capable and specialized in various areas as candidates for directorship in advance through E-mail address at investor@seafresh.com or through Fax no. +662 637 8801. The Company has established guidelines and practices in the nomination of directors including the consideration of the committee at <http://www.seafresh.com/investor>. The company also published a letter to the shareholders through the stock exchange at least 3 months before the end of the financial year. However, in the yearly 2017, there had been no shareholders recommended any directorship candidates.

Up next, The Nomination and Remuneration Committee will propose the qualified persons for being directors. In order to gain professional directors and Board Diversity, the Nomination and Remuneration Committee will consider the selection from structure, size, and element of the Board of the Directors such as technical, specialty, gender, and etc. The number of proposed persons by the Nomination and Remuneration Committee will be equal to number of retired directors by rotation and give their suggestions to the Board of the Directors for opinions before proposing to the Annual General Meeting of Shareholders.

After the selection, the Company will present to the Annual General Meeting of Shareholders meeting following procedures and methods as below:

1. Each shareholder has the same number of voting right as the number of share held.
2. Each shareholder can exercise all of its voting right as described one (1) in order to elect an individual or a group as the company director but it cannot split the voting right unequally among individuals.
3. The person received the highest voting respectively would be elected as Director equal to the number of director required. In the case that the vote is the same for two or more people, the Chairman will make decision.
4. At each Annual General Meeting of Shareholders, the Director stays in the position the longest will be retired by rotation in the ratio of 1:3. However, The Director, who was retired by rotation, can be reelected as director again.
5. Beside the retirement according to the term, the director may out of the position when:
 - 5.1 Died

- 5.2 Resign
- 5.3 Not qualify according to the Article 68 of Public Company Act 1992
- 5.4 The shareholder meeting can remove any directors before end of term with the vote not less than three fourth of the shareholder present at the meeting and the required total share of the vote should not be less than 50% of the holding share of shareholder present at the meeting.

3) Top Executive Management Nomination

For the Chief Executive Officer nomination, Executive Board will be prescreen who qualified with knowledge, skills, experience to benefit company's operation, well understanding of the business, and able to manage for achieve the given objectives and targets, then present to the Nomination and Remuneration committee for approval then present to the Board of the Directors for consideration and approval.

8.4 Subsidiaries and Affiliate Operation Control

The Board of the Director has a mechanism to control, manage, and monitor the operation of all subsidiaries and affiliate to maintain benefits of the company capital expenditure. The company assigned representative to be the directors in the company at least in a percentage of shareholding. The representative has to be approved from the Board of the Directors.

Authorized and responsibility scope of company's representative.

- Participation in the importance business operation policy.
- Control and oversee subsidiaries to disclose financial statements, performance, transactions between the company and related persons, acquisition or disposition of assets, or any other importance transaction of the company in according to the rules of the company.
- Consider and set up an internal control system and other mechanism for properly and appropriated controlling subsidiary.

8.5 Measures for Control of Internal Information

The company has set necessary measures in controlling internal information for prevention of abuse for personal interests as follows:

- Directors and executives must immediately report of any changes of company's securities held after each of the transaction in the Board of the Directors meeting.
- Directors and executives, who gain access to inside information, must refrain from the company's securities trading within one month before the disclosure of the financial statement to the public.
- Violation in abuse of company's inside information for personal interests will be imposed with severe punishment such as termination of directorship or employment.

8.6 Information Technology

The company has set management policy of information technology for organization with the details is as follows;

- 1) Manage the company's computer network to be stable and efficient. Ensure that computers and communication devices are adequate and available at all times.
- 2) Develop information systems (database, processing, storage, reporting, and publishing) for effective management and decision making.
- 3) Encourage and develop personnel to have knowledge and skills in using information systems continuously.

- 4) Provide up-to-date information technology to support efficient operations, taking into account cost and benefits.
- 5) Implement security risk management for computer networks and information systems.
- 6) No violation of software licenses.
- 7) Follow the laws and regulations related to the use of information technology.
- 8) Manage all types of social media access, including the publishing of text, still images, video, audio, data, etc., to ensure safe and secure use.

8.7 Audit Fee

1) Audit Fee

The company and subsidiaries paid an annual audit fee as follows:

- An audit fee in the past financial year total Baht 2.62 million for the company and domestic subsidiaries.
- An audit fee for overseas subsidiaries in the previous year was Baht 4.37 million.

2) Non-Audit Fee

Company and subsidiaries had no payment for other services fee to an audit firm which the company auditor belonging to or related firm with the company auditor or audit firm.

8.8 Other Issues in Good Corporate Governance.

The company has implemented the good corporate governance for the listed company since 2007. Furthermore, the company always develops and practice in accordance with this principle in these 5 topics as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Roles and Responsibility of Board of Directors

1) Rights of Shareholders

The company's policy was made basing on the shareholders' rights in promoting shareholders to exercise their rights as owners in controlling the company through selection of board of directors to work for them. The shareholders also have the rights in making decisions on important changes of the company.

In the General Shareholders' Meeting, the company recognizes the exercise of rights in voting in the meeting for decision making by shareholders on important issues. Invitation letters for meetings and supporting documents are made with complete information on meeting agenda including the board of directors' opinion on each agenda. There are also complete and accurate minutes of meeting for shareholders' inspection. The company has also appointed Thailand Securities Depositary Company Limited to send meeting invitation letters to the shareholders 21 days in advance before the meeting date.

Shareholders can also visit the company's website for online meeting details 30 days before the meeting date at <http://www.seafresh.com/investor>. In addition, shareholders can also make enquiries or ask questions in advance at our E-mail address at investor@seafresh.com.

The meeting will be conducted in a transparent manner under the chairmanship of the Chairman by inviting all shareholders for questions and suggestions for each agenda proposed for consideration. All comments and suggestions will be recorded in the minutes of shareholders' meeting which will be posted 7 days after the meeting at <http://www.seafresh.com/investor>. Besides, the

company brought technology to improve the speed and accuracy of the meeting for instance, registered attendees, counting the vote, and showing the result.

2) Equitable Treatment of Shareholders

As part of the equitable treatment of shareholders, each is given the opportunity to authorize his/her representative to the meeting with proxy. The shareholders can also appoint others or independent directors to attend the meeting through the use of proxy by specifying approve, disapprove or abstain for each agenda as following criteria.

2.1) Shareholders are given the opportunity to propose meeting agenda through E-mail address at investor@seafresh.com or through Fax no. +66 2637 8801. The company has published the criteria and procedures in proposing meeting agenda and directors' appointment and consideration guidelines at <http://www.seafresh.com/investor> as well as the issuance of newsletter to shareholders through the SET online system at least 3 month in advance before end of the financial year. As for the Annual Shareholders' Meeting 2017, there had been no shareholders proposing any meeting agenda or recommending any directorship candidates.

2.2) In considering each meeting agenda, the company's officers will distribute the voting form to shareholders or their proxy in the case of disapproval or abstain. The secretary of the meeting will explain the voting procedures before the consideration of meeting agenda. During the directors' election agenda and shareholders are given the opportunity to select directors individually.

2.3) The secretary of the meeting will conduct the meeting as per agenda proposed in the meeting invitation letters and there shall be no additional agenda for consideration other than those stated in the letter.

3) Role of Stakeholders

In realizing the importance of the rights of all related stakeholders which include employees, customers, suppliers, financial institution, shareholders, competitors, social, community, and environmental impact, the Board of Directors has set a policy to promote the co-operation between the company and stakeholders as follows:

Employee

Please see in Management Structure topic under sub-topic Employee.

Customers

The company has emphasized on producing high quality products with international standard and safety to support its selling policy in creating customers' highest satisfaction. The company also has conducted Customers' Satisfaction Survey as the core company's KPI in order to develop and improve the products' quality and services to the utmost. Furthermore, customers' trade secret has also been kept confidential and well aware among employees concerned.

Suppliers

As stated in the company's policy, all staff must deal with the company's suppliers (i.e. subcontractor, general supplier, raw material supplier) with strict conditions and agreement made in buying products or services with utmost honesty and transparency. Moreover, the company needs to ensure that suppliers run the business with environmental friendly and concern sustainable business. The company set the team to select supplier and need certify that they run the business by concerning to environment and following the government law, including, follow up on the regular basic. Moreover,

the company will comply with condition or agreement which is dealt with suppliers, who also are trade creditors.

Financial Institution

The company makes sure to strictly comply with all terms of any agreement such as capital management condition, guarantee (if any). It enters into in a responsible and transparent manner. The company will not conceal any information or hide any facts that might possibly result in the realization of losses for its creditors. In the event that the company is unable to meet any of the criteria it agreed to, it will make immediate notification to that particular creditor to allow for a course of action to be taken to rectify the situation.

Shareholders

The company has recognized that shareholders are true owners of the company and having their rights in company; so, company has set up policy that complied with Corporate Governance through the Rights of Shareholders and Equitable Treatment of Shareholders.

Competitors

With Business Ethic policy, the company will not deal business with dishonesty or destruction to its competitors. The company has never had any argument cases with its competitors.

Community and Impact on Environment

The company has clearly spelled out in its policy to conserve community and social environment including promoting efficient resources usage as follows:

- Production process and residual raw materials must not have adverse impact on environment.
- Excess raw materials from production are disposed by scrap resale.
- Waste from production process must goes through waste water treatment system under the supervision of Office of Provincial Industry.
- Develop ISO9001 quality management system and ISO14001 environmental management.
- Awareness of environment impact, environmental protection.
- Performance of employees and good practice of the communities.
- Encourage employees to gain knowledge by training course about environment.

Intellectual Property and Copyright

The company has set a policy to be concentrated in not violate other intellectual property and copyright. For example all employees have to sign on an agreement of computer and intellectual property violation. The company set the policy to specify an information technology system and procedures for software infringement or absurd software.

Anti-Corruption

Please find in Social Responsibility topic: Anti-corruption Management

Notification of Complaint

The committee has provided a channel for stakeholders to make a complaint which may cause any damage to the company through E-mail Address: cg@seafresh.com. Company's Chairman of the Corporate Governance committee will send the issue to the audit committee for investigation. The company has a policy to protect who send comments or suggestions and retention with confidential.

4) Disclosure and Transparency

The Board of Directors has recognized the importance of information disclosure which impact on investors' and stakeholders' decision making and thus ensured that all information disclosed both on financial information or general information must be transparent and complete. The company has disseminated all related information in Thai and English via both the Stock Exchange of Thailand and the Company's website. Investors may visit the company's website for information and company's activities at www.seafresh.com/investor or contact us via E-mail Address at: investor@seafresh.com.

Investor Relations

The company has a team responsible for the investor relation. Investors may contact Investment and Investor Relation division for enquiries at telephone no. +66 (2) 637-8888 ext. 505 or E-mail: investor@seafresh.com in order for investors to receive investment information.

The company also arranges Analyst Meetings in order of company's information disclosure by Executives. In year 2017, there were 4 Analyst Meetings held by the company (Once per quarter).

Interest Disclosure

The committees specify the company director and executives must reveal their own interest and other related person to the committee. Those related interest director or executives with the company will unable to make a decision in this related transaction.

Securities Holding of Director and Management Team Disclosure

The company shows the securities holding of director and executives in an annual report and set the policy to all directors and executives to clarify their securities holding within 3 days since the transaction date. The company secretary will coordinate to submit the report to the SET and SEC. In addition, the company also invites the directors and executives show their change in securities holding in Board of Directors meeting.

5) Roles and Responsibility of Board of Directors

5.1) Roles and Responsibility of Board of Directors

The Board of Directors takes participation in the setup of the company's core policy, vision, strategy, and objectives; then reviewed and approved company's vision in the past year. The Board's responsibilities also are controlling and monitoring the management team to ensure that their performances are in line with the policy and successfully meet with the company's strategies for the utmost benefit of the company and the shareholders as a whole, considers establishing the clear roles and responsibilities for Board of Directors, Audit Committee, Corporate Governance Committee, Risk Management Committee, and Nomination and Remuneration Committee, and Executive Committee as per details in the Management section. In addition, the Board monitors the responsibility of the Executive officers to ensure that the business is efficiently managed in the same direction and in line with the policy as well as setting up the operational and investment budgets for the business operations.

Details on responsibility of Board of Directors and Executives are shown on the Management Structure section on Authorization of the Board of Directors and Executives Board.

5.2) The Principles of Good Corporate Governance

The Board of Directors recognizes the importance of corporate governance and sets up the code of best practices for directors of public company which comply with the Stock Exchange Thailand's guidance; then announces to all staffs in order to follow these guideline. Through these practices, we created the transparency system of internationally accepted professional management as guidelines for

administrative and decision-making procedures and have them reviewed on a regular basis. Furthermore, the committees usually review the policy and make performance assessment.

5.3) Business Ethics

The Board has set and announced guidelines of business ethics for directors, management, and employees to follow and ensure that they are well aware of, understand to pursue their duties and responsibilities with honesty and transparency and abide to laws, and regulatory ethics. The Board would monitor this guidance on a regular basis. In addition, the company has disclosed a code of conduct in the company's website at <http://www.seafresh.com/investor>.

The duties and responsibilities assigned to the Chairman by the Board of Directors to report summary of failure to comply with code of conduct to the Board annually and immediately in case of emergency.

5.4) Conflict of Interests

The company has established policies and approval procedures for any transactions of conflict of interest or relating activities. Strict practice according to the SET's regulations will be followed and considered to ensure persons related to such conflict of interests have not involvement in any of the company's decision making. The company has clearly disclosed the information in the financial statements, see note to Financial Statements.

5.5) Internal Controlling System and Risk Management System

The company recognizes the importance of internal controlling system of all levels. Therefore, we have clearly established written responsibilities and duties of management and all other employees as well as setting up the budget limit for approval of procurement requests, procurement orders, and other expenses. We created the checked and balanced system and control the utilization of the Company's assets to the maximum benefit. The company also set solid financial control system and risk management system including preventive measures.

The Internal Audit Department has been established to conduct internal auditing of the company's operation systems to ensure full compliance to the company's legal and regulatory requirements. The internal audit department is obligated to report its finding directly to the audit committees.

The committee had evaluated the internal control system through questioning the Management. The evaluation assessment showed that that the company's internal control system is divided into five perspectives, organization and environment, risk management, administrative management, information and communication system, and traceability system. The Committee had the opinion that the company had sufficient internal control system.

5.6) Board of Directors' Meetings

Due to Company Article of Association, the Board of Directors meeting shall be arranged with more than half members must attend the meeting. However, the Board of Directors has considered that the meeting shall be held with more than two-third of all Directors.

The meetings have been scheduled annually as tentative time schedule but editable due to time and events. An independent director will be appoint to consider and set meeting agenda. The meeting documents and invitation are sent to member of the Board at least 7 days before meeting by Company Secretary. Normally, the meeting takes about 3 hours. The Chairman has allocated sufficient time to executives present and explains significant matters the committee commented independently. Directors

are also invited to ask for more information in order for consideration within scope of company's policies or regulations.

The independent directors are able to arrange a meeting among them as necessary for discuss of issues about the deal without management in attendance, and report the result of the meeting to the Chairman. However, in year 2017, there is no meeting among independent directors.

5.7) Director and Executive Development

The company's directors have attended the training courses organized by the Thai Institute of Directors (IOD) as follows:

<u>Name</u>	<u>Courses</u>
1. Mr. Narit Chia-apar	Director Certification Program (DCP)
2. Mrs. Tassanee Youngmeevithya	Director Certification Program (DCP)
3. Dr. Kamales Santivejkul	Director Certification Program (DCP)
4. Mr. Narongrit Chiarawongvanit	Director Accreditation Program (DAP)
5. Dr. Sorachai Bhisalbutra	Director Accreditation Program (DAP)
6. Dr. Worapong Leewattanakit	Director Accreditation Program (DAP)
7. Mrs. Supanee Punnasri	Director Accreditation Program (DAP)
8. Mr. Chintat Chia-apar	Director Accreditation Program (DAP)

The Board of Directors has assigned the Management of the company to prepare for the directors necessary documentations that are useful in performing the directors' duty as well as details of business and its operating direction as guidelines to each new director.

The Board of Directors also encouraged broadening their knowledge in the performance of continuous activity, for example, in 2017 Mr. Chintat Chia-apar attended the Innovative Thinking courses in order to enhance knowledge of new challenging in business or operation in the future.

There is guideline for orientation of the new director. Moreover, there are director handbook, documents and information which are beneficial to the director. The corporate secretary will assist a liaison matters.

5.8) Director's qualification policies

The company considers policies as qualification of Directors as follows:

1. To limit a number of listed-company that company's director can take position as director to 3 companies at the same time.
2. Prohibit to Director (including Chairman of the Board of Directors) participated as shareholder or director in other corporates which are in the same field and being competitors to the company. Exception, director has proposed to AGM before appointment approval.

9. Social Responsibility

9.1 Policy Overview

9.2 Operation and Report Preparation.

9.3 CSR Impact from Business Operation.

9.4 Activities for Social and Environment Benefit (CSR after process)

9.1 – 9.4 Refer to the company website www.seafresh.com/investor under Sustainability report topic.

9.5 Anti-Corruption Management

The company has measure issued to prevent involvement in corruption as follows:

1. Company has anti-corruption policy which approved by board of directors. The policy has been written as the definition, scope, responsibilities, resolution and penalty. Also, it is a part of the company's code of conduct. Furthermore, the detail of the policy and the related procedures to prevent corruption has been disclosed on the company website www.seafresh.com/investor under corporate governance subject.
2. The company defines the duties of the Anti-Corruption policy in charter of each committee such as board of directors, executive board of directors, audit committee, corporate governance committee and risk management committee.
3. The company has assessments in the risk of corruption, and also internal control system.
4. The company communicates to directors, management and staff for implementing all legally processes. Besides, the company also offers training in ethics for employees to know about the policies and practices in anti-corruption.
5. The company has been acknowledged as member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and has coordinated along with regulations and guidelines. Moreover, the company also invited suppliers to joined CAC in order to encourage and expand ecosystem of clean business community that without monopoly and bribery.
6. The company provides whistleblowing channel to report in case of found corruption and has procedure to secure the reporter.
7. The company specified provision in purchase/sales/hire contract to prohibit giving or offering any benefits to employee or company representative. Besides, there are channels for reporting in case of seller/contractor claimed any compensation from employee or company representative.

The company provides the guidelines for monitoring and evaluating the implementation of guidelines to prevent the involvement of corruption as follows:

1. The company set up Internal Audit Department to oversee the internal control system, risk management and governance to provide recommendations continuously by conducting audit in accordance with the annual audit plan approved by the Audit Committee and report significant results of the audit with recommendations to the Audit Committee.
2. In case of inspections or complaints, if there is any evidence with a reasonable cause to believe that there exists a transaction or abuse that may have a significant impact on the Company's financial position or operations, including an offense or breach of laws or suspicious abuse in financial reports or internal control system, the Audit Committee will report the findings to the Board of Directors for correction and improvement within a period of time deemed appropriate by the Audit Committee.

10. Internal Control and Risk Management

10.1 The Board of Directors Opinion Summarize

In the Board of Directors meeting No. 2/2018 on 27 February 2018 the committee has assessed the internal control evaluation report of the audit committee. The evaluation summarized that the internal control systems evaluation in 5 elements are internal control, risk assessment, operational control, information system & data communication and monitoring system. The committees consider that the company has appropriate internal control. The company has optimal allocation of manpower to correspond with operation effectively and internal control system is sufficient to monitor operation of subsidiaries, including asset protection of the Group from illegal use by director, transactions with conflict or connected person. The internal control among other topics the committee considered that it is sufficient and appropriated.

10.2 The Audit Committee opinion which is different from The Board of Directors opinion

-Nil-

10.3 Head of Internal Audit Information

In the meeting No. 8/2015 on 11th August 2015, the audit committees have appointed Ms. Yaowalax Tangsanguannuch to the position of Internal Audit Manager since 1 September 2015 due to her experience and qualification in Accounting and Finance.

For the consideration, approval, appointment, transfer and dismissal or incumbent managers within the company must approve by the audit committee with qualifications of the head of internal audit appears in information statement 56-1 appendix 3.

11. Related Transaction

Name and Relationship	Transaction	Value (Million Baht)		Necessity and reasonableness and the Board of Directors opinion
		Year 2017	Year 2016	
Chartered Squared Holding Company Limited Mr.Narit Chia-apar, Ms. Tassanee Yongmееvithya and Mr.Chintat Chia-apar, as Directors, and Chia-apar group, as Shareholders, held 100% of shares.	- Office rental and service	9.05	8.57	The Company and subsidiaries lease office space from Chartered Square Holding Company Limited for utilize sales office. Computer devices sales by Subsidiary Subsidiary's information technology and others income Subsidiary's compensation income
	- Service fee and equipment	0.04	0.01	
	- Sales of goods	-	0.66	
	- Service income	1.25	0.41	
	- Other income	-	0.09	
	- Other accounts payable	0.21	0.26	
Thai K. Boiler Company Limited Mr.Narit Chia-apar, and Ms. Tassanee Yongmееvithya as Directors, and Chia-apar group, as Shareholders, held 100% of shares.	- Purchases of assets	0.11	-	Purchasing machine parts by the company Boiler inspection service and other services. Subsidiary's training services income
	- Service fee and equipment	0.05	0.90	
	- Service income	0.14	0.13	
Belize Aquaculture Limited (BAL) , the joint venture which 50% of shares holding by SGH, CFRESH 's subsidiary, and 50% of unrelated party	- Raw material	31.84	16.76	Purchasing raw material by the company Purchasing products for sale by subsidiary Subsidiary's machines and equipment sales
	- Purchase of goods	95.21	-	
	- Sales of goods	3.00	-	
	- Account receivable	334.69	227.23	SGH has lent with 8% of interest rate and the maturity date within 13 April 2018. The lending is one of the conditions for joint venture which approved by the CFRESH board No. 4/2012 on 19 April 2012.
	- Lending	348.01	439.46	
	- Accrued interest receivable	80.99	89.44	

Necessity and Reasonability of the Transaction

In 2017, the company and its subsidiaries have related business transactions with related parties which is relevant to the terms and conditions as determined by the company and related parties. This business transactions for the purpose of determine on prices and conditions which appears not differently dealt with outsider as referenced in in the note no. 8 of the financial statement 2017 which is reviewed by auditors.

Audit Committee's Opinion

Audit committee was substantially consistent with auditors that the transactions are reasonable into sufficient discloses and integrity of it, with regards to the best interests of the company.

Related Party Transaction Policy

The related party transactions occurred and will be occurred in the future considered as the normal business transactions. There is no any conflict interest. The audit committees consider and give opinions on the transactions appropriately including disclosure rely upon to SEC and the Stock Exchange of Thailand's regulations.

12. Key Financial Information

Consolidated Financial Statements (Thousand Baht)	31 December		
	2017	2016	2015
Total Assets	5,615,648	5,001,147	5,264,342
Total Liabilities	3,448,960	2,754,795	3,032,342
Total shareholders' equity	2,166,689	2,246,352	2,232,001
Sales	7,482,564	7,578,893	7,806,477
Total revenue	7,521,946	7,618,534	7,889,509
Earnings Before Interest and Taxes	193,129	585,489	597,637
Profit (Loss) attributable to equity holders of the company	(8,139)	257,809	458,577
Allowance for decline value of inventories	13,728	26,531	80,322

Financial Ratio	31 December		
	2017	2016	2015
<u>Liquidity Ratio</u>			
Current Ratio	1.84	1.78	1.49
Quick Ratio	0.62	0.62	0.41
Cash flow from operation to current liabilities	-0.08	0.22	-0.10
Accounts Receivable Turnover Ratio	6.81	9.05	11.64
Days Sales Outstanding	53	40	31
Inventory Turnover Ratio	2.93	2.98	3.70
Days Inventory Held	123	121	97
Accounts Payable Turnover Ratio	14.69	15.46	14.01
Days Accounts Payable Outstanding	25	23	26
Cash Cycle	151	137	103
<u>Profitability Ratio</u>			
Gross Margin Ratio	12.13%	14.36%	13.93%
Operating Income Ratio	1.47%	6.53%	8.11%
Non-operating Income Ratio	0.00%	0.00%	0.00%
Cash from Operation to Operating Income	-149.10%	92.45%	-32.85%
Profit Margin Ratio	0.80%	5.15%	6.42%
Earning per Shareholders' Equity	2.71%	17.53%	25.89%
<u>Efficiency Ratio</u>			
Return of Assets	1.13%	7.65%	10.68%
Return of Fixed Assets	17.89%	47.43%	58.50%
Total Asset Turnover Ratio	1.42	1.48	1.66
<u>Financial Policy Ratio</u>			
Debt-Equity Ratio	1.59	1.23	1.36
Interest Coverage Ratio	-0.21	6.72	-1.35
Fund Flow Coverage	-0.25	0.32	-0.46
Payout Ratio	N/A	197.55%	60.46%

***Remark:** Financial Information may change if there is any reclassified item.

13. Management Discussion of Financial Position and Performance Analysis

13.1 Overview

In year 2017, sales and service revenues of Seafresh Industry Public Company Limited and subsidiaries was Baht 7,494.72 million which decreased Baht 92.13 million or 1.21% from the previous year. As a result, although the sales revenue of the UK subsidiaries was increased in term of Pound Sterling, the currency was depreciated about 9% when compared with previous year. Therefore, the revenue was decreased when converted into Baht.

From the consolidated financial statements for the year 2017, the company reported net loss attributable to the company's shareholder of THB 8.14 million, compared to the previous year which reported net profit attributable to the company's shareholder THB 257.81 million due to following reasons:

1. The company and its subsidiaries' gross profit decreased from 14.36% to 12.13% which the main reason is the company gross profit decreased from 7.63% to 4.66% resulting from lower domestic shrimp production than company expected because weather conditions and flooding in Thailand especially in south of Thailand at the beginning of the year. Meanwhile, THB currency was strengthen about 9% when compared with USD currency from the beginning to the end of the year.
2. The company and its subsidiaries received loss from exchange rate of Baht 146.22 million, compared to the previous year which received gain from exchange rate of Baht 90.25 million.

For the revenue structure, market condition and competition, please refer to the part of core business.

More information and other event should be noted

Deferred tax assets

As at December 31, 2017, the company and subsidiaries had booked deferred tax assets of Baht 14 million and Baht 6.41 million, respectively, on tax losses carried forward. The company and subsidiaries will recognize deferred tax assets on tax losses carried forwards only when it is that it can generate taxable profits to utilize tax losses carried forward. The auditor determined the sufficiency and appropriateness of audit evidence by performing, or directing the component auditor to perform. The detail are in note 24.1.

Recoverability of inter-company receivable

As at December 31, 2017, the company and subsidiaries has gross receivables of Baht 863 million from Belize Aquaculture Limited (BAL), a joint venture of the group as discussed in Note 8 of the financial statements, the Group has recorded Baht 99.92 million as allowance for doubtful accounts against these receivables. Management's assessment of the recoverability of BAL receivable is based on fair value less cost to sell and the expected realizable value of net assets (excluding balances with Group). The auditor evaluated the work of the component auditor to obtain appropriate and sufficient audit evidence.

13.2 Operation Result and Profit Ability

1) Sales

Seafresh Industry Public Company Limited and subsidiaries had total revenue Baht 7,494.72 million that decreased Baht 92.13 million or 1.21% compared with the previous year. The main reason came from the depreciation of Pound sterling currency about 9% from the previous year even though the sales revenue of the UK subsidiaries was increased in term of Pound Sterling.

2) Cost and selling and administrative expenses

Gross profit margin of the company and subsidiaries decreased from 14.36% to 12.13% which the main reason is the company gross profit decreased from 7.63% to 4.66% resulting from lower domestic shrimp production than company expected because weather conditions and flooding in

Thailand especially in south of Thailand at the beginning of the year. Meanwhile, THB currency was strengthen about 9% when compared with USD currency from the beginning to the end of the year.

The selling and administrative expense were Baht 599.96 million or decrease 4.12% from the previous year. The main reasons are decreasing from consulting fee, allowance of doubtful debt, legal and professional fee.

3) Net Profit (Loss)

From the consolidated financial statements for the year 2017, the company reported net loss attributable to the company's shareholder of Baht 8.14 million that decreased Baht 265.95 million from net profit attributable to the company's shareholder in 2016 was 257.81 million. The main reason came from the company and its subsidiaries received loss from exchange rate of THB 146.22 million, compared to the previous year which received gain from exchange rate of THB 90.25 million.

4) Return on equity and dividend payment

The return on equity was 2.71% in 2017 that decreased from 17.53% in 2016 which the reason came from in 2017, net profit of the company and subsidiaries were reported Baht 59.82 million which decreased Baht 332.61 million from the previous year.

For dividend payment, on February 27, 2018, the Board of Directors agreed to propose an approval of the dividend payment suspension for the year end 2017 to shareholders because the company should set aside cash for business expansion.

13.3 Asset Management

1) Assets class

The company and subsidiaries have total asset Baht 5,615.65 million that increased Baht 614.50 million or 12.29% compared with year 2016. The main reasons were net inventories increased Baht 537.26 million and cash and cash equivalents increased Baht 143.98 million.

2) Account Receivables

The company and subsidiaries have Baht 1,123.93 million of trade account receivables on December 31, 2017 which increased by Baht 81.44 million from the previous year. The accrued receivables are mostly not yet due for payment and receivables overdue more than 12 months are Baht 142.69 million which mostly from related parties receivables. The company has set allowance of doubtful accounts amount Baht 15.23 million. The allowance of doubtful accounts is considered from debt collection experience and current status of accrued receivables at the balance sheet date.

3) Inventories

The group of companies' inventory as at December 31, 2017 report Baht 2,580.41 million which increased Baht 537.26 million or 26.30% from the previous year. Inventories were reserved for supporting to produce off season. In addition, the company typically reserved allowance for decline value of inventories at Baht 13.73 million. The management believed that allowance for decline value of inventories have adequately since the group's inventory storage procedures meet high standards.

The current inventories of the group are mostly aging between 1-18 months. The management of the group tried to sell the inventories aging more than 1 year at the reasonable price as much as possible. In addition, the group has emphasized on the efficiency of inventory management, the optimal level of stock and ability to serve the customers' need promptly.

4) Investment

As at December 31, 2017, the company's investment in joint ventures reported nil, because a subsidiary has fully recognized loss sharing from investment under the equity method.

5) Other significant Assets

Land, plant and equipment as at December 31, 2017 reported Baht 1,111.51 million while as at December 31, 2016 reported Baht 1,100.21 million which increased Baht 11.31 million, increased from machine and factory equipment of UK subsidiaries.

13.4 Liquidity and Capital adequacy

1) Cash flow

The company and subsidiaries' cash flow from operating activities were negative Baht 163.83 million, while positive Baht 457.69 million in the previous year. The main reason was inventories increased Baht 524.56 million while decreased Baht 450.58 million in previous year. The cash flow from investment was negative Baht 161.06 million because the group paid for fixed asset Baht 157.29 million. The cash flow from financing activities was positive Baht 479.03 million. The result came from Baht 498.55 million which received by issuing the debenture, increased borrowing overdraft and short term loan from financial institution by Baht 405.08 million. Meanwhile, the group repaid the long term loan from financial institution by Baht 291.95 million and the company paid dividend Baht 129.72 million.

2) Liquidity ratio

In 2017, the company and subsidiaries' liquidity ratio was 1.84 times which increased from 1.78 times in 2016 according to the quick ratio was 0.62 times equal with year 2016. The reason were increasing of the group net inventories increased Baht 537.26 million and cash and cash equivalent increased Baht 143.98 million.

3) Debt services coverage

The long-term loan agreement of the company has 3-5 period years and term of payment was every 3 months. The loan agreement of its subsidiaries has 4-5 years and term of payment was every month. The collateral of subsidiaries' loan are land, building, and equipment of their assets. During the year, subsidiaries got waiver of loan covenant from the Bank. Therefore, the Group classified long-term loans as normal condition.

As at December 31, 2017, the company and subsidiaries have the finance lease liabilities and current portion long-term debts as Baht 106.81 million.

4) Capital Expenditures

In 2017, the company and subsidiaries' have invest in fixed asset amount Baht 157.29 million which the main invest are machine and factory equipment Baht 93.45 million, construction in progress Baht 34.83 million and Office fixtures and supplies Baht 17.97 million.

5) Source of Fund and Capital Structure

The company and subsidiaries' debt to equity was 1.59 times, increased from 1.23 times in the previous year cause from in year 2017, the company issue and offer new unsubordinated and unsecured bond total Baht 500 million. The par value is Baht 1,000 per unit. Bond duration is 3 years and bearing interest at fixed rate 3.60% per annum. Interest is repayable every 6 months. Besides, the increasing of the overdraft and short term loan from financial institution was 405.08 million

As at December 31, 2017, the Group has unutilized short-term credit facilities amounting to Baht 1,816 million.

6) Liabilities Commitment and Obligations off-balance sheet Management

As at December 31, 2017, the company has capital commitment in respect of purchase of machine and equipment amounting to Baht 3.50 million.

13.5 Factor Bearing Impact on the Company's Future Performance

Please refer to risk factor matter.

13.6 Others

In 2017, the company and its subsidiaries have expenditure on Research and Development for technology and innovation amount Baht 33.33 million.

STATEMENT OF THE RESPONSIBILITY OF BOARD OF DIRECTORS TO FINANCIAL REPORT

The Company's Board of Directors is responsible for reporting the Company's financial statements. The financial statements were prepared in accordance with Thai accounting standards and Thai financial reporting standards. The company has used the appropriate and consistency accounting policies to ensure that the information has been recorded correctly and completely, and be adequate to protect Company assets and prevent any misallocated items in the financial statement.

The Board of Directors appointed an Audit Committee, which comprises three Non-Executive Directors, has been responsible for quality of the financial reports as well as to ensure the internal control system is the most appropriate and effective. The Board of Directors believes that the Company's internal control system is capable of assuring a reliable financial statement, as of December 31st, 2017.

A handwritten signature in black ink, consisting of a large, stylized 'N' followed by several loops and a long horizontal stroke extending to the right.

(Mr. Narit Chia-apar)
Chief Executive Officer

AUDIT COMMITTEE REPORT

To: The Shareholders of Seafresh Industry Public Company Limited

The Audit Committee of Seafresh Industry PCL consists of three independent directors, having the full qualifications according to the regulations and best practice guidelines for Audit Committee of the Stock Exchange of Thailand. The current, Audit Committee for the Company comprises of Dr.Kamales Santivejkul as the Chairman of Audit Committee, Dr.Sorachai Bhisalbutra and Dr.Worapong Leewattanakit as Audit Committee members, whereby the head of internal audit department serves as the Secretary of the Audit Committee.

The Audit Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors, in line with Regulation of the Stock Exchange of Thailand. In the year 2017, the Audit Committee has performed per such regulations which can be summarized as follows:

1. Review the quarterly and annual financial statements

To consider and review financial statements of the Company by enquired and meeting with the management and the external auditor clarifications, concerning the correctness and completeness of the financial statements, key audit matters and the adequacy of information disclosure. The Audit Committee agreed with the external auditors that the financial statements present fairly in accordance with Thai Financial Reporting Standards.

2. Review the operation information, internal control system and risk management system

To evaluate the sufficiency, appropriateness and effectiveness of the internal control system to reach the specified objective, by considered the internal audit report according to the approved internal audit plan that covered important working system of the company and found no significant deficiency, appropriate safeguarding assets, correct, complete and reliable information disclosure. In addition, the Audit Committee had opinion that the Company had internal control system that was adequate, appropriate and efficient.

3. Review compliance with the Securities and Exchange Acts, and the Stock Exchange of Thailand's regulations and laws relating to the Company's business

In the Audit Committee's opinion, the Company's operations were in compliance with the relevant laws and regulations and no significant issues.

4. Consider the selection, nomination, and remuneration of external auditors

The Audit Committee considered the selection, nomination, and annual remuneration of external auditors in order to propose to the Board of Directors for approval in the Shareholders' meeting for the year 2018, which the processes taken into consideration were the qualifications, independence, and the appropriate remuneration, the Audit Committee nominated Grant Thornton Company Limited as the auditors of the Company and subsidiaries for the year 2018 as follows:

- | | |
|----------------------------|---|
| 1. Somkid Tiatragul | Certified Public Accountant Registration No.2785 |
| 2. Kyanat Sriratchatchaval | Certified Public Accountant Registration No.6549 |
| 3. Teerasak Chuasrisakul | Certified Public Accountant Registration No. 6624 |

In addition, the Audit Committee has the opinions regarding the external auditors as follows:

- The external auditors performed their duties with knowledge, professional competency and also had independency in performing their duties.
- The proposed remuneration of the Company external auditors was appropriate, for the year 2018 is not exceeding to Baht 2,470,000.-.
- There was compliance with Regulation of the Office of the Securities and Exchange Commission.
- The external auditors had no relation with the Company and subsidiaries.

5. Review and give opinion to connected transactions or transactions with potential conflict of interests, and information disclosure of such transactions

In addition, the Company complied with Regulation of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. In external auditors' opinion, the significant trading transactions with the connected persons were disclosed and also presented in the financial statements

and notes to financial statements. The Audit Committee agreed with them and regarded that such transactions were reasonable, optimal beneficial to the business of the Company and disclosed accurately and completely.

6. Review the corporate governance report

The Audit Committee reviewed the good corporate governance report for the listed company as in accordance with the guidelines of Stock Exchange of Thailand.

In the Audit Committee's opinion, in the year 2017, the Company complied with the guidelines of Stock Exchange of Thailand for the principles of good corporate governance appropriately and also disclosed in this annual report.

7. Audit Committee Meeting

The Audit Committee held monthly meeting before the Board of Directors Meeting in order that the Audit Committee would acknowledge the Board of Directors for results from audit committee meeting and recommendations. In the year 2017, Audit Committee held 12 regular meetings and one extraordinary meeting.

8. Audit Committee Charter

Reviewed and revised the Audit Committee Charter by adding their duties & responsibilities to review Anti-Corruption Self-Assessment template and the appropriateness of internal control over corruption risks, which was approved by the Board of Directors on February 27, 2018

Upon consideration of the above issues, the Company's Audit Committee is of the opinion that the Company's financial statements were prepared in accordance with generally accepted accounting principles and adequate disclosure of connected transactions and that the Company conducted its business in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand and related laws. It is further deemed that the internal audit systems, internal control systems, and suitable risk management with the business are effective in ensuring that the Company's financial information is complete, correct and reliable with sufficient disclosure.

On behalf of the Audit Committee
Seafresh Industry PCL



(Dr.Kamales Santivejkul)
Chairman of the Audit Committee

RISK MANAGEMENT COMMITTEE REPORT

To: Board of Directors and Shareholders

Enterprise Risk Management is one of the key features of Seafresh Industry Public Company Limited's business policy. It is an important process that builds confidence among executives and stakeholders by ensuring that significant events, both internal and external, which may have a significant impact on the Company's achievement of its objectives and vision have been evaluated and managed by involved parties throughout the organization to an acceptable level.

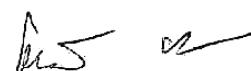
Risk Management Committee was set up in 2011 to oversee the organization's risk management process in an efficient and effective manner in accordance with international standards. In the past year, the Board of Directors has approved the appointment of one additional Risk Management Committee member, totaling 4 persons. The current Risk Management Committee consists of directors, senior executive, and executive from the Risk Management Department. All of them have good knowledge, ethics and experience in the company.

In the year 2017, Risk Management Committee convened a total of 13 meetings, with the attendance list as follows:

- | | |
|---------------------------------|--|
| 1. Mrs. Tassanee Youngmeevithya | Director and Deputy CEO
Chairman of Risk Management Committee
Attended 13/13 meetings |
| 2. Mr. Chintat Chia-apar | Director and Chief Overseas Business Officer
Member of Risk Management Committee
Attended 1/1 meetings (Starting from December 2017) |
| 3. Mr. Chaisit Chuenchuwit | Chief Financial Officer
Member of Risk Management Committee
Attended 13/13 meetings |
| 4. Mr. Krisda Manothirawat | Risk Management Department Manager
Member and Secretary of Risk Management Committee
Attended 13/13 meetings |

The works of The Risk Management Committee in 2017 are as follows;

1. Report the risk management results to the Audit Committee consisting of 4 independent directors
2. Update the charter of the Risk Management Committee
3. Establish guidelines, control, and monitor the risk management of all departments, both at the operational and organizational levels. Risk coverage areas include strategic risk, operational risk, financial risk, and regulatory compliance risk.
4. Hold a seminar on "Risk Management for Sustainable Growth" for employees by independent speakers.
5. Transform the risk assessment and risk response of all departments to ERP system.
6. Provide guidance and follow up the risk management of the overseas subsidiaries.



(Mrs. Tassanee Youngmeevithya)
Chairman of the Risk Management Committee

CORPORATE GOVERNANCE COMMITTEE REPORT

To: Board of Directors and Shareholders

Corporate Governance Committee was set up in 2012 to oversee the company's performance, taking into account long-term effects, ethics, responsibility for shareholders and stakeholders, and social benefits. The current Corporate Governance Committee consists of directors, senior executive, and executive from Risk Management Department. All of them have good knowledge, ethics and experience in the company.

In the past year, the Board of Directors has approved the appointment of one additional Corporate Governance Committee member, totaling 4 persons.

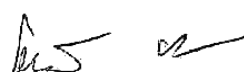
In the year 2017, Corporate Governance Committee convened a total of 8 meetings, with the attendance list as follows:

- | | |
|---------------------------------|---|
| 1. Mrs. Tassanee Youngmeevithya | Director and Deputy CEO
Chairman of Corporate Governance Committee
Attended 8/8 meetings |
| 2. Mr. Chintat Chia-apar | Director and Chief Overseas Business Officer
Member of Corporate Governance Committee
Attended 1/1 meetings (Starting from December 2017) |
| 3. Mr. Chaisit Chuenchuwit | Chief Financial Officer
Member of Corporate Governance Committee
Attended 8/8 meetings |
| 4. Mr. Krisda Manothirawat | Risk Management Department Manager
Member and Secretary of Corporate Governance Committee
Attended 8/8 meetings |

The work of the Corporate Governance Committee in 2017 can be summarized as follows.

1. Review and update the company's policies in total of 36 policies.
2. Review and update the Code of Conduct for Employees.
3. Update policies, various committee charters and relevant guidelines to comply with the Good Corporate Governance Code for listed companies 2017 from The Securities and Exchange Commission of Thailand and anti-corruption guidelines
4. Review the violation of employees' Code of Conduct. There was no suspected violation report or any serious violation found last year.
5. Ensure employees continuous training in corporate culture and Code of Conduct.
6. Add additional vendor selection criteria to include enrollment in anti-corruption networks or certified member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC).

Invite suppliers to join the Thailand's Private Sector Collective Action Coalition against Corruption (CAC) and encourage fraudulent reporting to the committee through the channel provided.



(Mrs. Tassanee Youngmeevithya)
Chairman of the Corporate Governance Committee

NOMINATION AND REMUNERATION COMMITTEE REPORT

To: The Shareholders of Seafresh Industry Public Company Limited

The Nomination and Remuneration Committee of Seafresh Industry PCL. (“the company”) has 4 members comprises 1 executive director and 3 independent directors or 75% of the committee. Furthermore, chairman of the committee is an independent director. The Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors.

In 2017, there was 1 meeting held with follows members;

- | | |
|---------------------------------|---|
| 1. Dr. Kamales Santivejkul | Independent Director and Chairman of Audit Committee
Chairman of the Nomination and Remuneration Committee
Attended 1/1 meeting |
| 2. Dr. Sorachai Bhisalbutra | Independent Director and Member of Audit Committee
Member of Nomination and Remuneration Committee
Attended 1/1 meeting |
| 3. Dr. Worapong Leewattanakit | Independent Director and Member of Audit Committee
Member of Nomination and Remuneration Committee
Attended 1/1 meeting |
| 4. Mrs. Tassanee Youngmeevithya | Director and Deputy CEO
Member of Nomination and Remuneration Committee
Attended 1/1 meeting |

The Nomination and Remuneration Committee significant duties in 2017 can be summarized as follows:

1. Consider the proposal of appointing new directors and replacing retired directors to the Board of Directors and Shareholders

Given shareholders the opportunity to propose the highly qualified knowledgeable, capable and specialized in various areas as candidates for directorship in advance before Annual General Meeting of Shareholders. The company published a letter to the shareholders through the stock exchange at least 3 months before the end of the financial year. The Company also has established guidelines and practices in the nomination of directors including the consideration of the committee at Company’s website. However, in the yearly 2017, there was not shareholders recommended any directorship candidates.

Then, the Nomination and Remuneration Committee proposed a suitably qualified person to get the professional and diversified (Board Diversity) director by considering the structure, size and composition of the Board in various fields, i.e. technical, expertise and gender. The amount offer is equal to the amount of the full term director and offer recommendations to the Board of Directors for seek the approval from the board. After that, a suitably qualified person will be presented to the general meeting of shareholders for appoint following guidelines.

2. Consider the proposal of Directors' Remuneration in year 2017

Considered Remuneration of Directors and Sub Directors before proposed to Board of Directors and Shareholders in Annual General Meeting for approval. The Remuneration had been considered through company's guideline and performance including compared to similar industry which directors' compensation is appropriate with the assigned duties and responsibilities.

On behalf of the Nomination and Remuneration Committee
Seafresh Industry PCL



(Dr.Kamales Santivejkul)
Chairman of the Nomination and Remuneration Committee

EXECUTIVE COMMITTEE REPORT

To: The Shareholders of Seafresh Industry Public Company Limited

The Executive Committee of Seafresh Industry PCL. (“the company”) has 3 members and all of them are executive director or 100% of the committee. The Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors.

In 2017, there was 13 meeting held with follows members;

- | | |
|---------------------------------|---|
| 1. Mr. Narit Chia-apar | Chairman of the Board and Chief Executive Officer
Chairman of the Executive Committee
Attended 12/13 meetings |
| 2. Mrs. Tassanee Youngmeevithya | Director and Deputy CEO
Deputy Chairman of the Executive Committee
Attended 13/13 meetings |
| 3. Mr. Chintat Chia-apar | Director and Chief Overseas Business Officer
Member of the Executive Committee
Attended 13/13 meetings |

The Executive Committee significant duties in 2017 can be summarized as follows:

1. Consider strategies and business plan focusing in sustainability prior to approval of the Board of Directors.
2. Review and monitor overview operation including risk management of the company and its subsidiaries.
3. Consider operation and investment budget in 2018 prior to approval of the Board of Directors.
4. Control and monitor operation and investment budget usage.

On behalf of the Executive Committee
Seafresh Industry PCL



(Mr. Narit Chia-apar)
Chairman of the Executive Committee

Independent Auditor’s Report

To the Shareholders of Seafresh Industry Public Company Limited

Opinion

I have audited the consolidated financial statements of Seafresh Industry Public Company Limited and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2017, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of Seafresh Industry Public Company Limited (the “Company”), which comprise the separate statement of financial position as at 31 December 2017, separate statement of profit and loss and other comprehensive income, separate statement of changes in shareholders’ equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and cash flows for the year then ended, and the separate financial position as at 31 December 2017, and its separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key audit matter	How the matter was addressed in the audit
<p>Deferred tax assets</p> <p>As at 31 December 2017, the Group and Company had booked deferred tax assets of Baht 6.41 million and Baht 14 million, respectively, on tax losses carried forward. The Group and Company have not recognized a portion of deferred tax assets of Baht 53 million on the remaining cumulative tax losses. The Group and Company will recognise deferred tax assets on tax losses carried forwards only when it is that it can generate taxable profits to utilize tax losses carried forward.</p> <p>In calculating deferred tax assets recognised from tax losses carried forward, management is required to exercise judgment in relation to the future forecast on taxable income to be reliable which factors may be changed according to the economic and market conditions in the future.</p> <p>I have focused on this matter because the audit of such balances requires significant judgment since the outcome of management's forecasts is subject to uncertainties of future economic and market conditions.</p> <p>The Group and Company disclosed deferred tax assets in note 24.1 to financial statements.</p>	<p>I determined the sufficiency and appropriateness of audit evidence by performing, or directing the component auditor to perform, the following procedures:</p> <ul style="list-style-type: none"> - Assessed the methodology that management used to estimate revenue, expenses and operating results in the future. - Discussed with management to understand the business plans and the assumption used. - Evaluated the reasonableness of underlying assumptions that management applied in forecasting by comparing the past results in budgeting and the business growth rate in normal situation including trend analysis in the marketing and same industry. - Verified the mathematical accuracy of the business forecasts. - Tested the appropriateness of deferred tax calculation by comparing future tax benefit that the Company can utilise from the forecasted profits. - Assessed the adequacy and appropriateness of the disclosures relating to the deferred tax assets.

Key audit matter	How the matter was addressed in the audit
<p>Recoverability of inter-company receivable</p> <p>As at 31 December 2017, the Group has gross receivables of Baht 863 million from Belize Aquaculture Limited (BAL), a joint venture of the Group. As of 31 December 2017, BAL continues to make a loss and has current liabilities exceeded its current assets.</p> <p>As discussed in Note 8 of the financial statements, the Group has recorded Baht 99.92 million as allowance for doubtful accounts against these receivables. Management's assessment of the recoverability of BAL receivable is based on fair value less cost to sell and the expected realizable value of net assets (excluding balances with Group).</p> <p>The inter-company receivables are material and requires the Group to estimate the future recoverable amount. Judgment is also required to assess management assumptions used in computing the recoverable amount. There is a risk of impairment and therefore, I consider this to be the Key Audit Matter.</p>	<p>The audit procedures of this matter were performed by the component auditor. I understood and evaluated the work of the component auditor to obtain appropriate and sufficient audit evidence.</p> <p>The component auditor performed the procedures on the value of property, plant and equipment owned by the joint venture, as follows:</p> <ul style="list-style-type: none"> - Reviewed management's assessment of recoverability of receivables from the joint venture. - Inquired management regarding the future plans for joint venture, the likelihood of the opportunity to sell the property, plant and equipment and the state of the property market in Belize. - Evaluated the independent external property valuer's objectivity and independence. - Evaluated the reasonableness of the property price increase factor applied to the 2014 valuation by using publicly available information for determining average property price changes. The result is consistent with the amounts as per the latest initial property valuation received in February 2018. - Reviewed prior year working papers to ensure that adequate work is present to conclude 2014 valuation is reliable.

Other Matter

The consolidated financial statements of Seafresh Industry Public Company Limited and subsidiaries and the separate financial statements of Seafresh Industry Public Company Limited for the year ended 31 December 2016, presented as comparative information, were audited by another auditor who issued her audit report dated 27 February 2017 with an unqualified opinion.

Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to request management and those charged with governance to correct the material misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate 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 Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

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

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

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

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

Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Grant Thornton Limited

Bangkok

27 February 2018

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2017	31 December 2016	31 December 2017	31 December 2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	236,658,405	92,682,434	8,375,843	56,270,200
Trade accounts receivable - net	10	1,123,933,348	1,042,492,433	609,275,064	505,023,713
Other accounts receivable		469,309	34,103	13,863,158	8,786,183
Short-term loan to and interest receivable - related party	8	-	-	5,003,466	-
Inventories - net	11	2,580,408,654	2,043,149,988	954,929,933	773,964,021
Biological assets		6,223,828	3,138,747	6,223,828	3,138,747
Refundable value added tax		25,816,792	23,292,238	4,235,556	4,445,492
Forward exchange contracts receivable - net	12.1	-	-	3,053,328	605,056
Other current assets	13	46,734,838	46,320,348	14,479,206	8,442,947
Total Current Assets		4,020,245,174	3,251,110,291	1,619,439,382	1,360,676,359
NON - CURRENT ASSETS					
Restricted deposits with bank	14	15,000,000	15,000,000	15,000,000	15,000,000
Long-term loans to related party	8	348,011,124	439,461,448	-	-
Long-term interest receivable - related party	8	80,990,170	89,439,141	-	-
Investments in subsidiaries	15	-	-	903,824,450	903,882,828
Investment in joint venture	16	-	-	-	-
Property, plant and equipment - net	17	1,111,521,090	1,100,210,742	614,017,514	648,444,639
Intangible assets - net	18	15,005,945	11,843,768	3,238,844	5,000,761
Deferred tax assets	24.1	14,000,000	14,000,000	14,000,000	14,000,000
Asset under derivative for hedging of bond	12.3	-	73,970,307	-	73,970,307
Asset under derivative for hedging of long-term loan	12.4	672,142	-	672,142	-
Other non-current assets		10,202,839	6,111,590	5,114,298	3,203,396
Total Non - Current Assets		1,595,403,310	1,750,036,996	1,555,867,248	1,663,501,931
TOTAL ASSETS		5,615,648,484	5,001,147,287	3,175,306,630	3,024,178,290

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2017	31 December 2016	31 December 2017	31 December 2016
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans					
from financial institutions	19	1,372,862,292	967,785,357	409,516,463	368,389,833
Trade accounts payable		518,418,584	376,868,003	12,664,969	24,241,533
Other accounts payable		34,488,227	14,916,082	12,611,184	11,247,501
Accounts payable for purchase of fixed assets		803,105	6,162,637	803,105	6,162,637
Accrued expenses	20	91,282,220	110,352,996	32,702,097	26,630,493
Current portion of					
- long-term loans from financial institutions	21	104,876,996	238,637,671	55,000,000	188,705,000
- liabilities under derivative					
for hedging of long-term loans	12.5	1,107,954	14,015,745	1,107,954	14,015,745
- finance lease liabilities		1,931,887	894,099	-	-
Short-term loans from related party	8	-	-	-	25,000,000
Accrued income tax		39,304,928	73,479,037	-	-
Forward exchange contracts payable - net	12.2	3,153,573	1,700,671	-	-
Other current liabilities		21,891,760	22,294,318	2,120,212	3,384,142
Total Current Liabilities		2,190,121,526	1,827,106,616	526,525,984	667,776,884
NON - CURRENT LIABILITIES					
Long-term loans from financial institutions - net	21	184,833,819	343,295,044	60,000,000	151,002,500
Bonds - net	22	997,887,181	498,728,587	997,887,181	498,728,587
Liabilities under derivative					
for hedging of long-term loans	12.5	-	6,723,147	-	6,723,147
Finance lease liabilities - net		-	2,000,317	-	-
Employee benefit obligations	23	53,065,196	47,657,864	51,118,263	46,050,384
Deferred tax liabilities	24.1	22,615,194	28,674,751	-	-
Other non-current liabilities		436,835	608,910	436,835	608,910
Total Non - Current Liabilities		1,258,838,225	927,688,620	1,109,442,279	703,113,528
TOTAL LIABILITIES		3,448,959,751	2,754,795,236	1,635,968,263	1,370,890,412

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2017	31 December 2016	31 December 2017	31 December 2016
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)					
SHAREHOLDERS' EQUITY					
Share capital - common share at Baht 1 par value					
- Authorised 485,694,600 shares	29	485,694,600	485,694,600	485,694,600	485,694,600
- Issued and fully paid - up 463,549,600 shares	29	463,549,600	463,549,600	463,549,600	463,549,600
Premium on share capital	29	799,228,000	799,228,000	799,228,000	799,228,000
Premium on treasury stock		12,902,865	12,902,865	12,902,865	12,902,865
Surplus on investment under common control		2,198,133	2,198,133	-	-
Retained earnings					
- Appropriated for legal reserve	30	48,569,460	48,569,460	48,569,460	48,569,460
- Unappropriated		593,290,872	731,011,661	215,088,442	329,037,953
Other components of shareholders' equity		(49,958,853)	(53,014,026)	-	-
Total equity attributable					
to the Company's shareholders		1,869,780,077	2,004,445,693	1,539,338,367	1,653,287,878
Non-controlling interests		296,908,656	241,906,358	-	-
TOTAL SHAREHOLDERS' EQUITY		2,166,688,733	2,246,352,051	1,539,338,367	1,653,287,878
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,615,648,484	5,001,147,287	3,175,306,630	3,024,178,290

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	2017	2016	2017	2016
Income					
Sales	33	7,482,563,856	7,578,892,812	3,079,810,310	3,047,297,317
Service		12,155,697	7,952,082	-	-
Other income	25	27,226,848	31,689,048	199,843,558	135,897,825
Gain on exchange rates - net		-	90,249,554	-	10,275,680
Total income		7,521,946,401	7,708,783,496	3,279,653,868	3,193,470,822
Expenses					
Cost of sales	11	(6,574,597,284)	(6,490,856,285)	(2,936,228,956)	(2,814,826,424)
Cost of service		(8,040,449)	(6,686,898)	-	-
Selling expenses		(289,064,810)	(302,118,619)	(146,750,468)	(144,922,167)
Administrative expenses		(310,899,360)	(323,632,903)	(118,316,404)	(112,016,234)
Loss on exchange rates - net		(146,215,272)	-	(15,088,204)	-
Finance costs		(83,229,050)	(90,410,062)	(47,637,139)	(56,005,311)
Total expenses		(7,412,046,225)	(7,213,704,767)	(3,264,021,171)	(3,127,770,136)
Profit before income tax		109,900,176	495,078,729	15,632,697	65,700,686
Income tax expense	24.2	(50,075,440)	(102,644,839)	-	-
Profit for the year		59,824,736	392,433,890	15,632,697	65,700,686
Other comprehensive income :					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of post-employee benefit obligations - net	23	-	(4,509,577)	-	(4,509,577)
Items that will be reclassified subsequently to profit or loss					
Translation adjustment on foreign currency					
financial statements - net of tax		6,127,947	(107,892,843)	-	-
Other comprehensive income for the year		6,127,947	(112,402,420)	-	(4,509,577)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		65,952,683	280,031,470	15,632,697	61,191,109

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER

					(Unit : Baht)
	Consolidated F/S		Separate F/S		
Note	2017	2016	2017	2016	
PROFIT (LOSS) ATTRIBUTABLE TO :					
The Company's shareholders	(8,138,581)	257,809,248	15,632,697	65,700,686	
Non-controlling interests	67,963,317	134,624,642	-	-	
	<u>59,824,736</u>	<u>392,433,890</u>	<u>15,632,697</u>	<u>65,700,686</u>	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
The Company's shareholders	(5,083,408)	198,274,321	15,632,697	61,191,109	
Non-controlling interests	71,036,091	81,757,149	-	-	
	<u>65,952,683</u>	<u>280,031,470</u>	<u>15,632,697</u>	<u>61,191,109</u>	
BASIC/DILUTED EARNINGS PER SHARE					
Profit (loss) (Baht per share)	28	(0.02)	0.56	0.03	0.14

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

Equity attributable to the Company's shareholders										
Note	Issued and Paid - up Share Capital	Premium on Share capital	Premium on treasury stock	Surplus on investment under common control	Retained earnings		Other components of equity	Total equity attributable to the Company's shareholders	Non-controlling interests	Total shareholders' equity
					Appropriated for Legal Reserve	Unappropriated	Other comprehensive income			
							Translation adjustment on foreign currency financial statements			
<u>Consolidated F/S</u>										
Balance as at 1 January 2016	463,549,600	799,228,000	12,902,865	2,198,133	48,569,460	732,580,120	2,011,324	2,061,039,502	170,961,004	2,232,000,506
Dividend paid 31	-	-	-	-	-	(254,868,130)	-	(254,868,130)	-	(254,868,130)
Dividend paid by a subsidiary	-	-	-	-	-	-	-	-	(11,015,996)	(11,015,996)
Increase in non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	204,201	204,201
Total comprehensive income for the year	-	-	-	-	-	253,299,671	(55,025,350)	198,274,321	81,757,149	280,031,470
Balance as at 31 December 2016	463,549,600	799,228,000	12,902,865	2,198,133	48,569,460	731,011,661	(53,014,026)	2,004,445,693	241,906,358	2,246,352,051
Balance as at 1 January 2017	463,549,600	799,228,000	12,902,865	2,198,133	48,569,460	731,011,661	(53,014,026)	2,004,445,693	241,906,358	2,246,352,051
Dividend paid 31	-	-	-	-	-	(129,582,208)	-	(129,582,208)	-	(129,582,208)
Dividend paid by a subsidiary	-	-	-	-	-	-	-	-	(16,033,793)	(16,033,793)
Total comprehensive income for the year	-	-	-	-	-	(8,138,581)	3,055,173	(5,083,408)	71,036,091	65,952,683
Balance as at 31 December 2017	463,549,600	799,228,000	12,902,865	2,198,133	48,569,460	593,290,872	(49,958,853)	1,869,780,077	296,908,656	2,166,688,733

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUE)
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

	Note	Issued and Paid - up Share Capital	Premium on share capital	Premium on treasury stock	Retained earnings		Total
					Appropriated for Legal		
					Reserve	Unappropriated	
<u>Separate F/S</u>							
Balance as at 1 January 2016		463,549,600	799,228,000	12,902,865	48,569,460	522,714,974	1,846,964,899
Dividend paid	31	-	-	-	-	(254,868,130)	(254,868,130)
Total comprehensive income for the year		-	-	-	-	61,191,109	61,191,109
Balance as at 31 December 2016		<u>463,549,600</u>	<u>799,228,000</u>	<u>12,902,865</u>	<u>48,569,460</u>	<u>329,037,953</u>	<u>1,653,287,878</u>
Balance as at 1 January 2017		463,549,600	799,228,000	12,902,865	48,569,460	329,037,953	1,653,287,878
Dividend paid	31	-	-	-	-	(129,582,208)	(129,582,208)
Total comprehensive income for the year		-	-	-	-	15,632,697	15,632,697
Balance as at 31 December 2017		<u>463,549,600</u>	<u>799,228,000</u>	<u>12,902,865</u>	<u>48,569,460</u>	<u>215,088,442</u>	<u>1,539,338,367</u>

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Cash Flows From Operating Activities				
Profit before income tax	109,900,176	495,078,729	15,632,697	65,700,686
Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:				
Depreciation and amortisation expenses	140,967,819	139,943,392	93,656,096	78,016,494
Reversal of allowance for decline in value of inventories	(12,714,206)	(45,565,219)	(2,400,000)	(10,000,000)
Amortised finance costs	608,304	789,190	608,304	789,190
Gain on sales of fixed assets	(413,814)	(4,039,416)	(413,814)	(4,038,619)
Gain on sales of investment in subsidiary	-	-	(76,903,569)	-
Written off equipment	117,229	1,101,292	117,229	1,101,292
Provision (reversal of allowance) for doubtful accounts	47,595,705	53,559,456	(2,011,000)	(760,000)
Unrealised gain on derivative instruments	(17,879,871)	(76,105,015)	(21,781,046)	(90,674,325)
Unrealised loss (gain) on foreign exchange rates	67,781,395	(62,496,070)	26,965,770	18,617,389
Provision for employee benefit obligations	7,005,332	12,051,129	6,665,879	10,443,649
Dividend income	-	-	(33,153,402)	(11,029,393)
Interest income	(271,533)	(567,719)	(629,591)	(27,031,409)
Interest expenses	60,841,112	90,117,760	47,407,856	55,825,832
Cash Flows Provided from Operations before Changes in Operating Assets and Liabilities	403,537,648	603,867,509	53,761,409	86,960,786
Decrease (increase) in operating assets				
Trade and other accounts receivable	(80,600,569)	(446,027,100)	(117,124,938)	164,694,674
Inventories	(524,557,487)	450,478,778	(178,565,913)	180,740,372
Biological assets	(3,085,081)	(3,138,747)	(3,085,081)	(3,138,747)
Other current assets	(2,939,088)	19,405,681	(5,826,324)	7,637,333
Other non-current assets	(4,091,249)	(1,898,559)	(133,026)	406,614
Increase (decrease) in operating liabilities				
Trade and other accounts payable	140,147,980	(98,552,035)	(6,799,688)	3,491,019
Other current liabilities	(402,558)	(2,836,466)	(1,263,926)	(3,242,899)
Other non-current liabilities	(33,750)	(4,842,134)	(33,750)	(4,842,134)
Paid for employee benefits obligation	(1,598,000)	(953,800)	(1,598,000)	(953,800)
Cash Received from (Used in) Operations	(73,622,154)	515,503,127	(260,669,237)	431,753,218
Income tax payment	(90,241,252)	(57,813,411)	(1,777,876)	-
Net Cash Provided from (Used in) Operating Activities	(163,863,406)	457,689,716	(262,447,113)	431,753,218

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Cash Flows from Investing Activities				
Decrease in restricted deposits with bank	-	250,000	-	-
Proceeds from short-term loans to related party	-	-	-	1,208,264,085
Payment for short-term loans to related party	-	-	(5,000,000)	(8,000,000)
Payment for investments in subsidiary	-	-	-	(897,499,989)
Purchases of fixed assets	(157,289,494)	(217,176,636)	(63,667,940)	(174,333,530)
Purchases of intangible assets	(6,173,664)	(6,783,223)	(265,800)	(233,500)
Proceeds from sales of fixed assets	2,135,058	4,107,259	1,403,738	4,106,458
Dividend received	-	-	33,153,402	11,029,393
Interest income	271,577	567,675	626,125	111,706,425
Net Cash Provided from (Used in) Investing Activities	(161,056,523)	(219,034,925)	(33,750,475)	255,039,342
Cash Flows from Financing Activities				
Interest payment	(58,925,606)	(86,314,145)	(44,737,909)	(55,112,349)
Proceeds from derivative for hedging of bond	73,000,000	-	73,000,000	-
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	405,076,935	(495,695,620)	41,126,630	(633,959,511)
Proceeds from short-term loans from related party	-	-	67,200,000	25,000,000
Repayment for short-term loans from related party	-	-	(15,238,053)	-
Proceeds from long-term loans from financial institutions	-	287,687,980	-	-
Repayment for long-term loans from financial institutions	(291,951,818)	(462,720,363)	(224,707,500)	(370,419,852)
Decrease in finance lease liabilities	(962,529)	(267,373)	-	-
Proceeds from issue of bonds - net	498,550,290	497,939,397	498,550,290	497,939,397
Proceeds from issuing of share capital	-	11	-	-
Dividend paid	(129,720,533)	(254,333,470)	(129,720,533)	(254,333,470)
Dividend paid to non-controlling interests	(16,033,793)	(11,015,996)	-	-
Net Cash Provided from (Used in) Financing Activities	479,032,946	(524,719,579)	265,472,925	(790,885,785)
Translation adjustment on foreign currency financial statements	7,546,954	32,219,432	-	-
Increase (decrease) in cash and cash equivalents - net	161,659,971	(253,845,356)	(30,724,663)	(104,093,225)
Cash and cash equivalents at beginning of year	92,682,434	380,217,107	56,270,200	194,052,742
Effect on foreign currency exchange rate at the end of year	(17,684,000)	(33,689,317)	(17,169,694)	(33,689,317)
Cash and cash equivalents at end of year	236,658,405	92,682,434	8,375,843	56,270,200
Supplemental cash flows information				
Non cash transactions:-				
Off - setting short-term loans from related party with sale of investment in subsidiary	-	-	76,961,947	-

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

Seafresh Industry Public Company Limited (“the Company”) is a public company limited which is incorporated and domiciled in Thailand. It is listed on the Stock Exchange of Thailand. The addresses of the Company and branches’ registered offices are as follows:

Head office: 402 Moo 8, Chumphon - Paknam Road, Paknam, Muangchumphon, Chumphon 86120.

2 Branches: 152/25, Chartered Square Building, 31st Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 and 52 Moo 2, Thung Kha, Muangchumphon, Chumphon 86100.

The Company is principally engaged in the manufacturing and distribution of frozen raw shrimp and processed shrimp.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Seafresh Industry Public Company Limited and its subsidiaries which the Company can exercise control over or holds shares with voting right more than 50% as follow :

		Percentage of Shareholding		
	Country of incorporation	2017	2016	Nature of business
Subsidiaries				
Seafresh Group (Holdings) Limited (SGH) (39% held by the Company and 12% held by SIHQ)	United Kingdom	51.00	51.00	Investment in companies engaged in seafood processing and other related business
Sea Farms Limited (100% held by SGH)	United Kingdom	51.00	51.00	Import and distribution of seafood
Blue Earth Foods Limited (25% held by the Company and 75% held by SGH)	United Kingdom	63.25	63.25	Sourcing, producing and distribution of processed seafood
Sea Farms, Inc. (25% held by the Company and 65% held by SGH)	United States of America	58.15	58.15	Import and distribution of seafood
Prochaete Innovation Limited (25% held by the Company and 35% held by SGH)	United Kingdom	42.85	42.85	Research and development of fish meal substitution
Sea Farms Nutrition Limited (60% held by SGH and 25% held by SIHQ)	United Kingdom	55.60	55.60	Produce and sell animals feed and nutrition
Manufacturing Systems Implementation Company Limited	Thailand	100.00	100.00	Consulting and installation of computer system
Seafresh IHQ Company Limited (SIHQ)	Thailand	100.00	100.00	Provide managerial, technical support and financial management services to companies in the Group
Joint venture				
Belize Aquaculture Limited (50% held by SGH)	Belize	50.00	50.00	Shrimp farm

Significant inter - company transactions with subsidiaries included in the consolidated financial statements have been eliminated.

The consolidated financial statements have been prepared using the same accounting policies for similar transactions or accounts of similar nature in the preparation of the Company's financial statements.

2.3 New financial reporting standards and revised financial reporting standards

The Federation of Accounting Professions has issued new and revised Thai Financial Reporting Standards, interpretations and guidance effective for annual accounting periods beginning on or after 1 January 2017. The changes were to align with the corresponding International Financial Reporting Standards, with most of the changes relating to the revision of wording and terminology, the provision of interpretations and accounting guidance to the users of the standards. The initial application of these new and revised Thai Financial Reporting Standards has no material effect on the financial statements.

In addition, the Federation of Accounting Professions has issued new and revised Thai Financial Reporting Standards, interpretations and guidance, which will be effective on or after 1 January 2018. The changes were to align with the corresponding International Financial Reporting Standards with most of the changes relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards. The Company does not plan to early adopt these Thai Financial Reporting Standards. The Company has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial adoption.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Investments in subsidiaries and joint venture

a) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieving in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognise and previously held interest measured less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

b) Joint arrangement

Investment in joint arrangement is classified as either joint operation or joint venture depending on the contractual rights and obligations of each investor. The Group assessed the nature of its joint arrangement and determined it to be joint venture. Joint venture is accounted for using the equity method.

Under the equity method of accounting, interests in joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the Group will not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint venture is eliminated to the extent of the group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture are changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investment in joint venture is accounted for at cost less impairment.

3.2 Foreign currency translation

1) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

3) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are presented under current liabilities in the statement of financial position.

3.4 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts written-off are recognised in profit or loss as part of administrative expenses.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, rebates and other similar items. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity, excluding borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

3.6 Biological assets

Biological assets comprise shrimps in the ponds. These are measured at cost less impairment losses, if any, since the growing period to harvest is approximately 3 months. Costs of biological assets include all costs of baby shrimp and farming costs.

3.7 Property, plant and equipment

Land is stated at cost and is not depreciated.

All plant and equipment are stated at historical cost less accumulated depreciation and impairment on assets (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items including an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located, when the entity has the obligation to do so.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is recognised. All other repairs and maintenance are charged to statement of profit or loss during the financial period in which they are incurred.

Depreciation on other asset is calculated on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings	20 - 50 years
Building improvements	5 - 10 years
Machine and factory equipment	3 - 10 years
Office fixtures and supplies	3 - 10 years
Vehicles	5 - 10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals of property, plant and equipment are determined by comparing the proceeds from sales on assets with the carrying amount and are included in statements of profit or loss.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. All other borrowing costs are recognised as expenses.

3.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over their economic useful lives 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	3 years
Relationship with customers	3 years

3.9 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.10 Leases - where a Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

3.11 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.13 Employee benefits

Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rates of 3% and 5%, respectively, of their basic salaries. The fund, will pay to employees upon termination in accordance with the fund rules. The Group contribution to the fund are recognised as expense in profit or loss as incurred.

Post - employment benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under the labor law.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

3.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; the amount has been reliably estimated. Restructuring provisions comprise lease, lease termination penalties and employee termination payment. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.15 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are recorded at contract date, the Group record receivables and payables from forward contracts using the exchange rates prevailing at the dates of the transactions. Premiums or discounts are amortized on a straight-line basis over the contract periods. At the end of the period, receivables and payables are translated using closing exchange rates and unrealized and realized gain/loss from translation of foreign currency are recognized in statement of profit or loss.

Interest rate swap and cross currency swap contracts

The Group' recognized assets and liabilities arising from interest rate swap and cross currency swap contracts are using the exchange rates prevailing at the dates of the transactions. At the end of the period, assets and liabilities are translated using closing exchange rates and interest rate in the swap contracts. Unrealized and realized gain/loss from translation of foreign currency are recognized in statement of profit or loss.

3.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any companies within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company' s equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transact costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3.17 Premium on treasury stock

Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented in premium on treasury stock and retained earnings, consecutively.

3.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary cause of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from service is recognised when rendering service to customers.

Other income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

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

Export subsidies received from the Ministry of Finance in the form of tax coupon are recognised when the Company obtains written notification of approval of the tax coupon.

3.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's board of directors who makes strategic decisions.

3.21 Related party transactions

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

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

4. CRITICAL ACCOUNTING ESTIMATE, ASSUMPTIONS AND JUDGEMENT

The preparation of the financial statements requires management to make estimates and assumption that affect the reporting amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities. The actual result may differ from those estimates.

Critical accounting estimates, assumption and judgements are as follows:

4.1 Plant and equipment and intangible assets

Management determines the estimated useful lives and residual values of the Group's plant and equipment and intangible assets. The management reviews the calculations of depreciation and amortisation expenses where the estimated useful life and residual value differ from the previous estimation or there is written-off for technically obsolete or non-used assets by sales or abandon.

4.2 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the

currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit obligations.

4.3 Allowance for doubtful accounts

The determination of the allowance for doubtful accounts requires the use of various assumptions and judgements by the management, which includes the estimated collection losses on receivables, based on the Group's collection experience together with a review of the financial position of the debtors. The management reviews these estimates and assumptions on a regular basis.

4.4 Allowance for obsolete, slow-moving and defective inventories

The Group provides allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowances are based on consideration of inventory turnover and deterioration of each category.

4.5 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the company and subsidiary's future taxable income against which the deductible temporary differences can be utilized. Management judgement is required in assessing the impact of any legal or economic limit or uncertainties in various tax jurisdictions.

5. CAPITAL RISK MANAGEMENT

The Group's objectives in the management of capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

6. FINANCIAL RISK MANAGEMENT

The Group has financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Group has exposure to credit risk primarily with respect to trade and other receivable and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses since most of the credit granting are covered with contracts and guarantees. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other receivables as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans to, bank overdrafts, short-term and long-term loans with interest bearing. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

The Group sometimes borrow at fixed and floating rates and use interest rate swaps as cash flow hedges of future interest payments because management seeks to minimize the effect of changes in interest rate will have significantly affect to the Group's financial statements.

Foreign exchange risk

The Group has exposure to foreign currency risk from trading transactions and borrowings that are denominated in foreign currencies. The Group has entered into forward exchange and currency swap contracts which mature within one year to manage the risk.

Some of financial assets and liabilities, dominated in foreign currencies, have forward exchange contracts and derivatives to protect the risk as Note 12.

Liquidity risk

The Group monitor its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Company and its subsidiaries operations and to mitigate the effects of fluctuations in cash flows.

7. FAIR VALUE ESTIMATION

The carrying amounts of the financial assets and financial liabilities approximate their fair values, except long-term loans from financial institutions and Bond with interest charged at the fixed rates and derivatives. Long-term loans from financial institutions with interest charged at the floating rates have the carrying amount approximate the fair value.

The Group discloses fair value by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly that is, as prices or indirectly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group discloses fair values of financial instruments in the following notes.

Long-term loans from financial institution with fixed interest rates	Note 21
Bond with fixed interest	Note 22
Derivatives	Note 12.6

8. TRANSACTIONS WITH RELATED PARTIES

As at 31 December 2017 and 2016, the major shareholder of the Company is Chia-Apar family, who owns 66.68% of the Company's share capital.

The Company has significant business transactions with its related parties (related in term of common shareholders and/or management). Such transactions have been complied with the terms and conditions as determined by the Company and related parties.

The relationship between the Company and related parties is summarised below:

Names	Relationship
Seafresh Group (Holdings) Limited ("SGH")	Subsidiary
Sea Farms Limited	Subsidiary of SGH
Blue Earth Foods Limited	Subsidiary of SGH
Sea Farms, Inc.	Subsidiary of SGH
Prochaete Innovation Limited	Subsidiary of SGH
Sea Farms Nutrition Limited	Subsidiary of SGH
Manufacturing System Implementation Company Limited	Subsidiary
Seafresh IHQ Company Limited	Subsidiary
Belize Aquaculture Limited	Joint Venture of SGH
Chartered Square Holding Company Limited	Common director
Thai K Boiler Company Limited	Common director

Transactions	Pricing policy
Sales of goods	Cost plus margin
Purchase of goods	Cost plus margin
Interest income	2.3% and 8% per annum
Other income	Cost plus margin
Interest on credit sale	1% per month
Service fee	Cost plus margin
Office rental and service	Cost plus margin
Interest expense - Short-term loan	0.8% - 0.9% per annum
Purchase of assets	Mutual agreed price

Significant transactions with related parties for the years ended 31 December 2017 and 2016 are as follow:

Transaction with related parties	Consolidated F/S		(Unit : Thousand Baht)	
	2017	2016	2017	2016
<u>Subsidiaries</u>				
Sales of goods	-	-	1,606,630	1,538,029
Interest income	-	-	397	26,535
Other income - interest on credit sale	-	-	60,878	66,462
Dividend income	-	-	33,153	11,029
Gain on sales of investment in subsidiary	-	-	76,904	-
Service fee	-	-	10,154	9,081
Office rental and service	-	-	6,256	5,927
Interest expense	-	-	270	362
Purchase of raw materials	-	-	6,401	-
<u>Joint venture</u>				
Purchase of raw materials	31,837	16,763	31,837	16,763
Purchase of goods	95,206	-	-	-
Sales of goods	3,006	-	-	-
<u>Related parties</u>				
Sales of goods	-	660	-	-
Service income	1,390	536	-	-
Other income	-	88	-	-
Office rental and service	9,051	8,570	-	-
Service and spare part	86	908	61	898
Purchase of fixed assets	101	-	101	-
<u>Key management personnel compensation</u>				
Short-term employee benefits	54,798	56,453	18,957	19,619
Post-employment benefits	404	383	404	383

Significant balances with the related parties as at 31 December 2017 and 2016 are as follow:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2017	2016	2017	2016
Trade accounts receivable				
Subsidiaries	-	-	533,771	461,132
Joint venture	334,688	227,227	-	34
Total	334,688	227,227	533,771	461,166
Other receivable - trading interest receivables				
Subsidiaries	-	-	13,828	8,752
Other current assets				
Subsidiaries	-	-	534	445
Interest receivables				
Short-term				
Subsidiaries	-	-	3	-
Long-term				
Joint venture	80,990	89,439	-	-
Trade accounts payable				
Joint venture	6,664	9,386	-	5,186
Other accounts payable				
Subsidiary	-	-	299	108
Related parties	211	256	-	106
Total	211	256	299	214

Short-term loan to related party

The balance of short-term loan to subsidiary and the movement during the year is as follows:

(Unit : Thousand Baht)

Borrower	Interest rate (% per annum)	Currency	Principle	Maturity date	Separate F/S			31 December 2017
					31 December 2016	Increase	Decrease	
Seafresh IHQ Company Limited	2.30	Thousand Baht	5,000	20 March 2018	-	5,000	-	5,000

Long-term loans to related party

The balances of long-term loans to joint venture and the movement during the year are as follows :

(Unit : Thousand Baht)

Borrower	Interest rate (% per annum)	Principle (Thousand US dollar)	Maturity date	Consolidated F/S						
				2016	Increase	Decrease	Unrealised loss on exchange rates	Currency translation differences	Allowance for doubtful accounts	2017
Belize Aquaculture Limited	8	13,966	13 April 2018	439,461	-	-	(41,024)	(819)	(49,607)	348,011

Short-term loans to joint venture are classified as long-term loans due to the lender (a subsidiary) has an intention to extend the period of loan repayment to more than one year.

As at 31 December 2017, the subsidiary has cumulatively recognized an allowance for doubtful accounts amounting to Baht 99.92 million (2016 : Baht 54.32 million)

The subsidiary has not recognised interest income from long-term loans to joint venture since 1 January 2016 until loans are settled by the joint venture.

Short-term loans from related party

The balance of short-term loans from subsidiary and the movement during the year are as follows:

					(Unit : Thousand Baht)			
Lender	Interest rate (% per annum)	Currency	Principle	Maturity date	Separate F/S			31 December 2017
					31 December 2016	Increase	Decrease	
Seafresh IHQ Company Limited	0.90	Thousand Baht	92,200	At call	25,000	67,200	(92,200)	-

9. CASH AND CASH EQUIVALENTS

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Cash on hand	124	118	90	90
Deposits held at call with banks	236,534	92,564	8,286	56,180
Total	236,658	92,682	8,376	56,270

The average interest rate on deposits held at call with banks was ranged between 0.04% to 0.90% per annum (2016: 0.04% to 0.90% per annum).

10. TRADE ACCOUNTS RECEIVABLE - NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Trade accounts receivable - general customers	804,474	832,505	90,733	61,098
<u>Less</u> Allowance for doubtful accounts	(15,229)	(17,240)	(15,229)	(17,240)
Trade accounts receivable - general customers - net	789,245	815,265	75,504	43,858
Trade accounts receivable - related parties	334,688	227,227	533,771	461,166
Net	1,123,933	1,042,492	609,275	505,024

The aging analysis of trade accounts receivable is as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
<u>Trade accounts receivable - general customers</u>				
Not yet due	667,564	492,906	42,377	38,417
than 3 months	121,125	309,918	33,127	5,440
3 - 6 months	390	12,388	-	5
6 - 12 months	134	23	-	-
Over 12 months	15,261	17,270	15,229	17,236
Total	804,474	832,505	90,733	61,098
<u>Less</u> Allowance for doubtful accounts	(15,229)	(17,240)	(15,229)	(17,240)
Net	789,245	815,265	75,504	43,858
<u>Trade accounts receivable - related parties</u>				
Not yet due	41,076	227,193	105,751	303,759
than 3 months	61,841	34	317,844	157,407
3 - 6 months	66,018	-	110,176	-
6 - 12 months	38,323	-	-	-
Over 12 months	127,430	-	-	-
Total	334,688	227,227	533,771	461,166
Total Trade accounts receivable - net	1,123,933	1,042,492	609,275	505,024

11. INVENTORIES - NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Finished goods	2,505,544	1,987,477	932,799	753,328
Work in process	768	11	768	11
Goods in transit	-	5,213	-	5,213
Raw materials and packaging supplies	85,868	75,884	25,006	22,316
Chemical and others	1,957	1,096	1,957	1,096
Total	2,594,137	2,069,681	960,530	781,964
<u>Less</u> Allowance for decline in value of inventories	(13,728)	(26,531)	(5,600)	(8,000)
Net	2,580,409	2,043,150	954,930	773,964

The movements in allowance for decline in value of inventories during the year are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Beginning balance	26,531	80,322	8,000	18,000
Increase	11,673	1,300	6,600	1,300
Decrease	(24,489)	(44,063)	(9,000)	(11,300)
Currency translation differences	13	(11,028)	-	-
Ending balance	13,728	26,531	5,600	8,000

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Cost of goods sold	6,587,311	6,536,421	2,938,629	2,824,826
Decrease in allowance	(12,714)	(45,565)	(2,400)	(10,000)
Total cost of sales	6,574,597	6,490,856	2,936,229	2,814,826

12. ASSETS AND LIABILITIES FROM DERIVATIVE INSTRUMENTS

Assets and liabilities from derivative instruments which were recognised in the financial statements are as follows

12.1 Forward exchange contracts receivable - net

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Forward exchange contract	-	-	4,751	1,645
Deferred discount	-	-	(1,698)	(1,040)
Net	-	-	3,053	605

12.2 Forward exchange contracts payable - net

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Forward exchange contract	420	6,108	-	-
Deferred premium (discount)	2,734	(4,407)	-	-
Net	3,154	1,701	-	-

12.3 Asset under derivative for hedging of bond

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Cross currency swap	-	73,970	-	73,970

12.4 Asset under derivative for hedging of long-term loan

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
	2017	2016
Portion due more than one year		
Cross currency swap	672	-

12.5 Liabilities under derivative for hedging of long-term loans

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
	2017	2016
Current portion		
Cross currency swap	1,108	14,016
Portion due more than one year		
Interest rate swap	-	1
Cross currency swap	-	6,722
Total	-	6,723

12.6 Net fair values of derivative financial instruments

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Contracts with positive fair values				
Forward exchange contracts receivable	-	-	4,271	669
Asset under derivative for hedging of bond				
- Cross currency swap	-	70,767	-	70,767
Total	-	70,767	4,271	71,436
Contracts with negative fair values				
Forward exchange contracts payable	689	3,971	-	-
Liabilities under derivative for hedging of long-term loans				
- Interest rate swap	-	38	-	38
- Cross currency swap	128	21,230	128	21,230
Total	817	25,239	128	21,268

The fair values of derivatives are calculated using the rates quoted by the financial institution used by the Group which are based on market conditions existing at 31 December 2017. The fair values are within level 2 of the fair value hierarchy.

13. OTHER CURRENT ASSETS

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Prepaid expense	39,711	38,134	3,977	1,779
Office supplies	3,344	3,915	3,344	3,915
Advance payment	694	822	671	805
Tax coupon	775	1,563	775	1,563
Other	2,211	1,887	5,712	381
Total	46,735	46,321	14,479	8,443

14. RESTRICTED DEPOSITS WITH BANK

Restricted deposits with bank represent fixed deposit of 3 month and 12 month pledged as collateral for the overdraft and short-term loans facilities from financial institutions.

15. INVESTMENTS IN SUBSIDIARIES

		Separate F/S									
		Paid-up capital		Percentage of shareholding direct (%)		Percentage of shareholding direct and indirect (%)		At Cost (Thousand Baht)		Dividend Income (Thousand Baht)	
Currency of investments		31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Seafresh Group (Holdings) Limited	GBP	10,000	10,000	39.00	51.00	51.00	51.00	190	248	22,353	11,029
Sea Farms Limited	GBP	1	1	-	-	51.00	51.00	-	-	-	-
Blue Earth Foods Limited	GBP	3,000	3,000	25.00	25.00	63.25	63.25	36	36	-	-
Sea Farms, Inc.	USD	10,000	10,000	25.00	25.00	58.15	58.15	77	77	-	-
Prochaete Innovation Limited	GBP	100	100	25.00	25.00	42.85	42.85	1	1	-	-
Sea Farms Nutrition Limited	GBP	10,000	10,000	-	-	55.60	55.60	-	-	-	-
Manufacturing Systems Implementation Company Limited	Thousand Baht	3,000	3,000	100.00	100.00	100.00	100.00	3,521	3,521	-	-
Seafresh IHQ Company Limited	Thousand Baht	900,000	900,000	100.00	100.00	100.00	100.00	900,000	900,000	10,800	-
Total								903,825	903,883	33,153	11,029

- 1) The proportion of the voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held except for Prochaete Innovation Limited. The Company has interest only 42.85% but included such subsidiary in the consolidated financial statements because the Company has power to govern the financial and operating policies of this subsidiary through board of director representatives holding voting rights more than 50%.
- 2) On 13 January 2016, Seafresh IHQ Company Limited (SIHQ) increased share capital from 2 million shares to 180 million shares or Baht 10 million to Baht 900 million. The Company invested in all ordinary shares increased of 178 million shares with a par value of Baht 5 per share. The Company has fully paid for share subscription.
- 3) On 19 September 2016, Sea Farms Nutrition Limited was established and registered in United Kingdom (10,000 shares at GBP 1 per share). Shareholders are Seafresh Group (Holdings) Limited and Seafresh IHQ Company Limited holding 60% and 25%, respectively.
- 4) On 14 December 2017, the Board of Director's Meeting No.10/2017 passed a resolution to approve the restructuring of the Group by
 - a. selling of 2,400 common shares in Seafresh Group (Holdings) Limited held by the Company to Seafresh IHQ Limited at GBP 730.202 per share, totaling GBP 1.75 million. Such transaction was already completed on 29 December 2017.
 - b. Seafresh IHQ Limited to purchase of 3,310 common shares (16.55% of paid - up shares capital) in Seafresh Group (Holdings) Limited held by other shareholder at GBP 730.202 per share, totaling GBP 2.42 million. Term of payment is divided into 4 installments payable within December 2019 with interest rate at 2% per annum. The right of such share capital, therefore, transferred on 30 January 2018.

The total non-controlling interests as at 31 December 2017 of is Baht 296.91 million (2016: Baht 241.91 million) of which Baht 292.53 million (2016: Baht 227.85 million) is of Sea Farms Limited which is considered as material non-controlling interests. Set out below are the summarised financial information for aforementioned subsidiary.

Summarised statement of financial position as at 31 December 2017 and 2016

	(Unit : Million Baht)	
	Sea Farms Limited	
	2017	2016
<u>Assets</u>		
Current assets	2,090	1,791
Non-current assets	10	11
Total assets	2,100	1,802
<u>Liabilities</u>		
Current liabilities	1,499	1,165
Non-current liabilities	4	172
Total liabilities	1,503	1,337
Net assets	597	465

Summarised statement of comprehensive income for the year ended 31 December 2017 and 2016

	(Unit : Million Baht)	
	Sea Farms Limited	
	2017	2016
Revenue	3,964	3,980
Profit before income tax	261	357
Income tax expense	43	73
Profit after income tax	201	284
Other comprehensive income	-	-
Total comprehensive income	201	284
Total comprehensive income attributable to non-controlling interests	98	139
Dividends paid to non-controlling interests	16	11

(Unit : Million Baht)

Sea Farms Limited

	2017	2016
Net cash from operating activities	308	221
Net cash used in investing activities	(12)	(125)
Net cash used in financing activities	(287)	(420)
Net cash inflows (outflow)	9	(324)

The information above is the amount before inter-company eliminations.

16. INVESTMENT IN JOINT VENTURE

		Consolidated F/S					
		Percentage of investment (%)		Equity method (Thousand Baht)		At cost (Thousand Baht)	
Paid-up capital		2017	2016	2017	2016	2017	2016
Belize Aquaculture Limited	BZD 13.75 million	50.00	50.00	-	-	9,663	9,663

The Group has no contingent liabilities relating to the Group's interest in the joint venture.

No movements in the Group's investment in joint venture because a subsidiary has fully recognised loss sharing from investment under the equity method.

Summary of financial information of joint venture by investment portion are as follow

	(Unit : Thousand Baht)	
	Belize Aquaculture Limited	
	2017	2016
Cash and cash equivalents	2,374	7,967
Trade accounts receivable and other receivables	5,135	12,874
Inventories	22,257	36,812
Property, plant and equipment	337,869	362,695
Other non-current assets	987	1,314
Total assets	368,622	421,662
Trade accounts payable and other payable	246,697	234,041
Loans	242,930	265,464
Total liabilities	489,627	499,505
Net assets	(121,005)	(77,843)
Revenue	84,689	121,304
Cost of goods sold	(53,866)	(77,853)
Selling and administrative expenses	(80,430)	(97,770)
Loss before income tax	(49,607)	(54,319)
Income tax	-	-
Loss for the year	(49,607)	(54,319)

As at 31 December 2017, the Group has not recognized excess liabilities over investment in joint venture amount of Baht 121 million (2016: Baht 77.80 million) in these financial statements due to the Group has no any commitments on the negative net assets.

17. PROPERTY, PLANT AND EQUIPMENT - NET

(Unit : Thousand Baht)

	Consolidated F/S						
	Land	Buildings, and improvement	Machine, and factory equipment	Office fixtures and supplies	Vehicles	Construction in progress	Total
As at 1 January 2016							
Opening - net book value	172,073	445,100	363,752	64,826	39,518	32,332	1,117,601
Additions	-	1,799	22,313	13,259	22,158	152,473	212,002
Transfer	-	76,774	70,096	1,172	10,719	(158,761)	-
Disposals - net	-	-	-	-	(68)	-	(68)
Write off - net	-	(107)	(966)	(4)	(24)	-	(1,101)
Depreciation	-	(30,796)	(73,782)	(15,226)	(13,667)	-	(133,471)
Currency transaction differences	(12,138)	(43,150)	(30,956)	(8,753)	245	-	(94,752)
Closing - net book value	159,935	449,620	350,457	55,274	58,881	26,044	1,100,211
As at 31 December 2016							
Cost	159,935	989,043	858,450	147,299	106,847	26,044	2,287,618
<u>Less</u> Accumulated depreciation	-	(539,423)	(507,993)	(92,025)	(47,966)	-	(1,187,407)
Net book value	159,935	449,620	350,457	55,274	58,881	26,044	1,100,211

(Unit : Thousand Baht)

Consolidated F/S

	Land	Buildings, and improvement	Machine, and factory equipment	Office fixtures and supplies	Vehicles	Construction in progress	Total
As at 1 January 2017							
Opening - net book value	159,935	449,620	350,457	55,274	58,881	26,044	1,100,211
Additions	-	2,532	93,450	17,969	3,147	34,832	151,930
Transfer	-	7,540	41,425	442	3,499	(52,906)	-
Disposals - net	-	(433)	(1,281)	(7)	-	-	(1,721)
Write off - net	-	-	(77)	(40)	-	-	(117)
Depreciation	-	(33,281)	(75,540)	(13,424)	(15,726)	-	(137,971)
Currency transaction differences	(63)	(254)	(346)	(110)	(38)	-	(811)
Closing - net book value	159,872	425,724	408,088	60,104	49,763	7,970	1,111,521
As at 31 December 2017							
Cost	159,872	997,885	941,290	162,420	110,816	7,970	2,380,253
<u>Less</u> Accumulated depreciation	-	(572,161)	(533,202)	(102,316)	(61,053)	-	(1,268,732)
Net book value	159,872	425,724	408,088	60,104	49,763	7,970	1,111,521

Certain land and buildings are mortgaged as collateral for long - term loans from financial institutions as explained in Note 21.

(Unit : Thousand Baht)

	Separate F/S						Total
	Land	Buildings, and improvement	Machine, and factory equipment	Office fixtures and supplies	Vehicles	Construction in progress	
As at 1 January 2016							
Opening - net book value	103,479	198,792	172,536	10,157	39,193	32,332	556,489
Additions	-	1,520	3,523	3,122	8,522	152,473	169,160
Transfer	-	76,774	70,096	1,172	10,719	(158,761)	-
Disposals - net	-	-	-	-	(68)	-	(68)
Write off - net	-	(107)	(966)	(4)	(24)	-	(1,101)
Depreciation	-	(25,269)	(37,210)	(3,730)	(9,827)	-	(76,036)
Closing - net book value	103,479	251,710	207,979	10,717	48,515	26,044	648,444
As at 31 December 2016							
Cost	103,479	758,918	561,525	56,526	92,698	26,044	1,599,190
<u>Less</u> Accumulated depreciation	-	(507,208)	(353,546)	(45,809)	(44,183)	-	(950,746)
Net book value	103,479	251,710	207,979	10,717	48,515	26,044	648,444

(Unit : Thousand Baht)

Separate F/S

	Land	Buildings, and improvement	Machine, and factory equipment	Office fixtures and supplies	Vehicles	Construction in progress	Total
As at 1 January 2017							
Opening - net book value	103,479	251,710	207,979	10,717	48,515	26,044	648,444
Additions	-	2,533	14,521	3,275	3,147	34,832	58,308
Transfer	-	7,540	41,425	442	3,499	(52,906)	-
Disposals - net	-	(433)	(557)	-	-	-	(990)
Write off - net	-	-	(77)	(40)	-	-	(117)
Depreciation	-	(28,321)	(47,321)	(4,167)	(11,819)	-	(91,628)
Closing - net book value	103,479	233,029	215,970	10,227	43,342	7,970	614,017
As at 31 December 2017							
Cost	103,479	768,017	566,891	57,088	96,682	7,970	1,600,127
<u>Less</u> Accumulated depreciation	-	(534,988)	(350,921)	(46,861)	(53,340)	-	(986,110)
Net book value	103,479	233,029	215,970	10,227	43,342	7,970	614,017

18. INTANGIBLE ASSETS - NET

(Unit : Thousand Baht)

	Consolidated F/S		
	Customer relationship	Computer software	Total
As at 1 January 2016			
Opening - net book value	-	12,130	12,130
Additions	-	6,783	6,783
Amortisation	-	(6,473)	(6,473)
Currency transaction differences	-	(596)	(596)
Closing - net book value	-	11,844	11,844
As at 31 December 2016			
Cost	20,697	39,348	60,045
<u>Less</u> Accumulated amortisation	(20,697)	(27,504)	(48,201)
Net book value	-	11,844	11,844
As at 1 January 2017			
Opening - net book value	-	11,844	11,844
Additions	-	6,173	6,173
Amortisation	-	(2,997)	(2,997)
Currency transaction differences	-	(14)	(14)
Closing - net book value	-	15,006	15,006
As at 31 December 2017			
Cost	20,674	45,496	66,170
<u>Less</u> Accumulated amortisation	(20,674)	(30,490)	(51,164)
Net book value	-	15,006	15,006

(Unit : Thousand Baht)

Separate F/S

Computer software

As at 1 January 2016

Opening - net book value	6,748
Additions	234
Amortisation	(1,981)
Closing - net book value	5,001

As at 31 December 2016

Cost	16,795
<u>Less</u> Accumulated amortisation	(11,794)
Net book value	5,001

As at 1 January 2017

Opening - net book value	5,001
Additions	266
Amortisation	(2,028)
Closing - net book value	3,239

As at 31 December 2017

Cost	17,060
<u>Less</u> Accumulated amortisation	(13,821)
Net book value	3,239

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

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Bank overdrafts	26,240	1,702	4,316	1,590
Short-term loans from financial institutions	1,346,622	966,083	405,200	366,800
Total	1,372,862	967,785	409,516	368,390

Bank overdrafts and short - term loans facilities bear interest rates at 2.0% to 2.8% per annum and are collateralised by bank deposits of the Company as mentioned in Note 14.

As at 31 December 2017, the Group has unutilised short-term credit facilities amounting to Baht 1,816 million (2016: Baht 1,917 million).

20. ACCRUED EXPENSES

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Accrued salary and bonus	19,844	26,610	13,217	13,102
Accrued consulting expense	2,420	2,500	207	1,303
Accrued utilities expense	6,594	5,230	6,647	5,230
Accrued transportation and warehouse expense	9,275	9,803	1,582	1,211
Accrued promotional expense	669	11,242	-	15
Accrued product development	-	562	-	562
Others	52,480	54,406	11,049	5,207
Total	91,282	110,353	32,702	26,630

21. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

					(Unit : Thousand Baht)			
Loans	Principals	Term (years)	Maturity	Repayment	Consolidated F/S		Separate F/S	
					2017	2016	2017	2016
1	USD 10 million	5	April 2018	3 Months installments of USD 0.5 million	-	108,008	-	108,008
2	Baht 300 million	5	March 2018	Quarterly installments of Baht 15 million	15,000	75,000	15,000	75,000
3	Baht 100 million	3	April 2017	3 Months installments of Baht 8.33 million	-	16,700	-	16,700
4	Baht 200 million	5	July 2020	Quarterly installments of Baht 10 million	100,000	140,000	100,000	140,000
5	GBP 3 million	4	July 2020	Monthly installments of GBP 62,500	65,870	116,020	-	-
6	GBP 2.2 million	5	July 2021	Monthly installments of GBP 18,313	82,899	92,994	-	-
7	GBP 0.8 million	5	July 2021	Monthly installments of GBP 13,680	25,942	33,211	-	-
Total					289,711	581,933	115,000	339,708
<u>Less</u> Current portion					(104,877)	(238,638)	(55,000)	(188,705)
Portion due more than one year					184,834	343,295	60,000	151,003

The Company's loans bear interest rate at 4% to LIBOR plus 3.15% per annum and the subsidiaries' loans bear interest rate at 2.5% to 4.0% above base rate per annum. The Group must comply with the covenants in the contracts.

During the year, subsidiaries got waiver of loan covenant from the Bank. Therefore, the Group classified long-term loans as normal condition.

The subsidiaries' loans are collateralised by the mortgaged of land with building and assets of subsidiaries.

Movements in long-term loans are summarised below

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Opening balance	581,933	792,134	339,708	710,881
<u>Add</u> Additional loans	-	287,688	-	-
Interest payable	-	2,856	-	-
<u>Less</u> Repayments	(291,952)	(462,720)	(224,708)	(370,420)
Unrealised gain from exchange rate	-	(753)	-	(753)
Currency translation differences	(270)	(37,272)	-	-
Ending balance	289,711	581,933	115,000	339,708

The interest rate exposure on the borrowings is as follows

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Loans				
At fixed interest rates	-	16,700	-	16,700
At floating interest rates	289,711	565,233	115,000	323,008
Total Loans	289,711	581,933	115,000	339,708

The carrying amounts and fair values of certain long-term loans are as follows

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Book Value	289,711	581,933	115,000	339,708
Fair Value	289,711	581,933	115,000	339,708

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The fair values of long-term loans from financial institutions which bear fixed interest rate are based on discounted cash flows using a discount rate based upon the market borrowing rate which has credit rating similar to the Group's borrowing and are within level 2 of the fair value hierarchy in Note 7.

Maturity of long-term loans is as follows

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Between 1 and 2 years	194,644	379,573	95,000	279,708
Between 2 years and 5 years	95,067	202,360	20,000	60,000
	<u>289,711</u>	<u>581,933</u>	<u>115,000</u>	<u>339,708</u>

22. BONDS - NET

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Bonds	1,000,000	500,000	1,000,000	500,000
<u>Less</u> Finance costs in bonds issuing	(2,113)	(1,271)	(2,113)	(1,271)
Bonds - net	<u>997,887</u>	<u>498,729</u>	<u>997,887</u>	<u>498,729</u>

Movements in bonds are summarised below

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Opening balance	498,729	-	498,729	-
Issue of bond	500,000	500,000	500,000	500,000
Finance costs on bonds issuing	(1,450)	(2,061)	(1,450)	(2,061)
Amortised finance costs	608	790	608	790
Ending balance	<u>997,887</u>	<u>498,729</u>	<u>997,887</u>	<u>498,729</u>

Details of bonds are as follows

Issuance Date	Type of Bond	Amount (Million Baht)	Per value and Offering prices per unit	Term (Years)	Interest rate * (% per annum)
1. 24 - 26 May 2016	Unsubordinated and unsecured bong	500	Baht 1,000	5	4.30
2. 9 November 2017	Unsubordinated and unsecured bong	500	Baht 1,000	3	3.60

* Interest is repayable every 6 months.

Such bonds were issued with covenants relating to general matters including the maintenance of financial ratio of the consolidated financial statements as at the end of each year.

The Group disclosed fair values of bond which bear fixed interest rate as following

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Book Value	997,887	498,729	997,887	498,729
Fair Value	1,005,555	497,307	1,005,555	497,307

The fair value of bond which bear fixed interest rate is based on discounted cash flow using discount rate upon the bond rates at the date of the financial statements. The rates range from 3.54% to 4.42% per annum. The fair value is within level 2 of the fair value hierarchy.

23. EMPLOYEE BENEFITS OBLIGATION

Movements in employee benefits obligations for the years ended 31 December 2017 and 2016 are as follows

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Employee benefits obligation at beginning of year	47,658	32,051	46,050	32,051
Current service cost	5,712	10,870	5,417	10,386
Interest cost	1,293	1,181	1,249	1,145
Remeasurement - actuarial loss	-	4,510	-	4,510
Benefits paid during the year	(1,598)	(954)	(1,598)	(954)
Transfer to subsidiaries	-	-	-	(1,088)
Employee benefits obligation at ending of year	53,065	47,658	51,118	46,050

Assumptions to estimate the actuarial valuation date are as follows

	Consolidated and Separate F/S	
	2017	2016
Discount rate (% per year)	2.8	2.8
Inflation rate (% per year)	3.0	3.0
Future salary increase rate (Depending on age range) (% per year)	4.0 - 12.0	4.0 - 12.0

For the years ended 31 December 2017 and 2016, provision for employee benefit expenses included in the profit or loss is as follows

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Current service cost	5,712	10,870	5,417	10,386
Interest cost	1,293	1,181	1,249	1,145
Total expenses recognised in profit or loss	7,005	12,051	6,666	11,531

Amount recognized in other comprehensive income related to defined benefit plans are as follows:

		(Unit : Thousand Baht)	
		Consolidated and Separate F/S	
		2017	2016
Actuarial loss from :			
- changes in demographic assumptions		-	299
- changes in financial assumptions		-	3,415
- experience adjustment		-	796
Total expenses recognized in other comprehensive income		-	4,510

All expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in the statement of profit or loss and other comprehensive income.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

		(Unit : Thousand Baht)			
		Consolidated F/S		Separate F/S	
		2017		2017	
		Increase	Decrease	Increase	Decrease
		1%	1%	1%	1%
Discount rate					
Increment (decrement) of employee benefit		(3,716)	4,213	(3,716)	4,213
Salary growth rate					
Increment (decrement) of employee benefit		5,156	(4,600)	5,156	(4,600)
Employee turnover					
Increment (decrement) of employee benefit		(3,728)	4,506	(3,728)	4,506

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2016		2016	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate				
Increment (decrement) of employee benefit	(3,587)	4,072	(3,587)	4,072
Salary growth rate				
Increment (decrement) of employee benefit	4,442	(3,977)	4,442	(3,977)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Employee turnover				
Increment (decrement) of employee benefit	(3,253)	3,891	(3,253)	3,891

As at 31 December 2017, expected maturity of employee benefits obligation before discount are as follow :

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Within one year	5,046	5,046
Between 2 - 5 years	18,883	18,883
Between 6 - 10 years	103,437	103,437
Total	127,366	127,366

Amounts under benefit obligations for the current year and previous two years are as follows

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
2017	53,065	51,118
2016	47,658	46,050
2015	32,051	32,051

24. INCOME TAX

Applicable tax rates for the Group are as follows

	Tax rate (%)	
	2017	2016
Income tax under the Revenue Code of the Separate and subsidiary in Thailand	10, 20	10, 20
Corporate income tax in foreign countries	19.25	20

24.1 Deferred tax assets and tax liabilities

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Deferred tax assets	21,505	14,392	14,000	14,000
Deferred tax liabilities	(30,120)	(29,067)	-	-
Net	(8,615)	(14,675)	14,000	14,000

The change in deferred tax assets and liabilities are as follows

	(Unit : Thousand Baht)				
	Consolidated F/S				31 December 2017
	1 January 2017	Statement of profit or loss	Shareholders' equity	Currency translation differences	
Parent company					
<u>Deferred tax assets from</u>					
Loss carried forward	14,000	-	-	-	14,000
Subsidiaries					
<u>Deferred tax assets from</u>					
Forward exchange contracts	392	663	-	-	1,055
Loss carried forwards	-	6,408	-	42	6,450
Total	392	7,071	-	42	7,505
<u>Deferred tax liabilities from</u>					
Difference from depreciation rate	(29,067)	(1,079)	-	26	(30,120)
Net - Subsidiaries	(28,675)	5,992	-	68	(22,615)
Net	(14,675)	5,992	-	68	(8,615)

(Unit : Thousand Baht)

	Consolidated F/S			
	1 January 2016	Statement of profit or loss	Shareholders' equity	Currency translation differences
Parent company				
<u>Deferred tax assets from</u>				
Loss carried forward	14,000	-	-	-
				14,000
Subsidiaries				
<u>Deferred tax assets from</u>				
Forward exchange contracts	-	392	-	-
				392
<u>Deferred tax liabilities from</u>				
Difference from				
depreciation rate	(36,933)	1,444	-	6,422
				(29,067)
Net – Subsidiaries	(36,933)	1,836	-	6,422
				(28,675)
Net	(22,933)	1,836	-	6,422
				(14,675)

Deferred tax assets are recognised for tax loss carried forward only to the extent that realisation of the related tax benefit through the future taxable profits is probable. Unrecognised deferred tax assets in the Consolidated and Separate F/S is Baht 53 million.

24.2 Income tax expenses recognised in the statements of profit or loss for the years ended 31 December 2017 and 2016 are as follows

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Current tax	50,738	103,037	-	-
Deferred tax	(663)	(392)	-	-
Total	50,075	102,645	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country is as follows

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Profit before tax	109,900	495,079	15,633	65,701
Tax calculated at a tax rate of 20% (2016 : 20%)	21,980	99,016	3,126	13,140
Tax effect of:				
Profit under BOI privilege	-	(17,894)	-	(13,415)
Revenue granted income tax exemption and expenses that are deductible at a greater amount	(15,588)	(643)	(6,670)	(198)
Impact of intercompany transactions	31,749	9,142	-	-
Change in tax rate	(2,849)	(1,872)	-	-
Unrecognised temporary differences	1,600	(5,436)	1,562	(5,570)
Expenses not deductible for tax purpose	9,366	10,059	47	58
Utilisation of previously unrecognised tax losses	(14,007)	-	(13,592)	-
Adjustment in respect of prior year	(7,201)	1,956	-	-
Unrecognised current year loss as deferred tax assets	25,025	8,317	15,527	5,985
Tax charged	50,075	102,645	-	-

25. OTHER INCOME

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Interest income	272	568	630	27,031
Dividend received	-	-	33,153	11,029
Income from sale of by products	13,051	11,300	13,051	11,300
Compensation from export duty	1,916	4,574	1,916	4,574
Interest income from credit sale	-	-	60,878	66,462
Income from sales of scrap	2,469	1,058	2,469	1,058
Gain on sales of equipment	414	4,039	414	4,039
Gain on sales of investments in subsidiary	-	-	76,904	-
Others	9,105	10,150	10,428	10,405
Total	27,227	31,689	199,843	135,898

26. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2017	2016	2017	2016
Salaries and wages and other employee				
Benefits	983,690	986,954	519,835	465,968
Depreciation and amortisation expenses	140,968	139,943	93,656	78,016
Raw materials and consumable supplies used	5,862,799	4,903,824	2,569,392	2,129,207
Logistic expenses	132,477	148,233	52,908	53,352
Utilities expenses	120,966	108,083	92,383	73,086
Warehouse expenses	67,034	48,466	3,064	3,952
Maintenance expenses	55,172	49,384	34,823	27,183
Rental expenses from operating lease				
Agreements	26,254	11,654	9,016	7,622
Changes in finished goods and				
work in process	(518,824)	379,009	(180,228)	171,938
Reversal for decline in value of inventories	(12,714)	(46,325)	(2,400)	(10,760)

27. OPERATING SEGMENT

The Group presents the operating segments by geographical area. Segment information is presented in respect of the Group operating segments which are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the board of directors. The board of directors reviews the Group's internal reporting regularly in order to assess the performance and allocate resources. The board of directors measures the business based on a measure of segment profit before tax, which is derived on a basis that is consistent with the measurement of profit in the consolidated information preparation.

Operating segments are defined as components of the Group about which segment financial information is available by a segment basis that is evaluated regularly by the board of directors.

The information of operating segment for the years ended 31 December 2017 and 2016 is as follows

(Unit : Thousand Baht)

	Consolidated F/S							
	Overseas operation		Thailand operation		Elimination		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from sales and services - third parties	5,988,795	6,064,232	1,505,924	1,522,613	-	-	7,494,719	7,586,845
Revenues from related parties	6,401	-	1,674,560	1,600,718	(1,680,961)	(1,600,718)	-	-
Total revenues	<u>5,995,196</u>	<u>6,064,232</u>	<u>3,180,484</u>	<u>3,123,331</u>	<u>(1,680,961)</u>	<u>(1,600,718)</u>	<u>7,494,719</u>	<u>7,586,845</u>
Interest income	-	11	272	27,065	-	(26,508)	272	568
Interest expenses	144,371	165,468	47,138	55,464	(130,668)	(130,814)	60,841	90,118
Depreciation and amortisation expenses	47,215	61,847	93,753	78,096	-	-	140,968	139,943
Segment profit before income tax	<u>207,788</u>	<u>414,252</u>	<u>(72,884)</u>	<u>89,407</u>	<u>(25,004)</u>	<u>(8,580)</u>	<u>109,900</u>	<u>495,079</u>
Total assets	3,900,946	3,349,435	3,120,381	3,032,930	(1,405,678)	(1,381,218)	5,615,649	5,001,147
Increase (decrease) of non-current assets of segment	(49,323)	(74,772)	(105,311)	165,935	-	(115)	(154,634)	91,048
Total liabilities	3,197,915	2,768,891	1,644,545	1,354,448	(1,393,500)	(1,368,544)	3,448,960	2,754,795

Major customers

For the year ended 31 December 2017, the Group's revenue from sales of products from external major customer amounting to Baht 1,883.97 million.

28. EARNINGS PER SHARE

Earnings per share is calculated by dividing profit for the year attributable to shareholders of the Company, excluding other comprehensive income, with the sum of weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing profit for the year attributable to shareholders of the Company, excluding other comprehensive income, with the sum of weighted average number of ordinary shares outstanding during the year and weighted average number of ordinary shares in the Company may be issued to converse diluted share into common stock. The calculation assumes that the conversion into ordinary shares occurs at the beginning of the year or on the date the potential ordinary shares.

The calculation of earnings per share, basic and diluted earnings per shares is as follows

Consolidated F/S						
	Profit for the year (Thousand baht)		Weighted average common stock (Thousand shares)		Profit per share (Baht)	
	2017	2016	2017	2016	2017	2016
Basic earnings per share						
Profit (loss) attributable to equity holders of the parent company	(8,138)	257,810	463,550	463,550	(0.02)	0.56
Potential effect of dilutive ordinary shares						
Warrants	-	-	-	-		
Diluted earnings per share						
Profit (loss) of ordinary shareholder assuming the exercise of warrants	(8,138)	257,810	463,550	463,550	(0.02)	0.56
Separate F/S						
	Profit for the year (Thousand baht)		Weighted average common stock (Thousand shares)		Profit per share (Baht)	
	2017	2016	2017	2016	2017	2016
Basic earnings per share						
Profit attributable to equity holders of the parent company	15,633	65,701	463,550	463,550	0.03	0.14
Potential effect of dilutive ordinary shares						
Warrants	-	-	-	-		
Diluted earnings per share						
Profit of ordinary shareholder assuming the exercise of warrants	15,633	65,701	463,550	463,550	0.03	0.14

29. SHARE CAPITAL

As at 31 December 2017, total authorised number of shares is 485.695 million shares, included 22.145 million warrants (ESOP warrants No. 3) with a par value of Baht 1 per share (2016: 485.695 million shares with a par value of Baht 1 per share). All 463.550 million shares were issued and fully paid-up with the share premium of Baht 799.228 million.

Warrants

On 2 July 2015, the Company issued 22,145,000 warrants (ESOP warrants No. 3), to subscribe to the Company's ordinary shares. These warrants will be allotted to the Company's directors and employees. The warrants is exercisable within four years with expiry date on 2 July 2019. The exercise ratio is 1 warrant to 1 new ordinary share with Baht 12 exercise price. The first exercise date is on 2 July 2016.

The exercise periods are:

- 1st month to 12th month, directors and employees have no right to buy common stocks.
- 13th month to 24th month, an individual can exercise up to one-third of the total warrants allocated to him.
- 25th month to 36th month, an individual can exercise up to the additional two-third of the total warrants allocated to him.
- 37th month to 48th month, any remaining warrants can be exercised.

The ESOP warrants have not yet listed on the Stock Exchange of Thailand.

30. LEGAL RESERVE

Legal reserve represents the reserve which the Company appropriated under the provisions of the Public Limited Companies Act B.E. 2535, which requires the Company to appropriate at least 5% of its net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve reaches 10% of the authorised share capital. This reserve is not available for dividend distribution.

31. DIVIDEND PAID

At the 2017 Annual General Meeting of the Company's shareholders held on 27 April 2017, the shareholders passed a resolution to pay cash dividend of Baht 0.28 per share, totaling Baht 129.58 million. The dividend was paid on 17 May 2017.

At the 2016 Annual General Meeting of the Company's shareholders held on 28 April 2016, the shareholders passed a resolution to pay cash dividend of Baht 0.55 per share, totaling Baht 254.87 million. The dividend was paid on 17 May 2016.

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 to 3 years. Future minimum lease payments under these non-cancellable operating lease contracts are as follows :

	(Unit : Million Baht)	
	2017	2016
Within 1 year	15	16
Over 1 and up to 3 years	5	4

The subsidiaries have entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 to 5 years. Future minimum lease payments under these non-cancellable operating lease contracts are as follows :

	(Unit : Thousand GBP)	
	2017	2016
Within 1 year	156	150
Over 1 and up to 5 years	188	263

32.2 Capital commitments

As at 31 December 2017, the Company has capital commitments in respect of purchases of machines and equipment amounting to Baht 3.5 million (2016: Baht 1.80 million).

32.3 Bank guarantees

	Consolidated and Separate F/S	
	2017	2016
US Customs bond	USD 0.3 million	USD 0.2 million
Electricity guarantee	Baht 8.3 million	Baht 8.3 million
Purchase raw material	-	Baht 10 million
Import / export guarantee - Customs Dept.	Baht 1 million	Baht 1 million

33. PROMOTIONAL PRIVILEGES

The Company has been granted various promotional privileges by the Board of Investment under the Investment Promotion Act. B.E. 2520 Details of the promotion certificates are as follows:

Certificate No.	Certificate's date	The promoted business	Date of first earning operating income
1739(3)/2550	4 June 2007	The manufacture of frozen processed or semi-processed products.	1 July 2011
1740(2)/2550	20 June 2007	The manufacture of frozen seafood products.	1 July 2011
1070(2)/2557	9 January 2014	The manufacture of frozen seafood products.	No revenue in the present
1075(3)/2557	10 January 2014	The manufacture of semi-processed product and frozen product	No revenue in the present

Subject to certain imposed conditions, the privileges granted include the following:

- a) Permission to own land in order to carry on the promoted activities, as deemed appropriate by the Board of Investment.
- b) Exemption from import duty on machinery imported for use in production, as approved by the Board.
- c) Exemption from corporate income tax on net profit for a period of eight years commencing as from the date of first earning income from the promoted operation. (Exemption certificate no. 1740(2)/2550 and 1070(2)/2557 not exceed 100 percent of investment).
- d) Exemption from income tax on dividends paid from the profit of the promoted operation, for a period of eight years.
- e) Permission to deduct costs of installation or construction of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.

The Company's operating revenues for the years ended 31 December 2017 and 2016 divided into promoted and non-promoted operations are as follows :

	(Unit : Thousand Baht)		
	Promoted business	Non - promoted business	Total
<u>2017</u>			
Sales			
Domestic sales	5,260	19,059	24,319
Export sales	2,901,852	153,639	3,055,491
Total sales	<u>2,907,112</u>	<u>172,698</u>	<u>3,079,810</u>
<u>2016</u>			
Sales			
Domestic sales	9,449	6,260	15,709
Export sales	2,814,339	217,249	3,031,588
Total sales	<u>2,823,788</u>	<u>223,509</u>	<u>3,047,297</u>

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements are authorised for issuance by the Board of Directors on 27 February 2018.



Awards and Prestigious Prizes



SET Sustainability Awards

The Best Sustainability Awards 2016-2017

Market Capitalization 3,000-10,000 Million Baht



Excellent CG Scoring 2017

Top Quartile in Market Capitalization

3,000-9,999 Million Baht



The Excellent Establishment Awards

on Labour Relations and Welfare 2017

National Level



The Outstanding Establishment Awards

in Labour Skill Development

for 5 consecutive years



Seafresh Industry Public Company Limited

บริษัท ซีเฟรชอินดัสตรี จำกัด (มหาชน)



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โทรศัพท์: 0 7752 1321-3 โทรสาร 0 7752 1007
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