



WE PUT OUR CARES TO SERVE THE QUALITY

# ANNUAL REPORT 2016

Thai Luxe Enterprises Public Company Limited

ISO 9001:2008, ISO 14001:2004, GMP, HACCP  
Tel. (032) 447-681-8/Fax. (032) 447-689/[www.thailuxe.com](http://www.thailuxe.com)

### **Vision, Mission and Corporate Values;**

The Company has its vision as a producer and distributor of aquatic animal feeds and pet animals with an emphasis of the quality of products, services and operations under an international standard and its commitments to create future with new businesses for its continuous and sustainable growth.

Besides animal feed business, the company has a policy to generate sustainable income for long-term returns to shareholders by investing in geothermal electricity generating projects in Japan as the company foresees that investing in the fundamental public utility business is worthwhile and will ensure good return in the long run. Geothermal electricity generating is clean and environmental friendly, the project further receives Japanese government's support.

### **Mission:**

1. Emphasize maximum profits and cash flow from business operations;
2. Enhance sustainable business growth;
3. Continuously develop working systems and processes for corporate efficiency
4. Develop human resources to obtain more knowledge and working capacities and creative thinking;
5. Maintain good relationships and create satisfactions to customers and trading partners;
6. Take corporate social and environmental responsibilities under the principles for good governance and ethical practice, which shall lead to sustainable development;

### **Corporate Values "Quality Prioritized, All Processes in Our Sights"**

#### **1. Integrity:**

Adhered to the principle of corporate governance, honesty and common interest (rather than personal interest);

#### **2. Discipline;**

Be disciplined and adhered to duties and committed to learning of new things;

#### **3. Quality;**

Focused on the quality and services, devote oneself to professional performance of work, maintain the standard and create satisfactions to business-related parties;

#### **4. Improvement;**

Committed to creating performances and continuous development of innovation and excellent performances;

#### **5. Engagement;**

Devoted oneself for common interest, having teamwork skills for creation of performances;

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Investor can learn more company information form Annual information form 56-1 which has been shown at [www.sec.co.th](http://www.sec.co.th) or the company website.



## Message from the Board of Directors

In 2016, Thailand's shrimp industry was in recovery stage from a shrimp disease impacting the overall industry, from upstream to downstream. In the past year, the company was engrossed and focused on producing quality products in order to strengthen its middle stream business in the industry. Meanwhile, the Thai fishery industry continued to remain stable or increase slightly from the impact of external factors such as the drought that led to insufficient water to raise fish. The flooding in the South at end of the year had adversely impacted fish farmers who raised fish in coops in several areas.

To ensure stability and growth of the organization, the company continued to develop its business to enhance diversity appropriate to global economic situation. It remained focused on producing high quality animal feed, both for aquatic and domesticated animals. It has altered sales strategy by restructuring management in order to improve customers' satisfaction of its products and services. To ensure industry sustainability, the company organized technical seminars to impart knowledge and technology in raising domesticated animals to farmers all over the country. In the past year, the company continued to initiate new projects and business such as research projects to add value to existing products and the investment in geothermal electricity generating plants in Japan which have partially generated commercial income in 2016.

At the same time, the company is aware and concerned with the environment by initiating the fishery school and Thailuxe graduates projects which have been in operation for more than 8 years in order to promote and foster the occupation in line with the 'Sufficiency Economy' philosophy for the future. On good corporate governance front, the company demonstrated its commitment to this practice by joining the 'Private Sector Collective Action Coalition against Corruption (CAC)', a private sector-led alliance to counter corruption (CAC) and incorporated this ideology in its culture that everyone must strictly abide by for the sake of transparency in doing business and create trust and confidence of the company's stakeholders.

The company's Board of Directors would like to commend the management and staff at every level who have given their devotion to perform their work in order that the company could overcome obstacles and challenges for the benefits of all stakeholders



ACM Pitthaporn Glinfueng

Chairman of the Board of Directors

On behalf of the Board of Directors



## Message from Audit Committee

The Board of Directors of Thai Luxe Enterprise Public Co., Ltd., appointed the Audit Committee as per resolutions of the Board of Directors. All directors had proper qualifications as prescribed by the Stock Exchange of Thailand (SET); and the Board of Directors determined components of the qualifications and term in office of the Audit Committee that consisted of only 3 independent directors who had experiences in management, investment, finance, accounting and auditing, i.e., Dr. Denchai Akaradejdechachai, as Chairman; Mr. Teerawit Tanakijsoontorn and Mrs. Natee Chuansanit as Directors. The Audit Committee had its powers, duties and responsibilities as specified in writing in the Charter of the Audit Committee.

In the accounting period of 2015, the Audit Committee operated its duties independently and completely as assigned; and convened meetings with the Management, auditors and heads of the internal audit units as per the related agenda, which was summarized, as follows:

- The Audit Committee reviewed the quarterly and annual financial statements with auditors to ensure the compliance with the Generally Accepted Accounting Principles (GAAP) for their correctness, completeness, reliability and in conformity with the related laws and announcements;
- The Audit Committee considered, recommended, audited the work plans, supervised and conducted its quarterly and annual internal audit and followed up the correction of errors from audits by the internal auditor and the auditors, and recommended on supervision and internal audit for more efficiency and in accordance with rules and regulations prescribed by external regulatory authorities and by the Company and that they had met professional standards; moreover, the Audit Committee ensured that the assessment of the internal control system of the Company was adequate and proper and it also supported the independence of regulatory and internal audit units.
- The Audit Committee considered and fixed the audit fees and nominated an auditor to the Board of Directors to be proposed to the Shareholders' Meeting for consideration and approval. Moreover, the Audit Committee convened meetings with the auditors without the Management's attendance to consider recommendations on the internal control system and the annual audit plans of the Company and group companies.
- The Audit Committee reviewed the Charter of the Audit Committee to ensure that the performance of works in the previous year was complete as assigned and that duties and responsibilities of the Audit Committee were in conformity with the Code of Conduct of the Stock Exchange of Thailand (SET);
- The Audit Committee evaluated the assessment form of adequacy of the internal control system in accordance with the concepts of COSO (Committee of Sponsoring Organizations of the Tread Way Commission). This assessment form was used as guidelines for assessment or review of adequacy of the internal control system. The availability of good internal control system was essential to the listed companies or public companies and enabling companies to prevent, manage and handle potential risks and damage to the Company and its stakeholders.
- The Audit Committee established the whistleblower system in the Company for more efficiency and for providing an easy and convenient channel for its stakeholders to give data to the Audit Committee directly and confidentially;
- The Audit Committee invited the Management to attend meetings for discussions and sharing of ideas continuously and to acknowledge the amendment of work rules and regulations of the Company for efficient performance of duties and for keeping up with potential changes;
- The Audit Committee reviewed with the Management relating to the risk management policy, compliance with policies and guidelines for risk management of the Company and also consider the disclosure of the Company's data, in case, there were related transactions or transactions with potential conflicts of interest, thus, for correctness and completeness;

In summary, the Audit Committee considered that, in the previous year, the Company has provided its financial reports and has carefully disclosed its adequate data in accordance with the Generally Accepted Accounting Principles (GAAP) and that the Company had effective risk management system and internal control system as well as corporate governance system and had adequate independence in favor of all stakeholders and that the Company's operations were in accordance with the laws governing securities and exchange, requirements of the stock exchange or laws relating to the Company's business.



Dr. Denchai Akaradejdechachai  
Chairman of the Audit Committee  
On behalf of the Audit Committee.

## Financial Information

|                      |         | 2016          | 2015            | 2014          |
|----------------------|---------|---------------|-----------------|---------------|
| Sales                | (Baht)  | 2,240,181,809 | 1,702,614,745   | 2,155,625,811 |
| Gross Profit (Loss)  | (Baht)  | 232,314,148   | (44,635,886)    | (9,301,452)   |
| Earning per Share    | (Baht)  | 0.42          | (0.08)          | (0.02)        |
| Total Asset          | (Baht)  | 3,569,307,914 | 2,309,420,401   | 1,666,256,279 |
| Total Liabilities    | (Baht)  | 1,749,962,003 | 715,319,411     | 337,099,523   |
| Shareholders' Equity | (Baht)  | 1,819,345,911 | 1,594, 100, 990 | 1,329,156,756 |
| Book Value           | (Baht)  | 3.23          | 2.83            | 2.97          |
| Return on Asset      | (%)     | 6.51          | (1.93)          | (0.62)        |
| Return on Equity     | (%)     | 12.77         | (2.80)          | (0.80)        |
| Debt to Shareholders | (times) | 0.96          | 0.45            | 0.25          |
| Dividend Yield       | (%)     | 0.00          | 0.00            | 0.00          |
| P/E Ratio            | (times) | 0.00          | 0.00            | 0.00          |

Notice: In 2014, the Company did not classify of income from the sale of frozen food into discontinued operations, as same as 2015 and 2016 (the abolition was Thai Luxe Food Products Co., Ltd.



## Business Overview

The company is determined to develop its full-cycle business along the strategic line of FEED-FARM-FUTURE. That is to operate the principal business of producing aquatic feed to be divided into the production of shrimp.

And fish feed and pet food company operate the company established the research and development center and invested new business interested in new business that generates good returns and growth for the company (Future) such as the geothermal electricity generating business in Japan.

Thai Luxe Enterprises PCL. was incorporated on 11 June 1987 with registered capital of 20 million Baht with the objective to operate the business of import of aquatic feeds for distribution and the business of tiger prawn culture. Subsequently, the business expanded to the production of shrimp feed and fish feed for distribution and signed contract in 2015 for pet food production to expand business growth in the future. In order to develop new business for future growth, at end of 2015, the company invested in geothermal electricity generating business at Beppu, Japan and started to recognize revenues since the middle of 2016.

Originally the company had only shrimp feed and fish feed production factory alone, that is, Samutsongkram Factory. Later in 1999, the company expanded the business through opening a new factory in Phetchaburi province and discontinued the production of shrimp feed line in Samutsongkram Factory and then relocated the whole shrimp feed production line to Phetchburi Factory. Subsequently in 2004, the company started the fish feed

production line in Phetchaburi factory and stopped the production line of fish feed in Samutsongkram factory, thereby Samutsongkram factory did not produce any goods at all. However, the company permitted Thai Luxe Food Products Company Limited (former name SMP Food Products Company Limited), which at that time was the associated company to lease the cold storage as the company then did not find it necessary to use the said cold storage. Later then in 2015, we got grand opening new feed factory in Songkhla Province to support the production of aquatic animal feeds and pet food for our Southern clients and exporting to neighboring countries.

The company frozen processed shrimp product business with increased investment in Thai Luxe Food Products Company Limited (former name SMP Food Products Company Limited), which operates the business of production and distribution of frozen processed shrimp food products for export and domestic distribution.

In August 2015, The company sells its investment in Tluxe food Product co.,Ltd. To Nippon Pack (Thailand)PLC. In the promotion of 45 % paid up capital and in September 2015, the company expanded investment in fast food business by registering a associate company, NPP Food Incorporation Co., Ltd., or “NPP Food” to assume the rights to manage A&W fast food business and any food related ventures in the future. NPP Food is 45% owned by the company and 55% by Nippon, of paid-up capital. In 2016, Nippon proposed to purchase all the shares of NPP Food and Thailuxe Food.



In July 2016, The company considered that it should engage in other business in order to diversify the risk away from food business which is highly competitive. As a result, it sold all the shares in Thailuxe and NPP Food to Nippon to focus on geothermal power whilst diversifying the risk away from animal feed business.

The company invested in Thai Demeter Co., Ltd. "Thaidee" in 2013 with 100% ownership to engage in trading business in order to generate supplemental income. The business started with the selling of raw material for making animal feed, agricultural raw material for small animal feed producers and small farmers which do not have bargaining power against raw material suppliers. Later on, Thaidee expanded into the trading of agricultural products.

At the end of 2015, the company invest in geothermal power project in Japan by acquiring the business of PPSN Co., Ltd., a Japanese juristic entity, which owned four geothermal power units. The company was able to recognize revenues from two of the four units

Later on in 2016, the company acquired the business of Sumo Power Co., Ltd. (Sumo), a Japanese juristic entity, which operates 8 geothermal electricity generating units.

The company entered an associate with Setouchi Natural Energy Co., Ltd. (Setouchi) which is a specialist in operating geothermal electricity generating plants. A new company, M-Luxe Energy Co., Ltd. (M-Luxe), a Japanese juristic entity, was established with PPSN holding 25% in M-Luxe and

Setouchi ,75%. Registered capital is 10 million yen. M-Luxe was established to develop land into public utility for sale to investors who are interested to invest geothermal power projects.

Throughout the period of its business engagement since its establishment, the Company had consistently and progressively developed and improved its manufacturing standard by acquiring advanced technology. The Company has been awarded the certifications as follow:

- 1.ISO9001:2008 certificate from United Registrar of Systems (Thailand) Limited
- 2.ISO4001:2004 certificate from United Registrar of Systems (Thailand) Limited
- 3.GMP certificate
- 4.HACCP certificate
- 5.Q Mark certificate
- 6.ISO/IEC17025 : 2005 certificate from Department of Science Service
- 7.Applied for accreditation under the Energy Standard System (ISO50001)
- 8.Begins the process of requesting for certification standards in energy management system (ISO:50001)
- 9.Begins the process of requesting for certification standards for best practice in breeding aquatic animals (BAP) involving the shrimp feed factory

The company is the first aquafeed manufacturer who has been awarded GMP and HACCP before the government announced 2004 to be the "Year of Food Safety." It is possible that the Company as one of the leading experts in aquafeed manufacturer of Thailand.



## Hsitory

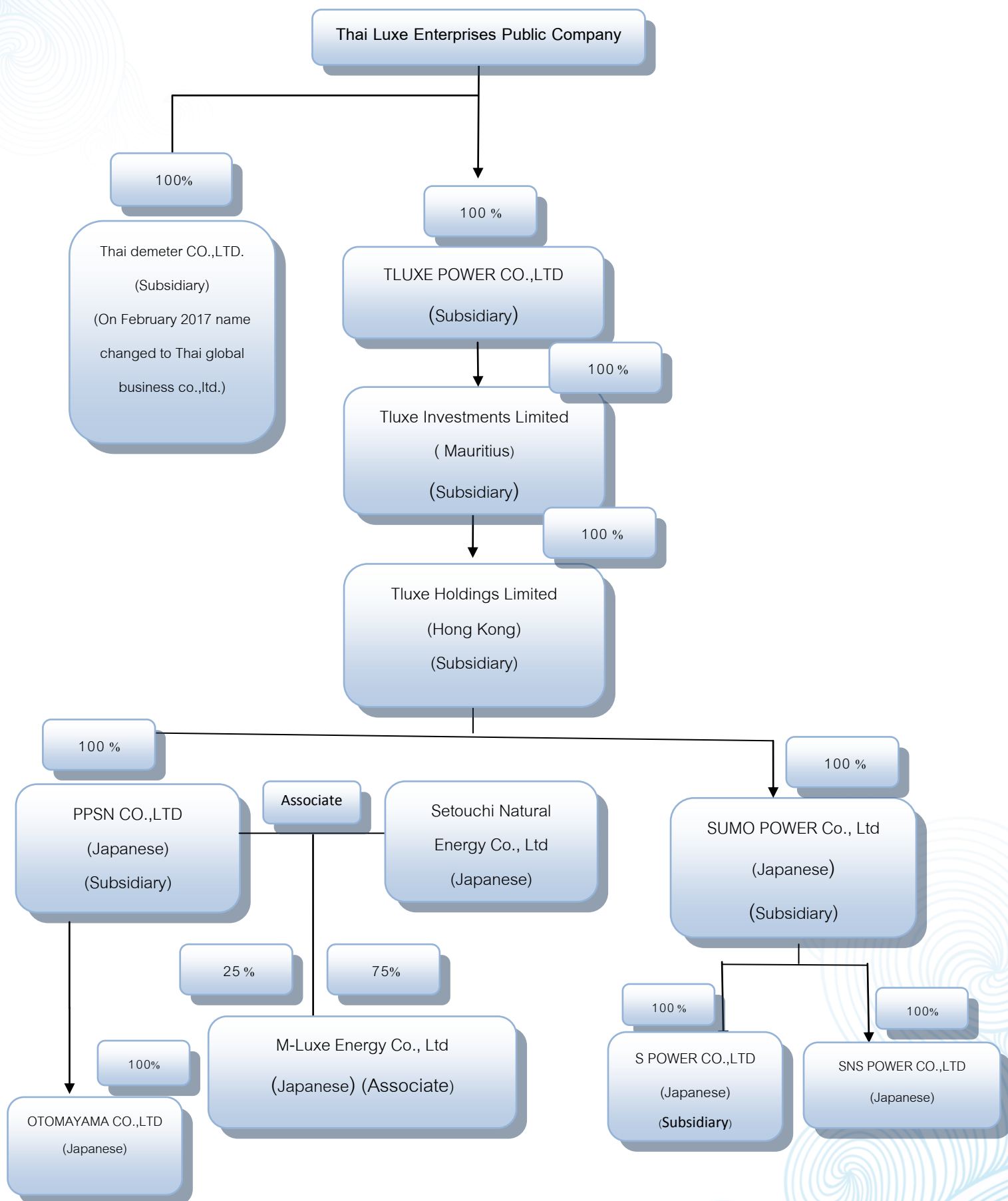
| Year | Changes and Developments                                                                                                                                                                                                                                                                                                        |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1987 | Set up the company on 11 <sup>th</sup> June to import shrimp feed from Taiwan and start raising Black Tiger Shrimp.                                                                                                                                                                                                             |
| 1989 | Constructed the shrimp feed factory and frozen shrimp processing factory at Samutsongkram.                                                                                                                                                                                                                                      |
| 1990 | Started production of shrimp feed for local market and frozen shrimp processing for exports, and decreased the proportion of importing feed.                                                                                                                                                                                    |
| 1993 | Increased the production variety by adding fish feed production line and received the Annual Excellence Award 1993 for Agricultural Industrial Exports.                                                                                                                                                                         |
| 1994 | Transformed into a Public Company in February to sell shares to the public and the Company received permission to be registered at Securities Exchange of Thailand in September.                                                                                                                                                |
| 1998 | The Company stopped production of frozen shrimp processing line as the local economy faced doldrums.                                                                                                                                                                                                                            |
| 1999 | Opened a new factory in Petchburi province and the manufacturing base for shrimp feed was moved totally to the new factory. And in SMP Food Products Company Limited. Engaged in the business of manufacturing and distributing frozen shrimp processing locally and for exports the company acquiring 10% shares .             |
| 2001 | Earned the ISO 9002 from the Institute UKAS, United Kingdom, which recognized our shrimp feed factory as Thailand's first certified ISO 9002 quality system.                                                                                                                                                                    |
| 2003 | Earned ISO 9001:2000 from the UKAS of United Kingdom and the shrimp feed factory also earned the recognition under GMP and HACCP from Livestock Department and thus recognized as the first shrimp feed factory to have received the recognition of both Institutions, including received The Q Mark from Livestock Department. |

| Year | Changes and Developments                                                                                                                                                                                                                                                                                                                                          |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2004 | Expanded fish feed production capacity by construction of a new fish feed factory in Petchburi province, and also increased in equity in SMP Food Products Company Limited so that shareholdings in SMP Food Products Company Limited became 21.43%.                                                                                                              |
| 2005 | Changed the shares par value from 10 Baht to 1baht and issued and offered warrant to purchase ordinary shares of the Company to existing shareholders, and also issued and offered warrant to purchase ordinary shares of the Company to directors and staffers of the Company under the ESOP.                                                                    |
| 2007 | Earned recognition under GMP and HACCP from Livestock Department for fish feed factory in Petchburi province, so that the Company enjoyed both shrimp and fish feed standards completely.                                                                                                                                                                         |
| 2008 | Stopped the production of fish feed factory in Samutsongkram province, for moving manufacturing base to Petchburi factory.                                                                                                                                                                                                                                        |
| 2009 | Earned ISO 9001:2008 certificate and changed Company's logo to show the step by step approach to highest efficiency with efforts for environmental balance and social commitments.                                                                                                                                                                                |
| 2010 | Increased the Company's registered capital to support an issuance of warrant to purchase ordinary shares of the Company No. 2 (TLUXE-W2) to existing shareholders, warrant to purchase ordinary shares of the Company to directors and staffers of the Company under the ESOP No.2 (TLUXE-ESOP2) and to support an issuance of Taiwan Depositary Receipts (TDRs). |
| 2011 | <p>Received "Best Company Performance Awards" and "Outstanding CEO Awards" in SET AWARDS 2011by The Stock Exchange of Thailand.</p> <p>Increased 74.97 % in equity in SMP Food Products Company Limited so that the Company's shareholdings rose to 96.43%, the Company's status also rechanged from Affiliated to Subsidiary.</p>                                |
| 2012 | Earned ISO4001:2004 certificate from United Registrar of Systems (Thailand) Limited.                                                                                                                                                                                                                                                                              |

| Year | Changes and Developments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2013 | <p>Acquired 100% shareholding in Thai Demeter Company Limited to sale aquafeed raw material.</p> <p>Established the research and development center in Samutsongkram area to be research and development unit of aquafeed and economic aquatic species.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 2014 | <p>Increased in equity in SMP Food Products Company Limited so that shareholdings became 97.79%, and renamed to Thai Luxe Food Products Company Limited.</p> <p>Earned ISO 9001:2008 certificate from Department of Science Service, to build confidence in the test results of the company's laboratory.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 2015 | <ul style="list-style-type: none"> <li>Appointed ACM Pitthaporn Glinfueng as the Chairman of the Company</li> <li>In July, opened a new animal feed production plant in Songkhla Province</li> <li>In August, signed a pet food production contract with Nutrix Public Co., Ltd.</li> <li>Appointed Mr. Kitipat Chollavuth as the Chief Executive Officer</li> <li>Adjusted the shareholding ratio in Thai Luxe Food Products Co., Ltd., by held 55% and Nippon Pack (Thailand) Public Co., Ltd., held 45% of the registered capital</li> <li>Established a new affiliated company under the name of NPP Food Incorporation Co., Ltd., to support the business management of A&amp;W Restaurant; whereas, the Company held 45% and Nippon Pack (Thailand) Public Co., Ltd., held 55% of the registered capital</li> <li>In December, the Company has invested in ordinary shares of Asia Capital Group Public Company Limited (formerly ACAP Advisory Public Company Limited), which is listed on the MAI (Market for Alternative Investment) with a total investment value of 110,000,000 Baht.</li> <li>At the end of December 2015, the Board of Directors' Meeting has passed its resolution to approve its investment in a geothermal power project, which was also predicted that the Company would be able to recognize its incomes in 2016.</li> </ul> |
| 2016 | <ul style="list-style-type: none"> <li>In January, the extraordinary shareholder meeting approved the company to issue and sell debenture at any time within the limit of 1,500,000,000 baht.</li> <li>In February and March, the Company invested in more ordinary shares of Asia Capital Group Public Company Limited (formerly ACAP Advisory Public Company Limited) with a total investment value of 160,000,000 Baht</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

| Year | Changes and Developments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2016 | <p>And entered into an agreement to lease space of People Park Onnuch project, an 8 unit 'home-office' for a period of 18 years. This is an extension of pet food business to become Pet Center or full-cycle pet service center for pet lovers (at the present, People Park project is under construction, the company shall begin paying for the rent upon occupying the rented space).</p> <ul style="list-style-type: none"> <li>• In February, the company established Tluxe Power Co., Ltd. a Thai juristic entity, The company holds 100 % interest in this company of a registered share capital of baht 100 million.</li> <li>• In April, Tluxe power established Tluxe Investment Co., Ltd. a Mauritius juristic entity with a share capital of USD 10,000 The company holds a 100 % interest in this company and Tluxe Investment Co., Ltd. acquired 100 % shares of Tluxe Holding Co., Ltd., which was incorporated in Hong Kong, a Hong Kong juristic entity in order to investment in geothermal power.</li> <li>• In May the company started investing geothermal power in PPSN Co., Ltd., a Japanese juristic entity, which own 4 units of geothermal power plants</li> <li>• In June, 2 Units of PPSN's geothermal power plants have been COD and the company entered into a memorandum of understanding involving pet food manufacturing contract (Pet food) with Nutrix PLC.</li> <li>• In July the company sell all of the shares of Nippon Food Products Co.,Ltd to Nippon Pack (Thailand) PLC.</li> <li>• In September, the company invested in Sumo Power Co., Ltd. a Japanese juristic entity which own geothermal power plants of 8 units. and entered into an associate with Setouchi Natural Energy Co., Ltd. (Setouchi) via PPSN by establishing a new company, M-Luxe Energy Co., Ltd. (M-Luxe), a Japanese entity with PPSN holding 25% shares and Setouchi holding 75% shares. The company has registered capital of 10 million yen.</li> <li>• At the end of the year, PPSN established Otomeyama Co., Ltd. (100% owned by PPSN) while Sumo established S Power Co., Ltd. and SNS Power Co., Ltd. (100% owned by Sumo) in order to facilitate the obtainment of a license to operate geothermal power plant and sell electricity.</li> </ul> |

## Business Structure



## Nature of Business

### Revenue Structure

| Revenues                                       | 2014            |                | 2015            |                | 2016            |                |
|------------------------------------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
|                                                | Baht mil.       | %              | Baht mil.       | %              | Baht mil.       | %              |
| Revenues from sales of animal feed             | 1,831.82        | 84.98%         | 1,674.60        | 98.35%         | 1,501.29        | 67.02%         |
| Revenues from sales of processed frozen food   | 244.42          | 11.34%         | -               | -              | -               | -              |
| Revenues from breeding farm                    | 29.57           | 1.37%          | -               | -              | -               | -              |
| Revenues from sales of electricity             | -               | -              | -               | -              | 10.00           | 0.44%          |
| Other                                          | 28.65           | 1.33%          | -               | -              | -               | -              |
| <b>Total revenues from sales</b>               | <b>2,134.46</b> | <b>99.02%</b>  | <b>1,674.60</b> | <b>98.35%</b>  | <b>1,511.29</b> | <b>67.46%</b>  |
| Interest income                                | 6.31            | 0.29%          | 12.55           | 0.74%          | 39.43           | 1.76%          |
| Profits from investment in securities          | 2.96            | 0.14%          | -               | -              | 649.04          | 28.97%         |
| Profits from investment in subsidiaries        | -               | -              | -               | -              | 11.11           | 0.50%          |
| Profits from investment in associate companies | -               | -              | -               | -              | 21.00           | 0.94%          |
| Other income                                   | 11.90           | 0.55%          | 15.46           | 0.91%          | 8.31            | 0.37%          |
| <b>Total revenues</b>                          | <b>2,155.63</b> | <b>100.00%</b> | <b>1,702.61</b> | <b>100.00%</b> | <b>2,240.18</b> | <b>100.00%</b> |

Notice: In 2014, the Company did not classify of income from the sale of frozen food into discontinued operations, as same as 2015 and 2016 (the abolition was Thai Luxe Food Products Co., Ltd.),



## Feed Business

Aquatic feed production is divided into two main operations, namely the production of Shrimp feed and the production of fish feed. Current production facilities are located in Petchaburi Province. Both of production are full cycle operation, which begins from the procurement of raw material, production, sales and distribution, with a capacity of 80,400 tonnes of shrimp feed per year and 61,000 tonnes of fish feed per year. There are separated production lines for shrimp feed and fish feed, including with the separated raw material storage to maximize efficiency in the production. The other departments such as sales and marketing, purchasing, and quality assurance and so on will be supported from the central administrative.

Aquatic feed will be produced in a feed pellet by blending agricultural crops include wheat flour, fish meal and soybean meal as main ingredients. The whole manufacturing process are monitoring by high technology of machinery with computer processor to get the feed quality and consistency standards set.

For this purpose, the company has the animal feeds research and development center located in Samutsongkram province to accommodate the expansion of its capacity for research and development of aquatic animal feeds to respond to the ever-changing food technology and to further develop the food formula for aquatic animals to ensure good growth and a good Feed Conversion Ratio (FCR).

The company also established a new aquatic animal feed factory in Songkhla province due to the southern region area has high concentration of shrimp farms feed production stood at 60,000 tons per year and fish feed production at 72,000 tons per year. Currently the factory is in the process of installing equipment.

### Shrimp Feed products

There are 3 categories as follow:

- 1.Black Tiger Shrimp Feed under brand name Thailuxe, Lucky, Speed
- 2.Vannamai Shrimp Feed under brand name Vanna and under brand name Thailuxe
- 3.Economy Shrimp Feed under brand name Thailuxe

### Fish Feed Business

There are 4 categories of Fish Feed and 1 category of Frog Feed as follow:

- 1.Catfish Feed under brand name Thailuxe, Lucky, Work , Prochoice
- 2.Tilapia Fish Feed under brand name Speed Thailuxe , Speed Plus
- 3.VegetarianFish Feed under brand nameThailuxe and Work
- 4.Trichogaster pectoralis fish feed under brand name Thailuxe
- 5.Frog feed under brand name Thailuxe

There are 2 types of pet food products that the Company has contract to manufacturing such as dog food and cat food.



**“THAI LUXE GOLD” Black Tiger Shrimp Feed**



**“THAI LUXE” Black Tiger Shrimp Feed**



**“LUCKY” Black Tiger Shrimp Feed**



**“SPEED” Black Tiger Shrimp Feed**



**“THAI LUXE” Vannamei Shrimp Feed**



**“VANNA” Vannamei Shrimp Feed**



**“THAI LUXE” Economy Shrimp Feed**



**“THAI LUXE” Catfish Feed**



**“THAI LUXE” Catfish Feed**

**“THAI LUXE” Tilapia Fish Feed**



**“THAI LUXE” Frog Feed**

**“WORK” Vegetarian Fish Feed**



**“LUCKY” Catfish Feed**

**“Prochoice” Catfish Feed**



**“SPEED” Tilapia Fish Feed**

**“SPEED PLUS” Tilapia Fish Feed**



**“THAI LUXE” Catfish Feed**

**“WORK” Catfish Feed**



**“SPEED” Catfish Feed**

**“THAI LUXE” Vegetarian Fish Feed**



**“WORK” Catfish Feed**

**“THAI LUXE” Catfish Feed**



**“LUCKY” Catfish Feed**

**“THAI LUXE” Herbivorous fish Feed**

## Aquaculture (Farm)

According to the concept of aquaculture operation, it emphasizes researches and development of quality products by applying technical know-how and technologies to find methods to prevent disease outbreaks in aquatic animals with an emphasis on biotechnology farming and to avoid the use of drugs and chemicals for sustainable aquaculture and to set up a system to prevent contamination of diseases and carrier animals causing contamination of diseases and damage to the production (bio-security). In addition to its emphasis on researches and development for good growth of aquatic animals, the Company has also received commercial benefits.

At present, the Company has provided its aquaculture sites by means of improvement of its aquaculture farm in Klongkoan Sub-district, Samut Songkram Province on an area of over 240 rai in order to develop the aquaculture system and to be accredited under international standard system and to meet the consumers' increasing demand of fish consumption for good health under the good and effective farm management



## Investment Promotion

Thai Luxe Enterprises Public Company Limited has received tax privileges under the Investment Promotion Act, with the approval of the Board of Investment, as per the BOI Certificate, with the following details:

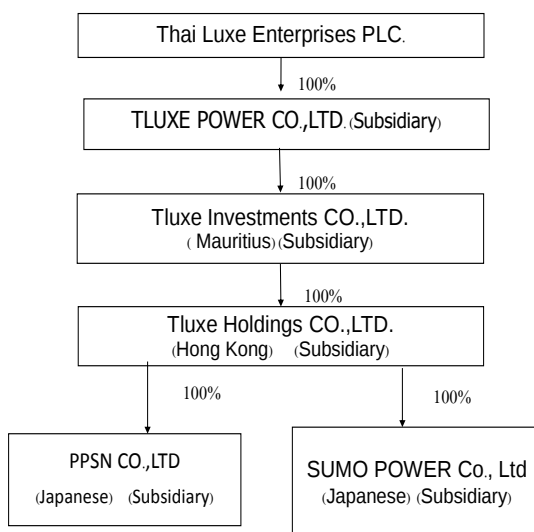
As per BOI Certificate No.2091(2)/2554 dated 31<sup>st</sup> August 2011 for the production and distribution of aquatic animal feed under certain prescribed conditions, such privileges shall include exemption of corporate income tax for the net profits from the business operation which has received the investment promotion for 8 years as from the starting date of generation of income from such business operation (1<sup>st</sup> June 2012); whereas, the amount of exempted corporate income tax shall not exceed the value of investments, which is not inclusive of the cost of land and the working capital. The Company has received the reduction of import duty for machines as considered and approved by the Board, and has also received the exemption of income tax for dividends paid to shareholders from the profits of business which has received the investment promotion throughout the period of receiving exemption of the corporate income tax.

Moreover, the Company has received tax privileges, with the approval of the Board of Investment for BOI Certificate No.1131(2)/2558 dated 4<sup>th</sup> February 2015, for the production and distribution of aquatic animal feed under certain prescribed conditions, such privileges shall include exemption of corporate income tax for the net profits from the business operation which has received the investment promotion for 8 years as from the starting date of generation of income from such business operation (For BOI Certificate No.1856(2)/2556), there is no income; and for BOI Certificate No.1131(2)/2558, the starting date of generation of income was on 30<sup>th</sup> April 2015); whereas, the amount of exempted corporate income tax shall not exceed the value of investments, which is not inclusive of the cost of land and the working capital. The Company has received the reduction of import duty for machines as considered and approved by the Board, and has also received the exemption of income tax for dividends paid to shareholders from the profits of business which has received the investment promotion throughout the period of receiving exemption of the corporate income tax and has received permission to deduct investments in the installation or construction of facilities at the rate of 25% of the investment, in addition to the deduction of normal depreciation.

## Geothermal electricity generating business (Future)

TLUXE Power Co., Ltd. (a subsidiary) "TLUXE Power", (a Thai juristic entity) operates geothermal electricity generating business at Beppu, Oita Province, Japan. As of 30 December 2016, the company has 12 units of geothermal electricity generating plants with capacity of 125 kilowatts/unit.

For overseas investments, the company must consider investment structures in such a way to benefit from double taxation, as a result, the company structures the investment as follows:



The company holds shares in TLUXE Power and TLUXE Power holds shares in TLUXE Investment Co., Ltd. (a subsidiary) "TLUXE Investment" (a Mauritius juristic entity) and TLUXE Investment holds shares in TLUXE Holding Co., Ltd. (a subsidiary) "TLUXE Holding" (a Hong Kong juristic entity) in order to acquire the company which operates geothermal power in Japan i.e. PPSN Co., Ltd. "PPSN" (a Japanese juristic entity) As of December 31, 2016, PPSN owns 3 units of geothermal power plants (the company has operated 1 plants commercially (COD)) and Sumo Power Co., Ltd. "SUMO" As of December 31, 2016, SUMO (a Japanese juristic entity) owns 9 units of geothermal power plants. (the company has operated 1 plants commercially (COD)) To facilitate the obtainment of license to operate geothermal power plants and in the sell of electricity, at end of the year, PPSN established Otomeyama Co., Ltd. whereas SUMO established S Power Co., Ltd. and SNS Power Co., Ltd. for obtaining the license and to manage the existing geothermal power projects.

Following the commencement of geothermal power operation, the company foresees business opportunity to jointly develop empty land at Beppu, Oita Province, Japan for sale to interested investors in geothermal power projects. In this connection, the company jointly invested with Setouchi Natural Energy Co., Ltd. (Setouchi) to establish a new company, M-LUXE Energy Co., Ltd. ("M-LUXE"), which is 25% owned by PPSN and 75% owned by Setouchi of the 10 million yen registered capital.

## Situation and the Trends of Industry

### Aquatic animal business

#### Shrimp feed market and outlook for shrimp feed industry

Shrimp production in Thailand is not expected to recover in 2017 after the recovery was slowing down in the past year due to the severe flooding in the southern parts of Thailand and the issue with slow shrimp growth due to the

Enterocytozoon hepatopenaei (EHP) shrimp disease. This adversely impacted shrimp production in the country which only rose by 50,000 tons to the total production of 300,000 tons in 2016.

Shrimp production in the fourth quarter of 2016 began to decelerate due to EHP epidemic (microsporidian) which is a living parasite with spores similar to fungus in shrimps. The discovery of EHP took place at end of 2016 and no efficient eradication method has yet been found. Due to EHP spreading quickly, shrimp production had declined across the board. It is estimated that Thailand's shrimp production in 2017 will stand at 300,000 tons, the same as in 2016.

Besides the EHP issue, the farmers still faced with the existing disease in every breeding area such as pullorum disease, white spot disease (WSSV) and EMS where the situation has improved. Due to the lower production, shrimp price has risen and spur the farmers to continue to raise shrimps. Meantime, they learnt to properly prepare the ponds, ensuring availability of adequate water supply, selection of young and healthy juvenile shrimps, conduct inspection and analysis of water quality, shrimp health conditions in line with the program in order to reduce risk.

In view of the above, the company stresses on product quality as a matter of policy and in providing water quality and shrimp health analysis together with providing consultations in order that the farmers obtain quality products and excellent services for their success in the business.

#### [Fish feed market and industry outlook](#)

The raising of catfish, carp and tilapia in 2016 was negatively impacted by the changing conditions of nature e.g. drought in all regions of the country, irregular rain fall outside the season and severe flooding in the southern parts of Thailand.

In this connection, large quantity of fish perished in the middle of the year. Sometime there was scarcity of fish meat in the market while at other times it became highly abundant which situation occurred in the 3<sup>rd</sup>-4<sup>th</sup> quarters of 2016. There was also shortage of juvenile fish for breeding as required by farmers.

The marketing strategy of competitors and big agents which deal in large fish quantity, e.g., catfish, carp and tilapia is to dump fish in the local market causing damage to the market mechanism. The fish feed department, therefore, focused on penetrating target market and acquire new customers resulting in constant flow of orders to meet the sales target.

For 2017, it is forecast that there will still be excess fish production in some areas and scarcity in other areas. Competition is expected to remain intense whilst fish feed sales will continue to remain stable amidst high competition thanks to the existing customers having placed more orders, new target client penetration and marketing campaign to sell feed to carnivorous salt water fish farms all of which should help to maintain sales throughout the year.

### Pet food market

The overall picture of pet food market and products related to pet animal has a tendency to grow at a healthy pace attributable to the increase in the number of pets while the attention paid on pet food and pet health is likely to increase. Thailand is one of the countries which have the highest expansion rate in pet food and related products in Asia.

The tendency for export to grow continuously is a factor in helping push the pet food industry to expand. The economic conditions in exporting countries such as Japan, Malaysia which have experienced slowdown may impact orders and intensify competition.

### Geothermal power business

In 2011, there was an earthquake and tsunami in Japan causing nuclear-based electricity generating plants to explode and leaked radioactive material in excess of controllable level. The Japanese government had to evacuate the entire population from the areas surrounding the electricity plants. Subsequently, Japan has adopted a policy to support the increase use of clean alternative energy. In 2012, the Japanese government promulgated a special law, so called 'Act on Special Measures Concerning Procurement of Electricity from Renewable Energy by Electricity Utilities' with the objective of promoting the use of renewable energy which is an important factor in generating a stable energy suitable for the economy and the environment in the Japanese society and the world while at the same time reduce environmental cost which has been increasing day after day from energy production. The renewable energy covered by this Act consists of solar energy, wind energy, hydroelectric energy, geothermal energy and biomass energy. According to this Act, when the electricity producers using renewal energy where the equipment and the production process have passed the required standards and obtained approval from METI as a specified supplier, such suppliers can request to enter into Power Purchase Agreement (PPA) and connect to its systems based on METI's PPA model, the so-called 'Feed-In Tariff'. The specified electricity supplier can then enter into an agreement with the government per a fixed tariff which is a long term contract guaranteed by the government. Since 2012, many electricity producers from renewable energy, both domestic and overseas, have turned to electricity generation from alternative energy due to the Japanese government's high purchase price, for example, 42 yen per kilowatt-hour for electricity producer using solar energy with capacity less than 10 kilowatt (or geothermal electricity generation producers with capacity less than 15 megawatt).

In 2012, METI stated in the Feed-In Tariff Scheme in Japan that Japan has the third largest geothermal power resources in the world i.e. at 20,540 megawatt, below Indonesia at 27,791 megawatt and the US at 23,000 megawatt. Nevertheless, Japan only manages to utilize about 10% of this energy resource due to its capacity to generate electricity from this resource of only 0.54 million kilowatt. As such, Japan has huge potential to generate electricity from geothermal resources.

From the website of Asia Biomass Office of the New Energy Foundation of Japan, the production of geothermal electricity from hot springs requires knowledge of local geology and at least 10 years to survey for a suitable drilling site, an assessment of environmental impact and the construction of the facilities. As such, the production of electricity from hot springs which are already in existence helps to reduce cost and can start operation at a much shorter time frame.

Due to the temperature of hot springs being below 100 degree Celsius, the steam cannot be used to directly turn the steam turbine similar to that of geothermal electricity generating plants which deal with a higher temperature. Electricity generating plants using hot springs must, therefore, use binary power generation by letting hot water pass through the heat exchange chamber which converts the liquid substance of the second type such as ammonia, freon, isobutene, isopentane etc. to become steam that pass through the steam turbine to generate electricity. Then the steam is channeled back to the heat exchange chamber. The hot water, after having transferred the heat to the liquid of the second type, is compressed and injected back into the energy source.

Asia Biomass Office compared electricity generated from solar cells which is prevalent in Japan against electricity generated from hot springs to conclude that the use of solar energy has utilization rate of 12% whereas the use of energy from hot springs has utilization rate of 70%, as such, the latter is considered being a more stable electricity generating method.

The company will obtain the agreement to sell electricity to a major Japanese private company at 40 yen per kilowatt (excluding tax) for a period of 15 years (from the date of distribution of electricity commercially (COD). Upon expiry of the agreement, the price will be adjusted downward in line with the announcement of Ministry of Economy, Trade and Industry (METI) at that time.



## Risk Factors

### Risk of raw material prices

Producing aquatic animal feed is necessary to use raw materials from the nature in order to process into food quality and meeting the right standards. The major raw materials are important to produce such products, fish meal, soybean meal, wheat flour, and corn, but, mostly the products are on commodity prices and are set by supply and demand in the worlds' markets.

So, whenever the price of raw materials increases, the costs of aquatic animal feed will result in increase along with the inevitable. However, the company tries to manage the risk of raw materials by updating the situations about the prices of the raw materials in order to analyze closely, and then, targeting the price, quantity and delivery time with raw material suppliers. Other than that, the companies has a policy of purchasing raw materials diversely and geographically dispersed and keep finding new sources in raw materials.

### Risk of exchange rates

The company imports some of the raw materials, which includes: squid liver powder, wheat flour, fish soluble meal that is important that is used for the aquatic animal feed, which gives proteins and fats from the aquatic animal feed. The company will pay for the raw materials with the currency of Yen and U.S. dollar. This gives changes in exchange rates and affects the costs of production and its operations directly from the income of the company that comes from the dealer of the products domestically and group farmers. The company has income in Baht and some transactions are denominated in foreign currencies.

However, the company has a policy of hedging foreign exchange agreement in purchasing and selling and entered into foreign bank in advance (Forward Contract) in order to hedge the risk in the period of 3-6 months, depending on the duration of the transit time. The company paid closely attention with the statistics of the exchange rates of each currency to analyze before making decision for each exchange agreement.

On foreign exchange risk which may add to the cost of geothermal power business, the company may be exposed to the risk in future if the yen depreciates in value. The company shall evaluate various ways to mitigate the risk suitably when it foresees returns from the investment in the form of dividend as and when that happens.

In 2014, 2015 and 2016, the Company has purchased raw materials in foreign currencies, totally 470.06 million Baht, 450.03 million Baht and 135.16 million Baht, respectively, equal to 32.06%, 31.39% and 14.33% respectively of its total quantity of purchase of raw materials.

Moreover, in 2016, the Company has sold the raw materials for production of animal feeds to small animal feed mill which had no bargaining power against producers through the distribution channel of Thai Demeter Co., Ltd. (subsidiary); therefore, in 2016, the Company's income from sale of raw materials was amounted to 0.55 million Baht.

### Risks of competing major vendors and the market leader of animal feed

The market leader of the shrimp feed is divided in the market share at approximately 20- 30 %\* of the total sales of the shrimp feed, following by 5-6 medium-sized companies also divided in market between 5-20% each company, which are combined with a share of 50-60% of the total shrimp feed sales, the company was ranked in the medium-size company, where as other companies are small size companies. The market leader gained highly confidence from the farmers, who have been feeding shrimp as a product of the top leading company in the long run, which gave the company problems by competing in the market share.

The company has a marketing strategy, both short and long term, such as improve and develop products to meet the customers demand to create success for the farmers and dealers to sell their products to customers, while also increasing product variety to meet the needs of customers all the circumstances having regard to the cost of farmers is most important, offering promotions from time to time as a special case in order to compete in the market, joining trade fair, etc. Besides, the company has focused its services to attract dealer and the farmers, and manufacture higher quality feed compared with the same feed type of the others. This helps us to maintain market share, for fish feed and shrimp feed exclusively. The food quality is fresh and in just-cooked condition without contaminants and dangerous bacteria.

### Risk of the revenue from the sale of goods domestically

The company's income from the sale of goods within the country, so that if any year is to feed a local decrease in the environment or weather conditions are unfavorable and it will impact significantly on the amount and distribution of revenue from the sale of the company.

The typical volume of distribution for its products will fluctuate seasonally. The sales volume of shrimp feed and fish feed are lower in the late rainy season to cold season, due to the shrimp and fish eat less feed. And if there are epidemic or flooding, it will impact the demand of feed, and impact on sales.

Nevertheless, the company invested in geothermal power business to reduce the risk associated with selling aquatic animal feed business.

### Risk of being affected by the operations and financial position of the subsidiary

Performance of the group is based on the performance of the company; also, it depends on the operating results of the subsidiaries. If you have a problem with its implementation, it will affect the performance of the company's consolidated financial statements.

The group has defined measures for the implementation of its policies, by controlling and monitoring the operations of its subsidiaries, as well as, representatives of the company into a subsidiary and associate director of the policy and to safe the interests of the company. Subsidiaries and associated companies are operating in the same direction. This is will lead to the cost management maximum performance and operational efficiency.

### Risk from balance of power

Seneeprakornkrai Family, a major shareholder of the Company, represented by Miss Aporn Seneeprakornkrai, the Company's Director, has the fair balance of powers when compared to the total number of directors (9 directors), including 3 independent directors. However, the Company has clearly prescribed and separated the roles and duties of directors, Chief Executive Officer and Managing Director of 5 business lines. Moreover, the decision-making and transactions not involved with general business operations of the Company shall be considered and approved by the Board of Directors and jointly considered by 3 audit directors who are independent directors; whereas, the related transactions shall be taken account of the Company's interests. On 4 January 2017, Ms. Arporn Seniprakornkrai tendered her resignation as the company's director.

### Risk from new business operation

The Company has envisaged opportunities to develop integrated food industry; and has therefore cooperated. At end of December 2015 and middle of 2016, the company's Board of Directors approved the investment in geothermal electricity generating plants in Japan up to 12 units, 2 of which have generated income and expects another 2 units. The balance 8 units shall gradually generate income And the company entered into an associate with Setouchi to develop land then sells to investors who are interested to operate geothermal power plants.

Risk factors relating to business operations in abroad are as follows: Japanese business culture may differ from those of Thailand in terms of personnel, language, laws and regulations, which may affect the efficiency of work supervision, risk of currencies, risk of natural disasters, including risk relating to production process and maintenance of machine, which can be prevented by the Company by means of recruitment of personnel with knowledge and abilities to be responsible for the Project and to execute disaster insurance contracts, including foreign exchange warranty. Risk from the operations. On entering into various agreements, land development and land transfer registration, any delay of the above actions will impact the sale of land and deviate from the plan, there is the risk that the land cannot be sold or fetching lower price resulting in lower returns than targeted.

### Risks from Investment in Equity and Debt Instruments

The company decided to invest its excess liquidity in equity and debt instruments in order to benefit from the higher returns compared to normal deposit at banks. Financial investments consists of deposit at banks, investment in Bills of Exchange (B/E), debenture issued by SET-listed companies (including MAI) or public companies for higher interest income or to reduce interest cost at any one time. The Company has invested in equity; therefore, it may have risks from devaluation of investment due to risks from price volatility and market mechanism, risk from operations of equity issuers, risk from external factors resulting in volatility of share prices such as domestic economic condition. Regarding the majority of equity, the Company has its policy of long-term investment in the manner of strategic partner, rather than speculation from equity prices.

## General Information and Others Important Information

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|                     |   |                                                                                                                                                                                                                      |
|---------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Name        | : | Thai Luxe Enterprises Public Company Limited                                                                                                                                                                         |
| Type of Business    | : | Manufacturing and Distributing of aquafeed and pet food.                                                                                                                                                             |
| Head                | : | Office 69/5 Moo 5 Rama II Road, Muang District, Samutsongkram 75000<br>Tel: (66) 3477-1444<br>Fax: (66) 3477-1025                                                                                                    |
| Petchburi Factory   | : | 62 Moo 2 Utapao Road, Kaoyoi District, Petchburi 76140<br>Tel: (66) 3244-7681-8 Fax: (66) 3244-7689                                                                                                                  |
| Songkhla Factory    | ; | 98 Moo 13 Petchkasem Road, KM 1232 Bang Rieng, Khuan Naing, Songkhla 90220 Tel: (66) 7489 0765-8 Fax: (66) 7489 0769                                                                                                 |
| Bangkok Office      | : | 1768 Thai Summit Tower 24 <sup>TH</sup> FL., New Phetchburi Rd., Bangkok, Huai Kwang, Bangkok 10310 Tel: (66) 2251-8152, (66) 2251-8157, (66) 2251-8158 Fax: (66) 2251-8152, (66) 2251-8157, (66) 2251-8158 ext. 206 |
| Registration Number | : | 0107537000670                                                                                                                                                                                                        |
| Home Page           | : | <a href="http://www.thailuxe.com">www.thailuxe.com</a>                                                                                                                                                               |
| Registered Capital  | : | 568,451,520 Baht                                                                                                                                                                                                     |
| Paid Up Capital     | : | 563,050,687 Baht                                                                                                                                                                                                     |

## The Subsidiary

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|                     |   |                                                                                                                                                                                                                                        |
|---------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Name        | : | <b>Thai Demeter Company Limited</b>                                                                                                                                                                                                    |
| Type of Business    | : | Distributing of aquafeed raw materials                                                                                                                                                                                                 |
| Head Office         | : | 1768 Thai Summit Tower 24 <sup>TH</sup> FL., New Phetchburi Rd.,<br>Bangkapi, Huai Kwang, Bangkok 10310<br><br>Tel: (66) 2251-8152, (66) 2251-8157, (66) 2251-8158<br><br>Fax: (66) 2251-8152, (66) 2251-8157, (66) 2251-8158 ext. 206 |
| Registration Number | : | 0105552125648                                                                                                                                                                                                                          |
| Registered Capital  | : | 3,000,000 baht                                                                                                                                                                                                                         |
| Paid Up Capital     | : | 3,000,000 baht                                                                                                                                                                                                                         |
| % of Shareholder    | : | 100 %                                                                                                                                                                                                                                  |
| Type of Shares      | : | Common Shares                                                                                                                                                                                                                          |

|                     |   |                                                                                                                                                                                                                                        |
|---------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Name        | : | <b>Thluxe Power Company Limited</b>                                                                                                                                                                                                    |
| Type of Business    | : | Investment of energy business                                                                                                                                                                                                          |
| Head Office         | : | 1768 Thai Summit Tower 24 <sup>TH</sup> FL., New Phetchburi Rd.,<br>Bangkapi, Huai Kwang, Bangkok 10310<br><br>Tel: (66) 2251-8152, (66) 2251-8157, (66) 2251-8158<br><br>Fax: (66) 2251-8152, (66) 2251-8157, (66) 2251-8158 ext. 206 |
| Registration Number | : | 0105559029563                                                                                                                                                                                                                          |
| Registered Capital  | : | 100,000,000 baht                                                                                                                                                                                                                       |
| Paid Up Capital     | : | 100,000,000 baht                                                                                                                                                                                                                       |
| % of Shareholder    | : | 100 %                                                                                                                                                                                                                                  |
| Type of Shares      | : | Common Shares                                                                                                                                                                                                                          |

Company Name : **Thuxe Investments Limited**

Type of Business : Holding company for investment in foreign company

Head Office : 10<sup>th</sup> Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius

Registration Number : C137733C2/GBL

Registered Capital : 10,000 USD

Paid Up Capital : 10,000 USD

% of Shareholder : Held by Thuxe Power Company Limited 100 %

Type of Shares : Common Shares

Company Name : **Thuxe Holdings Limited**

Type of Business : Holding company for investment in foreign company

Head Office : 1901, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

Registration Number : 2362182

Registered Capital : 10,000 USD

Paid Up Capital : 10,000 USD

% of Shareholder : Held by Thuxe Investments Company Limited 100 %

Type of Shares : Common Shares

Company Name : **PPSN Co., Ltd**

Type of Business : Geothermal power plant

Head Office : 1-2-20 Kaikan Minato Tokyo Japan

Registration Number : 0104-01-119274

Registered Capital : 12,000,000 JPY

Paid Up Capital : 12,000,000 JPY

% of Shareholder : Held by Thuxe Holdings Limited 100 %

Type of Shares : Common Shares

Company Name : SUMO POWER Co., Ltd.  
 Type of Business : Geothermal power plant  
 Head Office : 6-4-9 Minamiaoyama MinatoTokyo Japan  
 Registration Number : 0104-01-121850  
 Registered Capital : 1,000,000 JPY  
 Paid Up Capital : 1,000,000 JPY  
 % of Shareholder : Held by Tluxe Holdings Limited 100 %  
 Type of Shares : Common Shares

Company Name : OTOMEYAMA ENERGY Co., Ltd  
 Type of Business : Geothermal power plant  
 Head Office : 1-1-21 Toranomong Minato Tokyo Japan  
 Registration Number : 0140-01-127285  
 Registered Capital : 500,000 JPY  
 Paid Up Capital : 500,000 JPY  
 % of Shareholder : Held by PPSN Co., Ltd 100 %  
 Type of Shares : Common Shares

Company Name : S POWER Co., Ltd  
 Type of Business : Geothermal power plant  
 Head Office : 6-12-4 Roppongki MinatoTokyo Japan  
 Registration Number : 0140-01-127784  
 Registered Capital : 500,000 JPY  
 Paid Up Capital : 500,000 JPY  
 % of Shareholder : Held by SUMO POWER Co., Ltd. 100 %  
 Type of Shares : Common Shares

|                     |   |                                         |
|---------------------|---|-----------------------------------------|
| Company Name        | : | SNS POWER Co., Ltd                      |
| Type of Business    | : | Geothermal power plant                  |
| Head Office         | : | 3-24-6 Nichichimbachi MinatoTokyo Japan |
| Registration Number | : | 0104-01-127542                          |
| Registered Capital  | : | 500,000 JPY                             |
| Paid Up Capital     | : | 500,000 JPY                             |
| % of Shareholder    | : | Held by SUMO POWER Co., Ltd. 100 %      |
| Type of Shares      | : | Common Shares                           |

### The Associate

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|                     |   |                                                                 |
|---------------------|---|-----------------------------------------------------------------|
| Company Name        | : | M – Luxe Energy Co., Ltd                                        |
| Type of Business    | : | Development real asset to Geothermal power plant                |
| Head Office         | : | 1 <sup>st</sup> Oriaon Building 2-13 Temmungjo Beppu Oita Japan |
| Registration Number | : | 3200-01-015166                                                  |
| Registered Capital  | : | 10,000,000 JPY                                                  |
| Paid Up Capital     | : | 10,000,000 JPY                                                  |
| % of Shareholder    | : | Held by PPSN Co., Ltd 25.00 %                                   |
| Type of Shares      | : | Common Shares                                                   |

## Other Reference Person

### 1.Registrar

Thailand Securities Depository Company Limited

4th, 6-7<sup>th</sup> Floor, The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey,

Bangkok 10110Tel: 66-2229-2800 Fax: 66-2359-1259

### 2.Auditor

EY Office Limited

33<sup>rd</sup> Floor, Lake Rachada Office Complex, 193/136-137 Rachadapisek Road, Klongtoey,

Bangkok 10110Tel: 66-2264-0777 Fax : 66-2264-0789

1. Miss. Supanee Triyanantakul Audit License No.4498

2. Miss Sirirat Sricharoensap Audit License No.5419

3. Miss Waraporn Prapasirikul Audit License No.4579

### 3. Financial Institution with Regular Contacts:

-Siam Commercial Bank (Public) Co., Ltd., Head Office, 9 Ratchadapisek Road, Chatuchak Sub-district, Chatuchak District, Bangkok 10900; Tel.02-544-5631

-Kasikorn Bank (Public) Co., Ltd., Head Office, 1 Soi RatBurana 27/1 , RatBurana Road, Rat Burana Sub- district RatBurana District, Bangkok 10140 Tel.02-222000

-United Overseas Bank (Thai) Public Company Limited Head Office,191 South Sathon Road, Bangkok 10120 Tel. 0-2343-3000

4. Legal Consultant: Dherakupt International Law Office, 900 Tonson Tower, Ploenchit Road, Lumpini Sub- district, Pathumwan District, Bangkok 10330; Tel.0-2252-1588; Fax.0-2257-0440-1

## Shareholders Structure

As of 30 December 2016, the list of the first 10 major shareholders, including the related person under section 258 of the Securities and Exchange Act B.E. 1992

|              | Name of shareholders                              | Number of shares held | % held        |
|--------------|---------------------------------------------------|-----------------------|---------------|
| 1.           | <b>Jindasombatcharoen family</b>                  |                       |               |
|              | 1.1 Mr. Pongrak Jindasombatcharoen                | 28,081,290            | 4.28          |
|              | 1.2 Mr. Pongsapak Jindasombatcharoen <sup>2</sup> | 11,382,140            | 2.02          |
|              | 1.3 Mr. Nopruj Jindasombatcharoen <sup>3</sup>    | 6,886,070             | 1.22          |
|              | <b>Total Jindasombatcharoen family</b>            | <b>42,349,500</b>     | <b>7.52</b>   |
| 2.           | Thai NVDR Co., Ltd.                               | 36,297,592            | 6.45          |
| 3.           | Ms. Yuvadee Vachiraprapa                          | 34,256,314            | 6.08          |
| 4.           | Ms. Pawichaya Kanrangsi                           | 33,638,765            | 5.97          |
| 5.           | <b>Seniprakornkrai family</b>                     |                       |               |
|              | 5.1 Ms. Arporn Seniprakornkrai <sup>4</sup>       | 8,900,090             | 1.58          |
|              | 5.2 Mr. Rojsakdi Seniprakornkrai <sup>5</sup>     | 8,125,230             | 1.44          |
|              | 5.3 Thai Assay Holding Co., Ltd. <sup>6</sup>     | 8,000,063             | 1.42          |
|              | 5.4 Mr. Anuroj Seniprakornkrai <sup>7</sup>       | 6,875,253             | 1.22          |
|              | 5.5 Mrs. Orawan Seniprakornkrai <sup>8</sup>      | 210,600               | 0.04          |
|              | 5.6 Mr. Anusorn Seniprakornkrai <sup>9</sup>      | 2,000                 | 0.0004        |
|              | <b>Total Seniprakornkrai family</b>               | <b>32,113,236</b>     | <b>5.7004</b> |
| 6.           | Mr. Prin Chanantaranont                           | 20,197,384            | 3.59          |
| 7.           | Mrs. Ananya Ruengsakdivichit                      | 25,480,000            | 4.53          |
| 8.           | Ms. Sureerat Eamsa-ard                            | 16,799,900            | 2.98          |
| 9.           | Ms. Naruemont Maengtab                            | 16,050,000            | 2.85          |
| 10.          | Mr. Tanin Sajjabariboon                           | 16,019,500            | 2.85          |
| <b>Total</b> |                                                   | <b>273,202,191</b>    | <b>48.52</b>  |

Source: Shareholder registration book closing (XO) as of 30 December 2016

Remark: 1) Computed from common stocks already issued and paid-up totaling 563,050,687 shares

2) Mr. Pongrak Jindasombatcharoen's son who has already reached legal age

3) Mr. Pongrak Jindasombatcharoen's son who has already reached legal age

4) Ms. Arporn Seniprakornkrai remains as a director until 3 January 2017

5) Ms. Arporn Seniprakornkrai's half-brother (same father)

6) Seniprakornkrai family hold 100% shares (of paid-up capital) in Thai Assay Holding Co., Ltd.

7) Ms. Arporn Seniprakornkrai's father

8) Mr. Anuroj Seniprakornkrai's sister

9) Mr. Anuroj Seniprakornkrai's brother

The list of the first 8 major shareholders of Thai Asse Trading Co., Ltd as of 30 December 2016

|   | List of Shareholders        | Number of Share | Proportion (Percent) |
|---|-----------------------------|-----------------|----------------------|
| 1 | Mrs. Pornvipa Seneepakonkai | 144500          | 24.1                 |
| 2 | Miss. Arpha Seneepakonkai   | 110,125         | 18.35                |
| 3 | Miss. Arporn Seneepakonkai  | 110125          | 18.35                |
| 4 | Mr. Rojphan Seneepakonkai   | 110,125         | 18.35                |
| 5 | Mr. Rojsak Seneepakonkai    | 110,125         | 18.35                |
| 6 | Mr. Anusorn Seneepakonkai   | 9,000           | 1.5                  |
| 7 | Mrs. Orawan Seneepakonkai   | 3,000           | 0.5                  |
| 8 | Mrs.Siemeng Saengow         | 3,000           | 0.5                  |
|   | <b>Total</b>                | <b>600,000</b>  | <b>100.00</b>        |

Total debt from issuance of debenture/Bill of Exchange

As of 31 December 2016, the company had outstanding debts from issuance of debenture of 1,486.2 million baht and fee payable pending payment of 10.42 million baht.

Total net debt outstanding from issuance of debenture totaled 1,475.78 million baht.

Dividend Policy

The company paid dividend is not less than 60% of net profit after tax, and also after the company's financial losses deduction and legal reserve (if any). However, the company may pay dividends at a rate less than the rate specified, depending on the need for working capital for operations, expansion and other factors involved in the management of the company. The resolution of Board of Directors approved the payment of dividends will be represented for approval at a meeting of shareholders, except interim dividend. The Board of Directors has approved payment of interim dividends will report to the shareholders which will receive in the next meeting.

Dividend History

|                                          | 2012  | 2013  | 2014   | 2015   | 2016 |
|------------------------------------------|-------|-------|--------|--------|------|
| Net Profit Ratio Per Share (Baht)        | 0.36  | 0.10  | (0.02) | (0.08) | 0.42 |
| Dividend Ratio Per Share(Baht)           | 0.26  | 0.09  | 0.00   | 0.00   | 0.00 |
| Dividend Payout Ratio Per Net Profit (%) | 73.95 | 89.89 | 0.00   | 0.00   | 0.00 |

## Management Structure

### The Board of Directors;

Structure of directors of the Company consisted of 4 committees including the Board of Directors, the Audit Committee, the Corporate Governance and Social Responsibility Committee and the Executive Committee.

### The Board of Directors

As of 31<sup>st</sup> December 2016, the Board of Directors consisted of 9 members including:

| Name                               | Position                                             |
|------------------------------------|------------------------------------------------------|
| 1. Mr. Pitthaporn Glinfueng        | President                                            |
| 2.Mr. Chaowarit Prapajit           | Vice President                                       |
| 3.Mrs. Kanokwan Wannabut           | Director                                             |
| 4.Miss Phatcharada Sriintravanich  | Director                                             |
| 5.Miss Arporn Seeneepakonkai       | Director                                             |
| 6.Mr. Sajja Suksong                | Director                                             |
| 7.Mr. Denchai Auckaradechdechachai | Independent Director/Chairman of the Audit Committee |
| 8.Mrs. Natee Chuansanit            | Independent Director/Audit Director                  |
| 9.Mr. Teerawit Tanakijsoontorn     | Independent Director/Audit Director                  |

### The authorized directors:

The authorized directors of the Company consisted of Mrs. Kanokwan Wannabut or Miss Phatcharada Sriintravanich or Mr. Pitthaporn Glinfueng or Mr. Sajja Suksong. Two of these four directors shall affix their signatures and the common seal of the Company.

### Authorities and Responsibilities of the Board of Directors

- 1.The Board of Directors function in accordance with the power and duties vested under the Public Corporations Act, B.E, 2535 coupled with the related laws governing public corporations.
- 2.To perform duties legally, as per business objectives and Articles of Association and work as per resolutions passed by Shareholders.
- 3.Fixing main policy for business and financial management including policy for getting funds, management of funds, and policy for managing risk factors.
- 4.Exercise power to change names or positions of directors with power to sign for the Company.
- 5.Supervising to improve performance and fixing policy with guidelines for solutions when facing obstacles to attain targets.
- 6.Create reports by containing data generally and financial data to Shareholders and to others related parties correctly with accuracy, transparency and completeness and as required by law.
- 7.Acknowledge reports and audits on major issues, while fixing policy for adjustments in case of finding any major defects.

#### The number of meeting Attendance of board and directors

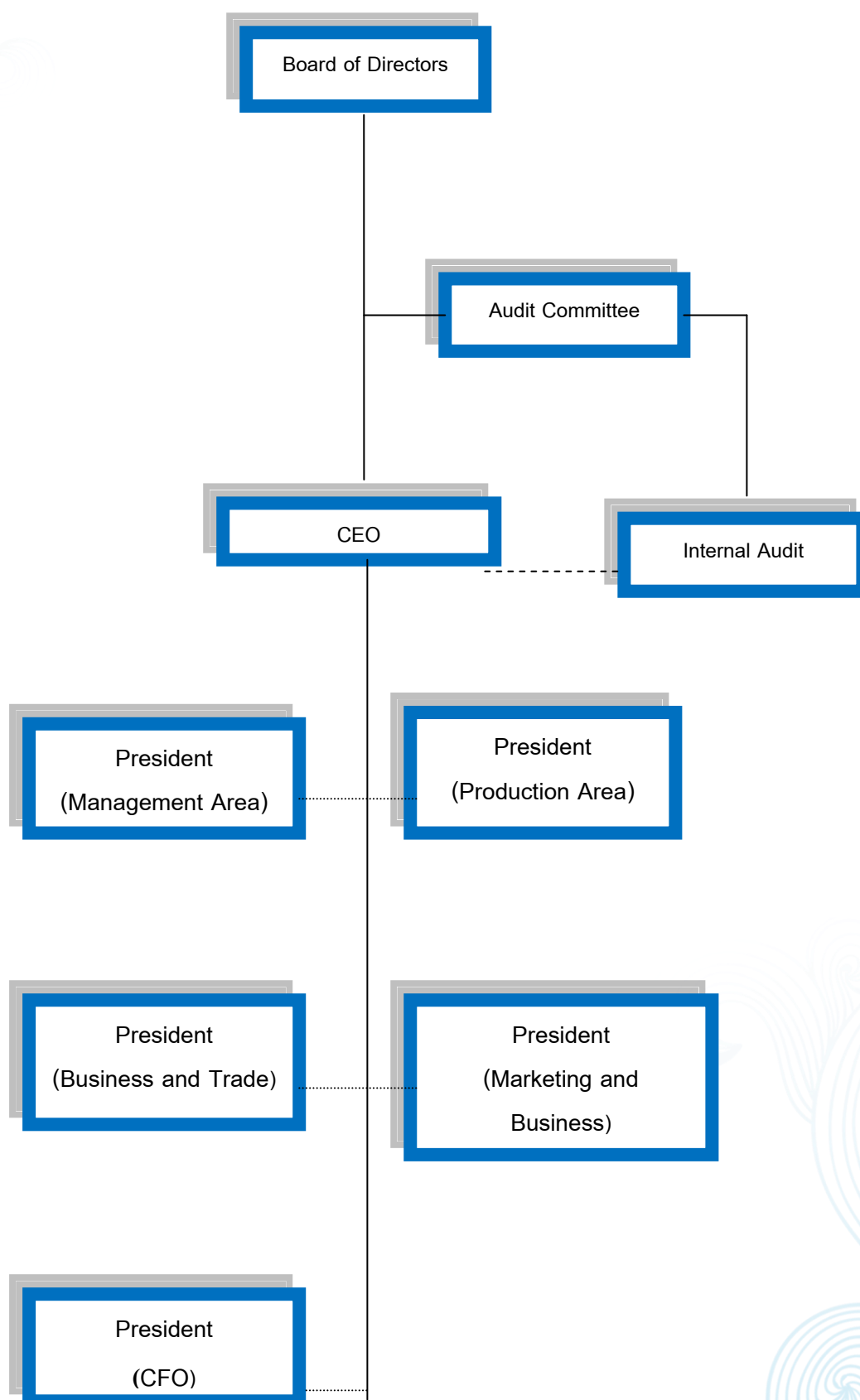
| Name                              | Position                                            | Number of BOD Meeting Attendance 2016 | Number of Shareholders Meeting Attendance 2016 |
|-----------------------------------|-----------------------------------------------------|---------------------------------------|------------------------------------------------|
| 1.GMC.Pitthaporn Glinfueng        | President                                           | 10/11                                 | 2/2                                            |
| 2.Mr.Chaowarit Prapajit           | Vice President                                      | 11/11                                 | 2/2                                            |
| 3.MissPhatcharada Sriintravanich  | Director                                            | 11/11                                 | 2/2                                            |
| 4. Mrs.Kanokwan Wannabut          | Director                                            | 10/11                                 | 2/2                                            |
| 5.MissArporn Seeneepakonkai       | Director                                            | 9/11                                  | 2/2                                            |
| 6. Mr.Sajja Suksong               | Director                                            | 8/11                                  | 0/2                                            |
| 7.Mr.Denchai Auckaradechdechachai | Independent Director/Chairman of the AuditCommittee | 11/11                                 | 2/2                                            |
| 8. Mrs. Natee Chuansanit          | Independent Director/Audit Director                 | 10/11                                 | 2/2                                            |
| 9.Mr.Teerawit Tanakijsoontorn     | Independent Director/Audit Director                 | 11/11                                 | 2/2                                            |

*Note: Data of meeting attendance of the Board of Directors' Meeting as of 31<sup>st</sup> December 2016*

#### Date of appointment as the Company's director:

|                    |                      |          |
|--------------------|----------------------|----------|
| 1. Mr. Pitthaporn  | Glinfueng            | 29/07/15 |
| 2.Mr. Chaowarit    | Prapajit             | 27/08/15 |
| 3.Miss Phatcharada | Sriintravanich       | 21/01/15 |
| 4. Mrs.Kanokwan    | Wannabut             | 21/01/15 |
| 5.Miss Arporn      | Seeneepakonkai       | 6/02/15  |
| 6. Mr. Sajja       | Suksong              | 5/04/06  |
| 7. Mr. Denchai     | Auckaradechdechachai | 21/01/15 |
| 8. Mrs. Natee      | Chuansanit           | 21/01/15 |
| 9.Mr.Teerawit      | Tanakijsoontorn      | 17/06/15 |

## Management



As of 31<sup>st</sup> December 2016, there were 5 executives consisting of:

| Name                                 | Position                                       |
|--------------------------------------|------------------------------------------------|
| Mr.Kitiphat Chollavuth               | CEO                                            |
| Miss Arporn Seneepakonkai*           | President (Management Area)                    |
| Mr.Nantathuwaphon Jirachot-a-nantaya | President (Production Area)                    |
| Mrs.Kanokwan Wannabut                | President (Marketing and Development Business) |
| MissPhatcharada Sriintravanich       | President (Financial Area)                     |

\*on 1<sup>st</sup> November 2016 Retired President (Management Area)

## Authorities and Responsibilities of CEO

Having powers and duties relating to management of the Company as assigned by the Board of Directors; whereas, the executives must manage the Company's businesses according to the work plans and budgets as approved by the Board of Directors with honesty and due care and must maintain interests of the Company and all stakeholders; provided that powers and duties of the executives shall include the following matters and businesses:

1. To consider reviewing the target, business plan including budget preparation, the company's projects and that of its subsidiaries in order that the business is operated and managed according to the policy, targets and business plan laid out and proposed to the company's Board of Directors for approval.
2. Supervise and oversee the performance of group companies' management in order to achieve synergy in production, distribution of aquatic animal feed, aquatic animal breeding including other related businesses.
3. Oversee the company's management and the group companies' management to safeguard the group's benefits (company included) and be in line with the policy of the Board of Directors and report to them directly.
4. Prepare organization structure, management structure to safeguard the company's and group companies' benefits covering the process of selection, training, hiring, dismissal of employee excluding senior management or management team. Acts as the company's authorized officer in signing employment contract, issue orders, guidelines, regulations, announcements, memorandum in order that the operation is conducted in line with the Board of Directors' policy.
5. Control and support the company's budget preparation, the same for various projects' budgets in order to correctly and efficiently manage the budget utilization.
6. A leader in cultivating a learning culture in the organization.
7. Play active roles in maintaining good organization image, engage in public relation activities and publicize the company to be well recognized by external parties.
8. Assign someone or several individuals to assume the position as deemed appropriate during a certain period and/or such assignment must be within the scope of the power of attorney given and/or to be in line with the regulations, guidelines, or directives of the Board of Directors and/or management board and/or of the company. The chairman of the Board can revoke, amend or revise such assignment.

9. Consider the company's profits (or losses), propose payment of interim dividend or annual dividend to the Board of Director for its approval.

10. Possesses other authorities necessary to operate the business in line with the assignment at the Board's meeting and/or the Board's assignment.

Provided that the authorization to the Chief Executive Officer as well as the authorization to others shall be as the Chief Executive Officer may think fit which does not include the power and / or authority to approve any person who may have conflicts of interest, stakeholders or there may be a conflict of interest elsewhere (Regulated by the SET Act) with the company or its subsidiaries, the approval of such a proposal to the Board of Directors and / or the shareholders' meeting for consideration and approval in accordance with the Articles of Association, or related law Except for the approval of the transaction is executed on normal business of the company, according to policies and guidelines approved by the Board of Directors.

### **The Company's Secretary;**

The Board of Directors' meeting passed its resolution to appoint Miss Kantawan Chaitersiri as the Company's Secretary as from 12<sup>th</sup> November 2015; whereas, the data of qualifications of the Secretary to the Board of Directors shall be as per Annexure 1.

### **Authorities and Responsibilities of Company Secretary**

Company Secretary was appointed by The Board of Directors to oversee the meetings of the Board of Directors, Shareholders meetings and other board activities, and to assist the Board to comply with laws and regulations including support to meet the standards of good corporate governance.

- promote understanding and provide the Board of Directors About good governance
- Provide detailed legal issues, regulation and best practices in corporate governance, the duties and responsibilities to the directors who have been new appointed.
- Provide the Board of Directors and Annual General Meeting of shareholders according to the Articles of Association, the Committee Charter and best practices.
- Record minutes of Board of Directors and Annual General Meeting of shareholders including coordinate to the resolutions and policies of the Board and the shareholders of the relevant management and monitor compliance with such policies and resolutions.
- Prepare and maintain a register of directors, annual report, notice of the of Shareholders meeting, notice of the of Board of Directors meeting, minutes of the Board of Directors meeting, and minutes of shareholders meeting.
- Conduct the directors and management to report their stakeholders and their related parties stakeholders, including maintain reporting as legal requirements.
- Ensure the Secretary Is the administrative center of administration of the Board of Directors to provide information on issues related to the business.
- Oversee the activities of the Board and the other matters to comply by law and as assigned by the Board, or the Supervisory of SEC.

Directors and Management data as of 31 December 2016

| Name/Position <sup>(1)</sup>                                                                                                                                                          | Age<br>(Year) | Education / Training Program                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Number of<br>shares (%) <sup>(2)</sup> | Relation with<br>the<br>management | Last 5 years experienced (as at 31 December 2016) |                                       |                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|---------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                       |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |                                    | Period                                            | Position                              | Company                                                                                                  |
| 1. GMC Pitthaporn Glinfueng<br>Chairman of the Board of<br>Directors<br><br>-Started the director position<br>On July 31,2015<br><br>-Started the Chairman<br>position On Aug 27,2015 | 65            | - Royal Thai Air Force Academy Bachelor of<br>Science ( Aerospace Engineering )<br>- Thailand National Defence College DSI<br>Batch#46<br>- Royal Thai Air Force College Batch#29<br>- Air Command and Staff College Batch# 32<br>- Executive Program Course 1 Batch#30<br>(College of Management Office of the Civil<br>Service Commission)<br>- Senior Executive Program (SEP) Batch#21<br>Sasin Graduate Institute Chulalongkorn<br>University<br>- Director Certification Program (DCP)<br>Batch#97 Thai Institute of Directors<br>- Executive Program for Trade and<br>Commerce (TEPCOT) Batch#4 Ministry of<br>Commerce and University of the Thai<br>Chamber of Commerce | None                                   | None                               | 2015 - present                                    | Chairman of the Board of<br>Directors | Thai Luxe Enterprises Plc.                                                                               |
|                                                                                                                                                                                       |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |                                    | 2016 - present                                    | Dean of aviation &<br>transportation  | Sripatum University                                                                                      |
|                                                                                                                                                                                       |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |                                    | 2015 - 2016                                       | Director                              | Thai Luxe Foods Products Co.,Ltd .                                                                       |
|                                                                                                                                                                                       |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |                                    | 2006 - 2013                                       | Advisor                               | Steering committee to promote<br>research and development . CO.,<br>LTD Aeronautical Radio of Thailand . |
|                                                                                                                                                                                       |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |                                    | 2008-present                                      | Association President                 | Association Don Muang Airport                                                                            |
|                                                                                                                                                                                       |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |                                    | 2012-2014                                         | Director                              | TOT Public Company Limited                                                                               |
|                                                                                                                                                                                       |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |                                    | 2010-2012                                         | Chairman of the Advisory<br>Board     | Air Force                                                                                                |

| Name/Position <sup>(1)</sup> |                                                                                                                                                                 | Age<br>(Year) | Education / Training Program                                                                                                                                                                                                                      | Number of<br>shares (%) <sup>(2)</sup> | Relation with<br>the<br>management | Last 5 years experienced (as at 31 December 2016)                                                                                                  |                                                                                                                                                        |                                                                                                                                                                                                                                                                          |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                              |                                                                                                                                                                 |               |                                                                                                                                                                                                                                                   |                                        |                                    | Period                                                                                                                                             | Position                                                                                                                                               | Company                                                                                                                                                                                                                                                                  |
| 2                            | Gen.Chaowarit Prapajit<br>Vice Chairman / Chief<br>Executive<br>Executive Committee<br><br>Started the director and vice<br>chairman position On Aug<br>27,2015 | 63            | - The Course of Development Politics and<br>Elections Batch#1<br>- Thailand National Defence College DSI<br>Batch#49<br>- Army Chief of Staff College Batch# 64<br>-Director Certification Program (DCP)<br>Batch#192 Thai Institute of Directors | None                                   | None                               | 2015 - present<br><br>2015 - present<br>2013 - 2016<br><br>2013<br>2013 - present<br>2002 - present<br>Present                                     | Vice Chairman / Chief<br>Executive<br>Director<br>Independent Director / Audit<br>Committee<br>Chief Of Staff<br>Advisor<br>Advisor<br>Chairman        | Thai Luxe Enterprises Plc.<br><br>Thai demeter co.,Ltd.<br>International Research Corporation<br>Plc .<br>Royal Thai Army<br>Gunno Systems Integration co.,Ltd<br>United Flour Mill Plc<br>A.A.M.C asset management co.,Ltd.                                             |
| 3                            | Mrs.Kanokwan Wannabulit<br>Director<br><br>- Started the director position<br>On Jan 21,2015                                                                    | 50            | - Bachelor of Business Administration<br>University<br><br>- Director Certification Program (DCP)<br>Batch# 221 Thai Institute of Directors<br>- Director Accreditation Program (DAP)<br>Batch# 61 Thai Institute of Directors                    | None                                   | None                               | 2015 - present<br>2016 - present<br>2016 - present<br>2016 - present<br>2015 - 2016<br>2015 - 2016<br>2015 - present<br>2008-2015<br><br>2008-2013 | Director<br>Director<br>Director<br>Director<br>Director<br>Director<br>Promotion & Market Director<br>Managing Director Business<br>Media<br>Director | Thai Luxe Enterprises PLC.<br>T Luxe Power co.,Ltd<br>Tluxe Investments Co., Ltd<br>Tluxe Holdings Co.,Ltd<br>Thai Luxe Foods Products Co.,Ltd .<br>NPP Foods Incorporate Co.,Ltd.<br>Qbizm co.,Ltd.<br>E For L Aim Public Co., Ltd.<br><br>E For L Aim Public Co., Ltd. |

| Name/Position <sup>(1)</sup>                                                                                                                                        | Age<br>(Year) | Education / Training Program                                                                                                                                                                                              | Number of<br>shares (%) <sup>(2)</sup> | Relation with<br>the<br>management | Last 5 years experienced (as at 31 December 2016)                                                                                          |                                                                                                                  |                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                     |               |                                                                                                                                                                                                                           |                                        |                                    | Period                                                                                                                                     | Position                                                                                                         | Company                                                                                                                                                                                                                                                           |
| 4<br>Miss Phatcharade<br>Sriintravanich<br>Director<br><br>Started the director position<br>On Jan 21,2015                                                          | 38            | - Bachelor of Accountancy , Thammasat<br>University<br><br>- MBA in Finance Assumption University<br><br>- Director Certification Program (DCP)<br>Batch# 221 Thai Institute of Directors                                 | None                                   | None                               | 2015-Present<br>2016 - present<br>2016 - present<br>2016 - present<br>2015-2016<br>2015-2016<br>2010 - present<br>2009-2012<br>2008 - 2009 | CFO<br>Director<br>Director<br>Director<br>Director<br>Director<br>Director<br>CFO<br>Finance Supporting Manager | Thai Luxe Enterprises PCL.<br>TLuxe Power co.,Ltd<br>Tluxe Investments Co., Ltd<br>Tluxe Holdings Co.,Ltd<br>Thai Luxe Foods Products Co.,Ltd .<br>NPP Foods Incorporate Co.,Ltd.<br>LT Miracle co.,Ltd.<br>Khao Lak Plaza Hotel<br>Unilever Thai Trading Limited |
| 5<br>Miss. Arporn Seneepakonkai<br>Director<br><br>Started the director position<br>On Feb 21,2015                                                                  | 44            | - Bachelor of Business Administration<br>Assumption University<br><br>- MBA in Marketing Golden Gate University,<br>USA                                                                                                   | 8,900,090<br>shares<br>1.58%           | -                                  | 2015-Present<br>2013-2015<br>2007 - present<br>2000-2012                                                                                   | Director<br>Executive Vice President<br>Director<br>Bangkok Office Manager                                       | Thai Luxe Enterprises PLC.<br>Thai Luxe Enterprises PLC.<br>Thai Asse Holding Co.,Ltd.<br>Thai Luxe Enterprises PLC.                                                                                                                                              |
| 6<br>Mr. Sajja Suksong<br>Director<br><br>- Started the independent<br>director position since 2006<br><br>- Started the Nomination<br>director position since 2006 | 48            | - Bachelor of Economics Chiang Mai<br>University<br><br>- MBA in Finance National Institute of<br>Development Administration (NIDA)<br><br>- Director Accreditation Program (DAP)<br>Batch#55 Thai Institute of Directors | None                                   | None                               | 2006 - present<br>2016 - present<br>2016 - present<br>2015 - present<br>2015 - present<br>2015 - present<br>2014-2016                      | Director<br>Director<br>Director<br>Director<br>Director<br>Director<br>Finance and Budget Sub-                  | Thai Luxe Enterprises PLC.<br>Star Media Group Co.,Ltd.<br>T. W. BangKok Co.,Ltd.<br>Star Sanitary Ware PCL.<br>Grand Sea Property Co.,Ltd.<br>Logic Consultant Co.,Ltd.<br>The MRTA - Thailand                                                                   |



| Name/Position <sup>(1)</sup> | Age<br>(Year)                                                                                                                                                                                  | Education / Training Program                                                                                                                                                                                                                                                                                                                                                                                                              | Number of<br>shares (%) <sup>(2)</sup> | Relation with<br>the<br>management | Last 5 years experienced (as at 31 December 2016)                          |                                                                                                                                                                                                   |                                                                                                                                          |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
|                              |                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                        |                                    | Period                                                                     | Position                                                                                                                                                                                          | Company                                                                                                                                  |
|                              |                                                                                                                                                                                                | Police Department                                                                                                                                                                                                                                                                                                                                                                                                                         |                                        |                                    |                                                                            |                                                                                                                                                                                                   |                                                                                                                                          |
| 8                            | Mrs. Natee Chuansanit<br>Independent Director / Audit<br>Committee<br><br>- Started the director position<br>On January 21, 2015<br>- Started the audit committee<br>position On July 31, 2015 | 62<br><br>- Bachelor of Business Administration<br>Chiang Mai University<br>Master of Executive MBA, SASIN, Graduate<br>Institute of Administration of Chulalongkorn<br>University<br><br>- Director Certification Program (DCP) Thai<br>Institute of Directors<br>- Anti-Corruption for Executive Program<br>(ACEP) Thai Institute of Directors                                                                                          | None                                   | None                               | 2015 - Present<br><br>2015 - Present<br><br>2011 - 2015                    | Independent Director / Audit<br>Committee<br><br>Executive Vice President<br><br>Minister Counsellor                                                                                              | Thai Luxe Enterprises PLC.<br><br>Research and Development<br>Economics<br>Department of Commerce in Prague,<br>Czech Republic           |
| 9                            | Mr. Teerawit Tanakijsoontorn<br>Independent Director / Audit<br>Committee<br><br>- Started the Audit<br>Committee position On June<br>17, 2015                                                 | 38<br><br>- Bachelor of Business Administration in<br>Accounting Kasetsart University<br>- Bachelor of Law Thammasat University<br>- CPA (Certified Public Accountant) The<br>Federation of Accounting Professions under<br>the Royal Patronage of His Majesty The King<br>- Anti-Corruption for Executive Program<br>(ACEP) Thai Institute of Directors<br>- Director Accreditation Program (DAP)<br>87/2011 Thai Institute of Directors | None                                   | None                               | 2015 - Present<br><br>2015 - Present<br><br>2003 - 2015<br><br>2010 - 2013 | Independent Director / Audit<br>Committee<br><br>Director / Certified Public<br>Accountant (CPA).<br>A Certified Public Accountant<br>(CPA).<br>Audit Committee and Risk<br>Management Committee. | Thai Luxe Enterprises PCL.<br><br>Best Audit Company Limited<br>B. S. Audit Company Limited<br>ABSOLUTE IMPACT PUBLIC<br>COMPANY LIMITED |

| Name/Position <sup>(1)</sup>                                                                                                                                                     | Age<br>(Year) | Education / Training Program                                                                                                                                                                                                                                                                                    | Number of<br>shares (%) <sup>(2)</sup> | Relation with<br>the<br>management | Last 5 years experienced (as at 31 December 2016)                                                                       |                                                                                                                       |                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                  |               |                                                                                                                                                                                                                                                                                                                 |                                        |                                    | Period                                                                                                                  | Position                                                                                                              | Company                                                                                                                                                                    |
| 10 Mr. Kitipat Chollavuth<br>Chief Executive Officer<br><br>- Started the appointed as<br>Chief Executive Officer On<br>September 1, 2015                                        | 48            | - Bachelor of Economics Major International<br>Economic Chulalongkorn University<br><br>- MBA in Finance Washington State<br>University, USA<br><br>- Director Certification Program (DCP) Thai<br>Institute of Directors<br><br>- Brand KU EXT #1 Faculty of Business<br>Administration , Kasetsart University |                                        |                                    | 2015 - Present<br>2016 - present<br>2016 - present<br>2016 - present<br>2016 - present<br>2016 - present<br>2009 - 2015 | Chief Executive Officer<br>Director<br>Director<br>Director<br>Director<br>Director<br>Business & Investment Director | Thai Luxe Enterprises Plc.<br>PPSN Co., Ltd<br>TLuxe Power co.,Ltd<br>Thai demeter co.,Ltd.<br>Tluxe Investments Co., Ltd<br>Tluxe Holdings Co.,Ltd<br>VS Group of Company |
| 11 Mr. Nanthuwaphon jirachot -<br>a -nantaya<br>Managing Director of the<br>factory<br><br>- Started the appointed<br>Managing Director of the<br>factory<br>On October 10, 2016 |               | Bachelor of Business Administration<br>Rajabhat Rajanakarindra University                                                                                                                                                                                                                                       |                                        |                                    | 2016 – Present<br><br>2006 - Present                                                                                    | Managing Director of the<br>factory President of Strategic<br>Working Group<br>Production Supporting Director         | Thai Luxe Enterprises Plc.<br><br>Nutrix co.,Ltd                                                                                                                           |
| 12 Miss Kantawan Chaithersiri<br>Company Secretary<br><br>- Started the Appointed as                                                                                             | 35            | -Bachelor Degree of Law Bangkok University<br>- Master Degree of Law in International Trade<br>Law and Electronic Transactions Bangkok<br>University                                                                                                                                                            |                                        |                                    | 2015 - Present<br>2014 – 2015<br>2012 - 2013                                                                            | Company Secretary<br>Assistant Company Secretary<br>Lawyer                                                            | Thai Luxe Enterprises PCL.<br>Krungsri Asset Management<br>Company Limited.<br>Sanook Online Company Limited                                                               |

| Name/Position <sup>(1)</sup> |                                                                                                                                        | Age<br>(Year) | Education / Training Program                                                                                                                                                                                                                                                                                            | Number of<br>shares (%) <sup>(2)</sup> | Relation with<br>the<br>management | Last 5 years experienced (as at 31 December 2016) |                                                                    |                                                                                                                                  |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|---------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
|                              |                                                                                                                                        |               |                                                                                                                                                                                                                                                                                                                         |                                        |                                    | Period                                            | Position                                                           | Company                                                                                                                          |
|                              | Company Secretary in<br>November 2015                                                                                                  |               | <ul style="list-style-type: none"> <li>- Certificate of Training Course of The Laws</li> <li>- Lawyers Council of Thailand Under The Royal Patronage Bar Association, the Bar Association</li> <li>- Certificate of Company Secretary Program - CSP edition 60/2014 Thai Institute of Directors of Thailand.</li> </ul> |                                        |                                    | 2012 - 2012<br><br>2009 - 2012                    | Lecturer, Faculty of Law<br><br>Lawyer                             | Faculty of Humanities and Social Sciences at Nakhon Pathom Rajabhat University<br><br>The Far East Law Office (Thailand) Co.,Ltd |
| 13                           | Miss Ladawan Khanjanaphusit<br><br>Internal Audit Manager<br><br>- Started the Appointed as manager of internal audit in February 2015 | 43            | Bachelor of Accounting Sripatum University<br><br><b>Training courses</b><br>-Curriculum Internal Audit<br>-Curriculum Management Internal Audit<br>- Anti-Corruption for Executive Program (ACEP) Thai Institute of Directors<br>- internal audit's challenge in value adding                                          |                                        |                                    | 2015 - present<br><br>1997 - 2014                 | Internal Audit Manager<br><br>Credit and Legal Departments Manager | Thai Luxe Enterprises Plc<br><br>Thai Luxe Enterprises Plc                                                                       |

## Director and Management Remuneration

### 1.Monetary Compensation

#### Director Compensation

The Company has determined its policy of directors' remunerations in a clear and transparent manner; and directors' remunerations have been proposed to the Board of Directors to be submitted to the Shareholders' Meeting for consideration and approval. Directors' remunerations shall be at an appropriate level in comparison to directors' remunerations of listed companies in the category of agriculture and food industry, which is comparable to the Company's businesses.

Remuneration of the Board of Directors included allowance which paid as per number of attendance, and the annual remuneration of the Board of Directors

Remunerations of directors and executive directors for the years 2015 and 2016 were totally 3,222,165 Baht and 2, 519, 500 Baht, respectively, as per the following details:

#### Remunerations of Directors and Executive Directors

| Name List                                        | Position                                             | Date of Directorship | 2016                 |                                          |                                      | 2015                   |                                          |                                      |
|--------------------------------------------------|------------------------------------------------------|----------------------|----------------------|------------------------------------------|--------------------------------------|------------------------|------------------------------------------|--------------------------------------|
|                                                  |                                                      |                      | Annual Remunerations | Meeting Allowances for Company Directors | Meeting Allowances for Subcommittees | Annual Remunerations   | Meeting Allowances for Company Directors | Meeting Allowances for Subcommittees |
| 1. ACM PitthapornGlinfueng                       | Chairman                                             | 29/07/15             | 240, 000             | 87, 500                                  | -                                    | 95,833                 | 44,500                                   | -                                    |
| 2. Mr. Chaowarit Prapajit                        | Vice President                                       | 27/08/15             | 150, 000             | 83, 000                                  | 115, 000                             | 52,083                 | 15,000                                   | 40, 000                              |
| 3. Mrs.Kanokwan Wannabut                         | Director                                             | 21/01/15             | 150, 000             | 78, 000                                  | -                                    | 135,667                | 106,500                                  | 95, 000                              |
| 4.MissPhatcharada Sriintravanich                 | Director                                             | 21/01/15             | 150, 000             | 83, 000                                  | -                                    | 135,667                | 106,500                                  | 95, 000                              |
| 5. Miss Arporn Seeneepakonkai                    | Director                                             | 02/06/15             | 150, 000             | 66, 000                                  | -                                    | 132,150                | 101,500                                  | 80, 000                              |
| 6. Mr. Sajja Saksong                             | Director                                             | 04/05/06             | 150, 000             | 68, 000                                  | -                                    | 141,000                | 106,500                                  | 35, 000                              |
| 7. Dr.Denchai Auckaradechdechachai               | Independent Director/Chairman of the Audit Committee | 21/01/15             | 180, 000             | 95, 000                                  | 75, 000                              | 147,084                | 72,500                                   | 30, 000                              |
| 8. Mrs. Natee Chuansanit                         | Independent Director/Audit Director                  | 21/01/15             | 150, 000             | 71, 000                                  | 70, 000                              | 135,667                | 101,500                                  | 30, 000                              |
| 9. Mr.Teerawit Tanakijsoontorn                   | Independent Director/Audit Director                  | 17/06/15             | 150, 000             | 83, 000                                  | 75, 000                              | 80,833                 | 44,000                                   | 40, 000                              |
| .Note: Data as of 31 <sup>st</sup> December 2015 | Total                                                |                      | 1, 470, 000          | 714, 500                                 | 335, 000                             | 1,055,983              | 698, 500                                 | 445, 000                             |
| Total 2, 519, 500 Baht                           |                                                      |                      |                      |                                          |                                      | Total 3, 222, 165 Baht |                                          |                                      |

## 1) Executives' Remunerations:

In 2015 and 2016, the Company has paid remunerations to the Company's executives, as follows:

Unit: Baht

| Executives' Remunerations | 2014<br>Remunerations | 2015<br>Remunerations | 2016<br>Remunerations |
|---------------------------|-----------------------|-----------------------|-----------------------|
| Number                    | 4                     | 7                     | 5                     |
| Salary                    | 9,797,400             | 8,380,000             | 11,601,703            |
| Bonus                     | 748,700               | 450,000               | 1,000,000             |
| Others                    | 0                     | 825,140               | 1,112,397             |
| Total                     | 10,546,100            | 9,655,140             | 13,714,100            |

Note: The number of executives as per definitions of SEC

In 2016, the Company has paid the Provident Fund contribution for 4 executives amounted to 284,580 Baht.

## 2) Other remunerations; -

### Personnel

As of 31<sup>st</sup> December 2016, the Company Group had totally 775 employees ( Including the employee from Subsidiary company which had sale on 15 July 2016) and paid monetary remunerations to its non-executive employees, including employees of subsidiaries, totally 148,982,639 million Baht

(Unit: Baht)

|                                                                           | Listed<br>Company  | Subsidiaries      | Listed Company<br>2016 |
|---------------------------------------------------------------------------|--------------------|-------------------|------------------------|
| 1.Salaries, bonuses, overtime pay, diligence allowances, uniform expense; | 111,194,864        | 32,447,202        | 143,642,066            |
| 2. Social security contribution;                                          | 3,020,010          | 869,317           | 3,889,327              |
| 3. Provident Fund contribution;                                           | 1,451,246          | -                 | 1,451,246              |
| <b>Total</b>                                                              | <b>115,666,120</b> | <b>33,316,519</b> | <b>148,982,639</b>     |

## Good Corporate Governance

The Board of Directors prescribed a policy on good governance because it was recognized as being significant and necessary for sustainable growth of business. The Board of Directors emphasized on and intended to follow such principle by prescribing policy for and direction of the Company's business operation with emphasis on the internal control and audit system, supervising the Management to follow the policy efficiently for long term benefits of shareholders under the legal and framework and business ethics, and adopted the good governance principles for companies listed in 2006. The principles are divided into 5 chapters as follows.

### 1. Rights of Shareholders

The Company held 2 shareholder's meeting in 2015, which was ordinary general meeting of shareholders, participated by directors of the Company and directors of the Audit Committee and a representative of the auditor. The Company sent invitation to the meeting together with supporting information for the meeting agendas to shareholders at least 14 days in advance. The invitation letter has adequate details, with comments of the Board of Directors in all agendas. The meeting was fully recorded for review by shareholders. The Company posted the invitation letter and the meeting report in its website at [www.thailuxe.com](http://www.thailuxe.com).

In the shareholder's meeting, the Company allocated the meeting time properly and treated all shareholders equally in expressing their opinions and raising any question to the meeting in accordance with the meeting agendas and the matters taken up for discussion. All such matters including significant inquiries and comments were recorded in the report of the meeting.

### 2. Equitable Treatment of Shareholders

The Company allowed any shareholder who was unable to personally attend the meeting to authorize a third party, or select any independent director, to attend on his/her behalf using the letter of authorization sent by the Company with the invitation letter for ease of shareholders' participation in the meeting. The Company adopted the barcode system in participation registration, thus reducing the registration time, and provided snacks and drinks to shareholders in the registration area before the meeting started.

In the meeting, the Chairman of the meeting allowed shareholders to express their opinions and inquire on matters related to that taken up for consideration in that agenda item, and allowed shareholders to elect directors individually under the agenda item on election of directors to replace those vacating office at the end of their term.

The Company recognizes the significance of the internal audit system, both at the managerial level and the operative level, by establishing an internal audit section carrying the audit to ensure that the main operation and significant financial transactions of the Company were performed efficiently in accordance with guidelines established, including the audit on compliance control. To ensure that the internal audit section is independent and capable of

fully auditing and balancing, the Board of Directors, therefore, requires the internal audit section to report on the auditing results directly to the Audit Committee, and to be evaluated on its performance by the Audit Committee as well.

### 3. Roles of Stakeholders

- **Employees**

The Company treated all employees equally and fairly, in terms of the opportunity, remuneration, appointment, organizing training for personnel development; to establish the Staff Provident Fund, to provide scholarship to children of the personnel with good study record including the scholarship to be given to the personnel of the Company including the development of their potential. The Company shall not act discriminately, the care for the working environment to ensure safety of life and property, listening to the opinion and recommendations of the personnel via the Opinion Reception Center through the Company's website or to act as a whistle-blower in the event of fraud happening in the organization. The said opinion will be forwarded directly to the Audit Committee. Strict compliance with the law and various regulations relating to the personnel; avoidance of any act which may be unfair that may be impacting job security of the personnel or impacting on or creating psychological pressure on the personnel.

- **Suppliers**

The Company has the policy on treating the trading partners equally and fairly by taking into account the maximum interest of the Company. There are purchases of goods and services from the trading partners according to the trading terms including compliance with the contract entered into with trading partner in accordance with the terms of agreement strictly and on the basis of reciprocal return for both sides; shunning the situation that gives rise to conflict of interest including compliance with the obligation; provision of true information and make correct report; entering into negotiations to solve the problem and find a solution on the basis of business relation.

- **Customers**

The Company is aware of the importance of the customer satisfaction it has on the business success of the Company, the Company is therefore seeking method to respond to the need of the customer increasingly efficiently and effectively all the times, such as the delivery of goods and provision of service of quality corresponding to the requirement or higher than the expectation of the customer at fair price; provision of correct and adequate and timely data, information to the customer; making contact with the customer politely, efficiently and winning the trust of the customer; keeping confidential secrets of the customer and do not use the information for own self-interest or for the interest of persons involved unlawfully.

- Creditors

The Company strictly complied with conditions and agreements related to goods trading and loan without circumventing to delay payment or to be in default of payment.

- Rivals

The Company has a policy to treat trading competitors in consistent with the universal principle within the framework of the law governing the principle of trading practice; not to breach the secrecy norprivy to trade secrets of the competitors by means of fraud. The Company behaves within the framework of good competition rules, to maintain the benchmark of competition practice, to shun the dishonest method as to gain unfair competitive advantage or destruction of competitors.

The Company has set up a website as an avenue for whistle blowing; reporting illegal or unethical practices; reporting finance matters; or failure in systems. The page has tabs that divide into "Investor/Contact Board". It is also possible to report directly to the Internal Auditors at [IA@thailuxe.com](mailto:IA@thailuxe.com)

The committee will protect the reporters by keeping their data strict confidentially.

The committee follows a process after an issue is reported to them, they will firstly summarize the report and present it to the Audit committee for further investigation. If the matter affects the Company, it will be presented to the Board of Directors for further action.

The Company was responsible for the environment of communities and the society by implementing environmental management within the organization and the society with measure on maintenance of utensils and equipments used in the Company's operation to protect the environment from pollutants. The Company also established an internal unit and delegated a person with direct responsibility to carry out CSR activities, for example, granting scholarships to customers' children, supporting school fishery.

#### 4.Disclosure and Transparency

The Board of Director recognized the importance of disclosure of accurate, complete, transparent and thorough information, both financial and general, as well as those with impacts upon the Company's securities prices, by disseminating such information for awareness of investors and parties concerned through various channels and communications of the Stock Exchange accurately and completely within the prescribed time and in accordance with criteria prescribed by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Company disclosed the annual report, both in the Thai and the English versions, through the Company's website. The Board of Directors also required the report on responsibilities of the Board of Directors upon the financial statement to be included together with the auditor's report in the annual report.

The Company has provided an investment relation officer so that investors can contact and receive the Company's data at Tel.02-2518152, 02-2518157-8 Ext.212

## 5.Responsibilities of the Board

The Board of Directors determines business direction, business plan, investment plan and investment source procurement and supervises and monitors work performance to ensure compliance with the business plan and to eliminate conflict of interests. Directors with interests in each matter will not be entitled to vote or make any decision in that matter.

The Board of Directors prepared a manual on business ethics for acknowledgement by all directors and employees for them to understand the measure for treatment to the Company, all groups of stakeholders and the public and the society.

The company has implemented an all new orientation to the directors before the inauguration committee, with the introduction of the overall operations of the company, subsidiaries' structure in order to understand the way it works, including with the critical information needed to perform the duties of directors.

The Board of Directors consisted of 9 members including 3 independent directors, 3 executive directors and 6 non-executive directors.

The Company required the Board of Directors' meeting to be held at least once a quarter with extraordinary sessions as necessary, each session with clear agendas established in advance, and regular follow-ups on the operation results. Letter of invitation to such a meeting together with the agendas thereof will be sent at least 7 days in advance of each meeting to allow the Board of Directors adequate time to study the information before attending the meeting. In order to provide enough time for the Board of Directors to study the data prior to the meeting, in 2016, the Board of Directors has convened 4 ordinary meetings and 7 extraordinary meetings.

The Board of Directors appointed an Audit Committee comprising 3 independent directors to help supervising the Company's business, oversee the quality of the financial reports and the internal control system, and a Compensation Committee to help recruiting candidates with suitable qualifications to be directors of the Company and determining appropriate remuneration for the Directors. The Company established a clear and transparent policy on remunerations, but setting it at the same level as the industry and appropriate to the duties and responsibilities assigned, and at a sufficiently high level to attract and retain directors with desired qualifications. Directors'

remunerations will be presented to shareholder's meeting for consideration and final approval. Power and duties of the Audit Committee and the Compensation Committee are as per details in the management structure. In the year 2016, we have Meeting of the Audit Committee at 15 times.

The number of meeting attendances of the Audit Committee:

| Name List                        | The Number of Attendees of the Audit committees 2015 |
|----------------------------------|------------------------------------------------------|
| Dr. Denchai Auckaradechdechachai | 15/15                                                |
| Mrs. Natee Chuansanit            | 14/15                                                |
| Mr. Teerawit Tanakijsoontorn     | 15/15                                                |

Note: Data as of 31<sup>st</sup> December 2016

The date of his tenure.

|                                  |          |
|----------------------------------|----------|
| 1. Dr. Denchai Akaradejdechachai | 17/06/15 |
| 2. Mrs. Natee Chuansanit         | 31/07/15 |
| 3. Mr. Teerawit Tanakijsoontorn  | 17/06/15 |

Remunerations of executives are in accordance with principles and policy prescribed by the Board of Directors, which link with the Company's operation results and each executive's performance. There is a suitable remuneration determination process relying on information on remunerations of companies with similar size in the same industry in conjunction with the Company's operation results.

Company's Board of Directors assume liability for the financial transactions of the company as well as for the essence contained in Annual Reports. Financial Reports are prepared under the generally accepted principles practiced in Thailand and the Company selects a suitable accounting system and carefully making estimates and divulgence of data incorporated in the remarks accompanying financial statements.

The Board of Directors arranged to maintain an efficient internal control system to ensure reasonably that accounting transactions were accurate, complete and adequate to maintain properties and to be aware of weak points to prevent dishonesty or abnormal transactions in material aspects.

The Board of Directors was of the opinion that the Company's overall internal control system was satisfactory and the Company's financial statement could create confidence and relationships with investors.

## Sub Committee

### 1.Audit Committee

As of 31 December 2016, there are 3 members in Audit Committee

| Name List                        | Position                        |
|----------------------------------|---------------------------------|
| 1. Dr. Denchai Akaradejdechachai | Chairman of the Audit Committee |
| 2. Mrs. Natee Chuansanit         | Audit Director                  |
| 3. Mr. Teerawit Tanakijsoontorn* | Audit Director                  |

\*Audit director who had knowledge and experiences in review of the Company's financial statements.

### Authorities and Responsibilities of Audit Committee

- Review to ensure that the Company makes financial report accurately and adequately.
- Review to ensure that the Company has appropriate and effective internal control system and internal audit system and determine independence of the internal audit agency, and approve appointment, transfer and termination of chief of the internal audit or any other agency with internal audit responsibility.
- Review to ensure that the Company complies with law governing securities and stock exchange, regulations of the stock exchange and laws applicable to the Company's business.
- Consider, screen and nominate independent individuals for appointment as auditors of the Company and propose remuneration for such people, and participate in meetings with auditors at least once a year without participation by the Management.
- Consider related transactions or those with possible conflict of interest to ensure their compliance with laws and regulations of the Stock Exchange of Thailand to ascertain that such transactions are reasonable and most beneficial to the Company.
- Prepare report of the Audit Committee and include it openly in the annual report of the Company. Such report must be signed by the Audit Committee Chairman and contain the following information.
  - Comments on accuracy, completeness and reliability of financial report of the Company.
  - Comments on adequacy of the internal control system of the Company.
  - Comments on compliance with law governing securities and stock exchange, regulations of the stock exchange or laws applicable to the Company's business.
  - Comments on suitability of the auditors.
  - Comments on transactions with possible conflict of interest.
  - Number of meetings of the Audit Committee and participation of each member of the Audit Committee.
  - Comments or observations in whole obtained by the Audit Committee from performance of duties in accordance with the charter.
  - Other transactions deemed desirable for shareholders and general investors to know under the scope of duties and responsibilities assigned by the Board of Directors of the Company.
- Perform any other duty assigned by the Board of Directors of the Company with approval of the Audit Committee.

## Nomination of Directors and Top management

### Criteria for Recruitment of the Company's Directors:

In recruiting someone to be a director, since the company does not have a nomination committee, it becomes the duty of the Board of Directors to consider a candidate who is qualified. Regarding the recruitment of personnel to be appointed as directors, since the Company did not have the Nomination and Recruitment Committee, therefore, the Board of Directors shall be obliged to consider and recruit the retiring or substitute directors from those who are qualified and having no prohibited characteristics as prescribed by laws in order to obtain professional and diversified directors; whereas, the number of nominated directors shall be equal to or more than the number of the retiring directors, which shall be proposed to the Shareholder's Meeting for appointment of directors, which can be summarized, as follows:

The Board of Directors consisted of at least 5 members; whereas, at least one half of the total number of directors shall be residing in the Kingdom of Thailand; and the Company's directors shall have qualifications as prescribed by laws.

The Board of Directors shall be appointed by the meeting of shareholders under the following criteria and procedures:

1. Each shareholder shall have one vote for each share
2. Each shareholders shall exercise all votes applicable, one vote for each share, in appointing one or more person to be a director, provided that any of the votes shall not be divisible
3. A person who has the most respective vote shall be elected to be the directors equivalent to the required number of directors but in case where the following persons so elected have equivalent vote, the chairman shall have a casting vote.

At every annual general meeting, one-third of the directors or if their number is not a multiple of three, then the number nearest to one-third shall retire from office. The directors in the first and second year after company registration will be offered a draw to resign. In each subsequent year, those directors who have been longest in the office shall retire. The directors who have been resigned are able to be re nominated.

Each director who would like to resign must submit the resignation letter to the company. The resignation will be effected at the date the company received the letter. The resigned director may report his willing ness to the registrar, if needed.

In cases where there is any vacancy among the directors other than a retirement by rotation, the Board of Directors shall elect a person who is qualified under the law to be a new director at the next meeting of the Board of Directors unless the period to which new director is entitled shall be less than two months. The person who is elected as the

new director shall retain the office during such period only as the vacating director was entitled to retain the same. The resolution of the Board of Directors as specified in the first paragraph above shall consist of votes of not less than three-fourths of the remaining directors.

The meeting of shareholders may resolve to remove any director from the office before the expiration of his period of office with the votes of not less than three-fourths of the number of shareholders attending the meeting with the voting right and holding in aggregate not less than one-half of the shares held by those shareholders attending the meeting with the voting right

The directors must nominate the chairman of board of directors. The chairman will be both the chairman of board of directors and chairman of shares holders meeting. The chairman can take the position as long as he is being the director of the company. If needed, one or more vice chairman can be nominated.

#### Definition of Independent Directors

1. Shareholdings not more than 1% of the available number of shares with the Company in the Major Company, Subsidiary, Joint Venture Company. Major shareholders or the persons with power to control the Company are all part of the Company including the directors.
2. There is no director holding interests in the management, or employee, staff of consultant earning salary regularly or the person with power of control of the Company, Major Company, Subsidiary, Joint Venture Company or Juristic Person who may have contradictory interests currently and 2 years previously serving in the management of the Company.
3. It is not a person having blood relations or by legal registration by way of being parent , spouse, sibling, offspring including spouse of offspring and executives serving as major shareholder , exercising power of control of the Company or person to be proposed to serve as executive or person to exercise power of control of the Company or its Subsidiary.
4. Having no business relations with the Company, major Company, Subsidiary, Joint Venture Company, major shareholder or person with power of control of the Company who may act to thwart the independent status of the Company and it has never been shareholder likely to exercise power of control of person having business relations with the Company, Major Company, Subsidiary , Joint Venture Company , major shareholder or person with power of control of the Company currently or 2 years previously.
5. Never served as auditor of the Company, Major Company, Subsidiary, major shareholder, person with power of control of the Company and not being shareholder with power of control, or partner, manager of the auditor's office which has an auditor of the Company, major company, Subsidiary, joint venture company, major shareholder or person with power of control of the Company, Subsidiary currently or 2 years previously.
6. Never been provider of occupational services, legal services or financial services in receipt of service fee exceeding two million baht annually from this Company, Major Company, Subsidiary, Joint Venture Company,

major shareholder or person having power to control the Company and not being shareholder with power of control or being manager, provider of occupational services currently or 2 years previously .

7. Not being director elected to serve as representative of the director of the Company, major shareholder or shareholder with relations with a major shareholder .
8. Not engaged in business that operates on the same lines as this Company and competed with this Company, or being partner in limited partnership or director of another Company that is engaged in business the same as this Company and competing with this Company.
9. No having any other characteristics that would prevent independent opinion in the interests of this Company.

#### Principle for Choosing Audit Committee

Audit committee will be nominated by the directors or the shareholders. The audit committee must be composed of at least 3 audit committees, by selecting from Independent directors. The term of audit committee is 3 years, but can be reappointed by the directors or the shareholders. At least one of audit committee must have knowledge and experience in financial and accountant, and is able to audit the financial statement.

#### Term of Directors

1. The term of each director is 3 years, which will be resigned at every annual general meeting. The directors who have been resigned are able to be renominated.
2. The term of the members of sub committee will be the same as the term of each director, and can be renominated from the Board of Director.
3. The term of Independence of Director should not more than 3 consecutive terms.

#### Criteria for selecting the top management

To select top executives, the company attaches importance to the organization in the first place, the selection criteria are as follows:

1. Not in possession of prohibited characteristics pursuant to section 68 of the public company ACT 1992.
2. Possession of adequate knowledge, ability and experience in animal feed industry and secondary industry including the ability to make assessment of various work performances in the course of operation the business.
3. Possession of the resourcefulness and experience in the management of mega-size organization .
4. Holding job positions or used to hold job positions not below the Assistant Managing Director, the Vice President and the organization's turnover is not less than 2,000 million baht per year with the balance sheet or the organizational structure or the annual report while holding the position to be made available for presentation. In the case of being or having used to be the executive from the government sector organization at the departmental or equivalent level, the position held must not be lower than the Deputy Top Executive.

5. Having the resourcefulness, high caliber in making decision, in giving order, solving problems and lead the organization towards the direction and target according to the policy assigned by the board of directors of the company.
6. Having a vision of an animal feed business and related business; judicious and clever planning of the business operation, control of the situation and solving the problems with relevancy and in timely manner.
7. Possessing leadership, good human relations among executives, among the persons under command or even with the outsiders; ability for good liaison and work coordination both domestically and abroad.

#### Overseeing the operations of its subsidiaries.

Thai luxe controls the management of the subsidiary companies as to maintain the interest of the company in accordance with the policy laid down by the Company's board of directors and has the duty to report the operating result directly to the company's board of directors through representative of the company to hold the directorship in the subsidiary company as to formulate the policy and protect the interest of the company to ensure the company and its subsidiary operate in the same direction which would result in the management of the cost to maximum efficiency as well as the operation to maximum efficiency including the use of the policy on good corporate governance of both the company and its subsidiary.

The subsidiary is required to seek approval from shareholders in the transaction, and the acquisition or disposition of key assets same as the Company's criteria, and comply with the requirements of the Stock Exchange of Thailand which included the data and accounting records that can be monitored and collected within the consolidated financial statement deadline.

#### Internal Information Control

The Company has set up the policy on the use of inside information, which is recognized only limited to executives only and disclosure to employees as necessary as they need to know in practice.

The company has policies and procedures to take care of directors and management not to use internal company information, which was not been disclosed to the public, for personal gain, including trading securities as follows:

- To educate the directors as well as the executive position to report the holding number of the company securities, including the holding of their spouse and minor children to SEC, and SET under Section 59 and penalty provisions under section 275 of the Securities and Exchange Act of 2535 within 3 days after the day of the inauguration.
- To educate the directors as well as the executive position to report a change of the holding number of the company securities to SEC and SET under Section 59 of the Securities and Exchange Act of 2535 within 3 days from the date of the change in the holding, and send copies of this report to the Secretary of the Company in same day sent a report to the Securities and Exchange Commission to propose to the Board of Directors acknowledged the next meeting.

- To determine the directors, the executive, the staffs, including with Investor Relations team who received inside information to avoid disclosing such information to outsiders or unrelated parties, and should refrain from trading shares of the company while published or distributed the Company's financial statements, as well as other important information at least 30 days before the disclosure, and 3 days after the disclosure.

The company has set a disciplinary penalty matter for the exploitation of inside information by using or to disclosing the information by considering penalty as appropriate verbal warning, written warning, probation and dismissal until the termination of an employee dismissed.

#### Auditor Remuneration

Auditor of the group of the companies in 2016 was EY Office Limited. The auditors name are as follow:

1. Miss. Supanee Triyanantakul Audit License No.4498
2. Miss Sirirat Sricharoensap Audit License No.5419
3. Miss Waraporn Prapasirikul Audit License No.4579

Remunerations for the Auditor in 2014, 2015 and 2016 consisted of the audit fee and other expenses amounted to 1,008,627.50 Baht. 1,119,521 Baht. And 1,472,392 Baht.

Compensation to subsidiaries' and associated companies' auditors in 2016 per the below.

| Name of company                                                                      | Baht       | Yen       | HKD    |
|--------------------------------------------------------------------------------------|------------|-----------|--------|
| Thai Demeter Co., Ltd.                                                               | 100,000    | -         | -      |
| TLuxe Power Co., Ltd.                                                                | 100,000    | -         | -      |
| TLuxe Investment Co., Ltd. (Mauritius)                                               | -          | -         | -      |
| TLuxe Holding Co., Ltd. (Hong Kong)                                                  | -          | -         | 21,800 |
| PPSN Co., Ltd. (Japan)                                                               | 520,561.50 | 2,777,777 | -      |
| Otomeyama Co., Ltd. (Japan)                                                          | 15,000     | 262,500   | -      |
| Sumo Power Co., Ltd.                                                                 | 25,000     | 765,000   | -      |
| S Power Co., Ltd.                                                                    | 15,000     | 262,500   | -      |
| SNS Power Co., Ltd.                                                                  | -          | 240,000   | -      |
| M - Luxe Energy Co., Ltd.                                                            | 15,000     | 555,000   | -      |
| Thai Luxe Food Products Co., Ltd. (the company divested the investment in July 2016) | 117,865    | -         | -      |

## Social Responsibility

### Policy on Social Responsibility

The company is focused on operating business honestly, transparently, and morally throughout the organization to achieve quality products and management, convenient, safe, and environmentally friendly as declared in its mission statement, vision, and values.

Guidelines about social responsibility

#### 1. Operating business morally

The company has policies encouraging employees to act strictly in accordance with the law, honestly, and responsibly by performing duties with transparency.

##### 1. Receiving benefits and financial involvement with business partners of the company.

Employees naturally should not demand or accept money, items, or other benefits from customers, representatives, distributors, vendors, contractors, product salesmen, and other service providers. In addition, employees should not be financially involved such as invest or trade, lend or borrow money, collect, give cashier's check, loan, sell, rent, or rent out, or develop any financial obligation with these persons.

##### 2. Receiving gifts by popular tradition

In an opportunity of a popular tradition, in which there is gift giving, if the employee receives a gift of unusual value from a business partner of the company, the employee is to report to the appropriate superior.

##### 3. Conflict of interest

The directors and employees should not take advantage of being a committee member or an employee of the company, who are acting as a financial operations manager of the company, to seek personal benefits as well as business benefits.

4. The company is considers equality and honesty in business operations and benefits with trade partners. Trading partners of the company should act strictly in accordance with the law and various rules and bear good morals in operating business. In competing in business, the company adheres to rules of competition, guidelines of practice, as well as being fair in borrowing from lenders and in making payments. Therefore, to be in line with such principles, the company has designated the following guidelines of practice:

##### 4.1 Relationship with trade partners

- The company will not demand, accept, or provide any dishonest benefits in trading with partners.
- The company will act according to agreed terms and conditions with the trade partners.

- In the event that the company fails to act in accordance with the terms and conditions, it will promptly inform ahead of time to evaluate the situation and find a reasonable solution together with trade partners.

#### 4.2 Relationship with trade competitors

- Act within boundaries of fair competition.
- Refrain from damaging reputation of competitors with dishonest accusations.

#### 4.3. Relationship with creditors

- Maintain and act in line with terms agreed upon with a creditor in terms of payment, taking care of assets for guarantee, and other terms, as well as not using funds borrowed for objectives other than which was agreed upon with the lender.
- Report financial status of the company to the creditor honestly.
- Report to the creditor if the company fails to adhere to commitments in the contract, and work together to find a resolution to the issue.

#### 4.4 Responsibilities to the supply chain

- Supporting trade partners to be responsible to society

The company has a system of examination and evaluation of trade partners in the supply chain to manage risk in terms of sustainability by considering quality, quantity, and product delivery and services received, as well as minimal requirements according to labor laws, environmental laws, and quality management systems such as ISO9001:2008, ISO14001, ISO17025, GMP, and HACCP standards, as well as company policies and purchase agreements with trade partners.

- Cooperating with trade partners to develop social responsibility

The company has policies to organize events together with trade partners such as cooperating to be responsible for society in terms of public benefits, environmental protection, and community development, as well as creative projects to promote and support better living of the underprivileged, the elderly, and youth.

The company has designated the appropriate terms of trade and contract such as designated delivery time, terms of payment, and fair prices.

## 2. Anticorruption

The company will review business with trade partners, trade competitors, and trade creditors who collude in setting prices, as well as acting in any way to monopolize, obstruct, or eliminate trade competition that are illegal.

The company has the following guidelines about transparency of work and anticorruption within the organization:

1. Create a review process and a system of transparency control.
2. Designate an organizational structure and fair compensation according to good corporate governance.
3. Organize events to promote and communicate to create understanding leading to acceptance and application.
4. Instill a good conscience for employees and management to work transparently. Create values and culture to strive for excellence and good will.
5. Create a channel for complaints and create a response process that is quick and fair such as email, phone, complaint box, letters, etc. which can be filed to the Office of the Committee, Internal Audit Office, Human Resources Division, or direct superior.
6. Organize training for employees to promote honesty.
7. Produce an ethics manual for all employees.

### Conflict of Interest

Directors and employees do not take the chance of being directors, employees of the company which managing the finances of others to seek personal gain including non-business interests.

### Grievance channels/suggestions/reporting incident

The company gives opportunity to employees and stakeholders to lodge grievance, make suggestions and report incidents of unlawful actions or activities by assigning the Audit Committee's secretary to act as the center for accepting the grievances etc. This can be done via sending an email, via grievance box and letter to the Internal audit via Thai Luxe's website [www.thailuxe.com](http://www.thailuxe.com) titled Contact us>contact office.

### Process upon receiving complaints

1. Consider the complaint's severity, impact on the organization, via the committee.
2. Appoint a committee to investigate facts regarding the complaint within 15 days.
3. Make a final judgment and hand out punishment.
4. Report the number of complaints and investigation results.

### Measures to protect informant

1. Conceal identity of informant and informants.
2. Committee members must keep information confidential.
3. In the event that an employee is the informant, the company must provide protection according to the Labor Protection Act of 1998 and the Civil and Commercial code (item 3 type 6 : Employment Contract)

### Participate in group cooperation

The company has announced its intention to join the alliance on 'Collective Action Coalition against corruption' project which is supported by the government. It is an initiative of private sector to jointly participate to solve the corruption issues in Thailand.

### 3. Respecting human rights

Human rights refer to rights of being human, which is a natural right all human beings are born with. Human rights cannot be transferred from one to another. There is no person, organization, or ever a state which can violate human rights. Human rights belongs to all people regardless of nationality, place of birth, gender, age, skin color, or wealth status. A violation of a person's human rights in any country, by a person, group, or state, is considered a violation of human rights. The company considers general human rights, adhering to the following:

1. Act in accordance with laws and regulations of the company.
2. Study the details of assets of trade partners in doing business and management to prevent being associated with violations of human rights.
3. Evaluate risk of human rights violations, policies, and impact regularly. Produce concrete evaluation results to report to executives.
4. Arrange to have tools for complaints so that employees can freely and easily access complaint mechanisms to raise concerns or indicate negative impacts of human rights violations.
5. Investigate in the event that an accusation is raised and proceed to resolve the issue to lessen the impact on human rights appropriately.
6. Support the development of relationships and business capacity with allies regularly. Dissolving business relationships should be a last resort.
7. Report operations transparently.

#### **Risk management and applications.**

1. Plan to execute projects of the company carefully. Be deliberate in evaluating the feasibility of a project during execution or for future plans, and how it will impact the rights of employees, communities and surrounding society, as well as finding preventive measures.
2. Watch over the company, making sure it doesn't violate rights of the community or in the area of operations for that project.
3. Refrain from participating in wrongdoings which may cause violations of human rights both directly and indirectly, such as unignoring military or police officers' action or measures to pressure peaceful protests by citizens in the area the company is conducting its business.
4. Refrain from participating in operating a company project that may cause a disturbance to homes and property on which people make their living. If the action is legal by Thai law and international practice, reassurance should be provided to the person impacted by the project that they will be sufficiently compensated for.

#### **Mechanisms of protection, care, and participation.**

1. Solve issues caused by the negative impact of human rights violations caused by the decision making and operations of business in various ways, and improve the situation.
2. Place a complaint mechanism as a channel for employees of the company, or those who believe that their rights have been violated or have been treated unfairly, to be able to seek care. There should be public relations to raise awareness.
3. Mechanism to receive complaints which is a step-by-step process with a clear time frame. There should be freedom to examination and making a decision while considering the outcome and any care which is in line with human rights.
4. Utilize negotiation to reconcile as a part of the complaint resolution process to seek resolutions agreeable to both sides.
5. Promote and open opportunities for employees, community, and society to participate in expressing their opinions if the company or personnel of the company may have violated rights. This is for the benefit of reflecting on a problem and seeking resolutions.

#### **4. Treating workers fairly**

Thai luxe gives importance to acting in accordance with the law and regulations. It also supports participation of employees and their rights to express their opinions, safety in the workplace, and employee development of knowledge and capacity with equality.

### 1. Employment

- Not using labor forcibly or child labor.
- Not having prejudice in employment.

### 2. Employee's right to participate

- Giving importance to negotiation.
- Participating in negotiations with employees.

The company opens opportunities for employees to express their opinions via various channels such as email, telephone, complaint box, letters, and various relevant meetings.

### 3. Right to receive news and information

The company gives employees equal rights to receive news and information via public relations boards, intercom, website ([www.thailuxe.com](http://www.thailuxe.com)), etc.

### 4. Developing relationships and participation

The company develops relationships and participates with employees and executives by making merit, giving alms, presenting robes to monks, releasing fish, planting trees in wetlands, etc.

### 5. Develop and promote employees

The company is dedicated to developing and promoting employees regularly as they are valuable assets to success. The company also prepares the employees to be “good” and “capable” people by developing in terms of knowledge, ability, and capacity continuously in line with the employee's capacity as well as creating an organizational value. There should be a target KPI as a measure, teach new duties when there are adjustments in duties, and when accepting new employee applicants. This is all for the equal progression of the employees without prejudice.

#### Proportion of employees at various levels

| Level             | Male   | Female |
|-------------------|--------|--------|
| Top Management    | 0.60%  | 0.40%  |
| Middle Management | 1.69%  | 0.18%  |
| Supervisors       | 3.87%  | 5.56%  |
| Operators         | 41.43% | 44.57% |
| Total             | 47.59% | 52.33% |

#### 6. Health and safety

- The company gives importance to health and safety in the workplace of employees. The company arranges to have annual check-ups for all employees, provide accident insurance, employee insurance for those who face danger in their work.
- Train employees on safety and run fire drills annually.
- Adjusting the work environment appropriately by arranging the area and brightness to be appropriate for work, as well as testing regularly.
- The company arranges for safety tools and personal safety tools necessary for employees.
- The company records and investigates all accidents and incidences.

#### 7. Performance to the employee

The company is aware that the employee is an important factor for the company's success in reaching its organizational objective. It is the company's policy to treat the employee fairly in terms of opportunity, compensation, appointment, employee trainings, to provide provident fund, offer study grants to employees' children with good academic records including providing educational scholarship to employees, develop capability, uphold non-discrimination policy, ensure good safe working environment, listen to employees' grievances and suggestions via the company's website or to report unlawful/illegal activities in the organization. Such report will be sent to the Audit Committee for the sake of transparency. Employees will be strictly treated according to the laws, fairly, without affecting the employee's job security or threatening the employee so they become stressful.

#### Guidelines or project to promote quality of life for employees.

The organization must be made up of people in the organization including employees, supervisors, and executives. The component of happiness is an organization that all employees work together happily and has a good work environment, the organization pays fair and appropriate compensation, teamwork environment, helping one another, being kind and generous. A happy organization is a prosperous organization as well.

## 5. Responsibility to consumers

The company is a leader in quality shrimp feed. It is the first shrimp feed producer in Thailand that has the quality assurance standard of ISO 9001, ISO 14001, GMP & HACCP, and Q Mark, which are product quality and safety assurance for consumers. This is to acquire both domestic and international consumer acceptance for the products, as well as instilling confidence in the products' value and ability to meet consumer needs.

In terms of prices, products are controlled by the Department of Internal Trade and prices are in reference to the central market of fishery products. This reassures customers that prices are fair. Packaging varies to serve customer demands. They are registered for all products being distributed. Also, product use directions are in line with guidelines of the Department of Fisheries. In addition, a team of academics has produced a manual on aquatic animal farming for each stage of lifecycle to be distributed to all farmers.

In terms of, safety and product insurance, The company production processes meets the Good Manufacturing Practice standard or GMP, which is a guideline and good practice in food production to ensure safety and consumption confidence. The principle of GMP covers the location of the business, building structure, manufacturing process, safety, and quality are all up to standard. This extends to sanitation and hygiene. HACCP Hazard Analysis Critical Control Point is applied to analyze danger hazard and critical point control. It is a safety standard management system, which is used to control the manufacturing process of food that is safe from 3 areas including chemical, physical, and biological dangers, from raw material to consumer hands.

We have developed a quality assurance system. Laboratory results are required to meet international standard, and are produced in a quick and credible manner. The company has also developed a regular quality testing system to ensure satisfaction and benefit of the customers. Our laboratory meets the ISO/IEC17025 standard, certified by the Department of Science Service, which is a guideline for quality management of a laboratory. Furthermore, the company has opened channels for customers to inquire information and file complaints about products.

The amount of chemicals used in the inspection of products has also been reduced, by using NIRs technique, for quick reporting and friendly to the environment.

## 6. Environmental care

The company is aware of various problems with the environment. The company is determined to apply a certified environmental management system (ISO 14001) as a key mechanism both in drafting environmental policies, setting objectives/goals, and executing environmental management projects. This includes testing and reviews to improve and develop systems to ensure effectiveness regularly. The hope is that the company will become an organization with quality staff, technology, and manufacturing without doing harm to the society and environment, and in turn, become a part of sustainable development of the country.

Thai luxe is determined to develop quality of products and services for consumers while also taking care of the environment. A team of academics have been deployed to conduct research and development of product quality with a focus on raw materials and the goal of lessening environmental impact to the very least, while consumers can still enjoy quality of products and services.

The building and production process were designed by using the SKY Light lit in the daytime to reducing energy consumption. Besides, the company has seen the importance of finding alternative energy sources, by using the wind turbine power converter is used in office buildings to reduce energy consumption and resource integration.

Thai luxe gives importance to aquatic resources management in every step of its work, covering all the way up- and downstream. Plans and projects are to use the least water effectively to lessen impact on the surrounding environment and community. The following measures have been applied to prevent aquatic pollution:

1. Implementing a water treatment system from the manufacturing process, which should control, treat, and improve the quality of water to meet legal standards. The quality of water is tested by a private agency internationally certified. There is also concern for emergencies in water management to make sure there is no impact on surrounding communities and environment.
2. Managing water both used within the company and in the wastewater treatment system. Water is retrieved from natural sources such as well-water with care for sustainability of natural resources. Wastewater management is handled by a wetland system to improve the quality of wastewater which could be recycled for environmental management in the factory. An area is designated to receive rainwater to complement well-water in the manufacturing process to lessen the use of well-water. Release of wastewater into communities is strictly prohibited.

#### Smell, dust, and noise pollution prevention

As Thailuxe is a company which produces aquafeed, smell, dust, and noise pollution is inevitable. Surrounding communities may sometimes be affected. However, technology to manage smell has been applied using a wet scrubber as a tool to get rid of gas and vapor. Small particles are handled with water sprayed as mist throughout the area which will then make impact with a stream of gas. The impact will cause inertia which is the main mechanism of interception and dispersion.

#### - Air

With the determination to become a green factory which coexists with communities happily, the company has set various goals to meet standards by developing and improving by applying appropriate technology to manage air pollution.

#### - Dust

Dust pollution is managed by a jet filter in each area of the manufacturing process which will cause dust pollution. A preventive maintenance plan is also applied to make sure that the machine is effectively functioning at all times.

#### - Noise

The Air Silencer is applied to lessen noise pollution to both employees and nearby communities. In addition to applying effective machines and tools to manage environmental impact of the manufacturing process to be up to standard, there is also a regular review system of quality of air that is released from the factory's chamber. Machine quality and effectiveness are monitored regularly. Smell, dust, and noise pollution tests are conducted in nearby communities to improve and develop their respective management systems.

### Energy and climate changes

The company insulates all of its steam and heat conductors in the manufacturing process to lessen use of steam energy which will lessen use of fossil fuel. Pull switches are also installed in the office building to save energy. Regular switches will turn all lights on at once, which wastes energy. Sometimes only lights are needed in some areas but not the other, in which case a pull switch allows the office to save money by allowing such function.

### Biodiversity and ecology

The company is aware of biodiversity and ecology. On December 13, 2007, the company organized the project in honor of His Majesty the King's 80<sup>th</sup> birthday, to plant 1,299 plants on 7 rai of land and planted forest trees in wetlands of Samut Songkhram and Surat Thani provinces to expand green ecological areas. The company also participated in the project to release fish annually to replenish the number aquatic animals in natural water sources.

Operating a farming business under the Global G.A.P. standard is a product and manufacturing management guarantee for such product, that there is no usage of GMOs or cross-species contamination. This ensures that consumption of each product is guaranteed quality at the least environmental impact.

With the determination to care for the environment, save resources, save energy, all employees of Thailuxe cooperate in helping in Thailuxe's environmental projects to achieve the objectives and to be in line with policies effectively.

### 7. Community and social development

The company gives importance to education. Promoting education in youth especially in impoverished areas is a priority for the company. The company takes part in sustainable community development by adhering to the Sufficiency Economy philosophy of His Majesty the King. The following projects have been implemented with the intention of community and social development:

1. Thailuxe Graduate Project is a project that the company intends to participate in youth development to enhance ability and educational opportunity. It is meant to provide a means and drive for the country, promote community strength, and a happy society. These are the basic foundation of enhancing career knowledge and capacity and in turn security for oneself and society.

All throughout the 10 years that the project “Thailuxe Graduate Project” has been implemented, there have been 1,000 scholarships handed out to employees, children and grandchildren of employees and customers, as well as students from various educational institutions. The company is determined to instill values among youth and to highlight the importance of education, as well as to enhance capable human resources, ready to improve the quality of society.

2. The School Fishery Project has been in operation for 10 years. It has organized activities across all regions of the country at more than 10 schools per year. The project involves giving more knowledge and understanding about fish farming to students in community schools and local schools in impoverished areas. It also supports lunch projects to provide students with nutritious meals with good sanitation and hygiene, leading to a sustainable career path in the future.

3. The Fish Releasing Project replenishes life in water sources to promote and instill a conscience in communities to participate in protecting ecological balance. Fish are released into natural habitats to expand aquatic species and to enrich the environment. Knowledge and understanding about natural resources are established in the community according to the guideline of sustainable community management.

4. The Community Relations Project. The company is determined to support and be involved in community development, as well as the society to develop strong relationships. The focus is to offer communities benefits to improve local economy for better living and sustainability. This project is a volunteer project for employees as well as executives who only voluntarily join its various activities.

## Internal Control and Risk Management

The Board of Directors have evaluated the internal control system based on the report submitted by the Audit Committee, there are 5 components, i.e.

1. Organizational Control and Environment Measure
2. Risk Assessment Measure
3. Management Control Activities
4. Information and Communication Measure
5. Monitoring

The Board of Directors considered that Company's internal control over transactions with major shareholders, directors, executives or related persons was sufficient.

The Internal Audit Department has been reviewing the performance of various departments. If there are any flaws. Significant will be reporting directly to the Audit Committee.

The Company has appointed Ms. Ladawan Khanjanaphusit to the position of Deputy Manager of Internal Audit, act as the head of internal audit of the company, as she had the experience to perform the audit and had been trained in courses relevant to operations, including internal audit, such as Internal audits to prepare for the Certified Internal Auditor . She had an understanding of the activities and operations of the Company. So it is appropriate to perform such duties appropriately enough.

The approval of the appointment, transfer and dismissal of internal audit of the company must be approved by the Audit Committee.

## The Connected Transaction

Descriptions of related transactions of the company, its subsidiaries and persons with conflicts of interest in 2016

The company and its subsidiaries are engaged in related business transactions which are normal business transactions conducted under fair commercial terms, as follows:

| Persons/juristic persons involved                                                 | Relationship                                                                                                                                                           | Description of related transactions                                       | Type of transactions                                                                                                             | Amount (baht)                                            | Necessity and appropriateness of the related transactions                                                                                                                                                                   |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                   |                                                                                                                                                                        |                                                                           |                                                                                                                                  | As at 31 December 2016                                   |                                                                                                                                                                                                                             |
| 1.1 Nippon Food Products Co., Ltd. (previously known as Thailuxe Food Co., Ltd.)  | Nippon Food Products Co., Ltd. The company holds 55% interest of registered capital (During the year, the company sale Nippon Food Products Co., Ltd. on 15 July 2016) | The company lease cold storage facility to Nippon Food Products Co., Ltd. | <ul style="list-style-type: none"> <li>Rental income</li> </ul>                                                                  | 2,700,000.00                                             | After the company doesn't processing frozen food products, it does not need to use the cold storage any longer hence lease it out for the maximum benefit to the company. The rental price is mutually agreed upon contract |
| 1.2 T Luxe Global Business Co., Ltd. (previously known as Thai Demeter Co., Ltd.) | T Luxe Global Business Co., Ltd. the company holds 100% % interest of registered capital                                                                               | The company sells raw materials to T Luxe Global Business Co., Ltd.       | <ul style="list-style-type: none"> <li>Income from sales of raw material</li> <li>Interest income</li> </ul>                     | 553,400.00<br><br>1,410,684.93                           | The company sell of raw material is a normal trade transaction. Price is fixed in line with the market.                                                                                                                     |
| 1.3 T Luxe Power Co., Ltd.                                                        | T Luxe Power Co., Ltd. the company holds 100% % interest of registered capital                                                                                         | The company lent monies to T Luxe Power Co., Ltd.                         | <ul style="list-style-type: none"> <li>Interest income</li> <li>Accrued interest</li> <li>Loan to related party</li> </ul>       | 4,322,039.87<br><br>4,322,039.87<br><br>166,658,700.00   | Interest rate 6.0%                                                                                                                                                                                                          |
| 1.4 PPSN Co., Ltd.                                                                | PPSN Co., Ltd. which holds 100 % interest of registered capital by T Luxe holding Company Limited.                                                                     | The company lent monies to PPSN Co., Ltd                                  | <ul style="list-style-type: none"> <li>Interest income</li> <li>Accrued interest</li> <li>Loan to related party</li> </ul>       | 13,955,701.00<br><br>20,004,078.37<br><br>524,701,040.48 | Interest rate 2.5% , 6.5% , 8.0%                                                                                                                                                                                            |
| 1.5 Asia Capital Group Public Company Limited                                     | The Company has invested in shares representing approximately 14% of registered capital.                                                                               | The Company has invested in Bills of Exchange                             | <ul style="list-style-type: none"> <li>Balance of Bill of Exchange</li> <li>Interest income</li> <li>Accrued interest</li> </ul> | 450,000,000.00<br><br>22,090,899.00<br><br>570,879.00    | Interest rate 5.0% - 6.5%                                                                                                                                                                                                   |

Ratio Analysis Table showing comparison of key financial ratios for the period 2014-2016

|                                           | Consolidated |        |        | Company only |        |       |
|-------------------------------------------|--------------|--------|--------|--------------|--------|-------|
|                                           | 2014         | 2015   | 2016   | 2014         | 2015   | 2016  |
| Liquidity ratio                           |              |        |        |              |        |       |
| Current ratio (times)                     | 2.24         | 1.93   | 3.62   | 2.30         | 1.74   | 3.64  |
| Quick ratio (times)                       | 1.22         | 1.41   | 3.27   | 1.24         | 1.19   | 3.28  |
| Receivable turnover (times)               | 13.97        | 10.91  | 9.65   | 14.34        | 12.74  | 10.46 |
| Average collection period (days)          | 25.77        | 33.01  | 37.30  | 25.11        | 28.25  | 34.41 |
| Account payable turnover (times)          | 10.54        | 8.81   | 9.42   | 10.06        | 9.88   | 10.47 |
| Average payment period (days)             | 34.15        | 40.85  | 38.23  | 35.80        | 36.45  | 34.37 |
| Cash cycle (days)                         | 51.48        | 74.80  | 80.55  | 53.91        | 70.26  | 79.29 |
| Inventory turnover period (times)         | 6.01         | 4.36   | 4.42   | 5.57         | 4.59   | 4.54  |
| Holding period (days)                     | 59.85        | 82.64  | 81.49  | 64.60        | 78.45  | 79.25 |
| Asset turnover ratio (times)              | 1.28         | 0.73   | 0.42   | 1.15         | 0.75   | 0.42  |
| Profitability ratio                       |              |        |        |              |        |       |
| Gross profit margin (%)                   | 9.66         | 10.82  | 14.31  | 9.80         | 10.81  | 14.31 |
| Net profit margin (%)                     | (0.44)       | (2.67) | 15.37  | (0.18)       | (1.45) | 15.10 |
| Efficiency ratio                          |              |        |        |              |        |       |
| Return on assets (%)                      | (0.01)       | (1.93) | 6.51   | (0.00)       | (1.08) | 6.36  |
| Return on equity (%)                      | (0.70)       | (2.80) | 12.77  | (0.25)       | (1.52) | 12.38 |
| Financial ratio                           |              |        |        |              |        |       |
| Debt to Equity ratio (times)              | 0.25         | 0.45   | 0.96   | 0.23         | 0.40   | 0.95  |
| Interest Coverage ratio (times)           | (0.58)       | (2.98) | (5.84) | (0.43)       | (1.86) | 5.66  |
| Dividend ratio (%)                        | -            | -      | -      | -            | -      | -     |
| Other ratio                               |              |        |        |              |        |       |
| Average earning (losses) per share (baht) | (0.02)       | (0.08) | 0.42   | (0.01)       | (0.04) | 0.40  |
| Basic earning (losses) per share (baht)   | (0.02)       | (0.08) | 0.42   | (0.01)       | (0.04) | 0.40  |
| Net book value per share                  | 2.97         | 2.83   | 3.23   | 2.99         | 2.84   | 3.25  |

## Management Discussion and Analysis

### As at end of 31 December 2016

Net revenue from aquatic animal feed, farm animal feed and breeding farms had declined continuously for shrimp production due to EHP (microsporidian) which is a living parasite with spores similar to fungus found in shrimps causing quick spread of epidemic. The discovery of such parasite occurred at end of 2016 and no efficient eradication method has yet been found. Besides EHP epidemic, the farmers continue to face with the existing diseases in every breeding area such as pullorum disease, white spot disease and EMS.

Nevertheless, the reduction of shrimp production had caused shrimp price to surge and spur farmers to raise shrimps continuously. The farmers also learnt to properly prepare the ponds, ensuring availability of adequate water supply, selection of young and healthy juvenile shrimps, conduct inspection and analysis of water quality, shrimp health conditions in line with established program in order to reduce risk.

The shrimp industry in 2017 is not expected to recover sufficiently due to the EHP issue (microsporidian) and severe flooding in southern Thailand at beginning of the year.

The changing conditions of the nature such as the drought in every region of the country, irregular rain fall outside the season, and flooding in the southern parts of Thailand adversely affected fish farming of all kinds resulting in numerous dead fish occurring in middle of the year, scarcity of fish meat in the market at times and excessive fish meat flooding the market at other times, the latter happened during the third and fourth quarters of 2016. Moreover, all juvenile fish breeds cannot be produced adequately to meet the farmers' requirements.

The marketing strategy of competitors and big agents which deal in large fish quantity, e.g., catfish, carp and tilapia is to dump fish in the local market causing damage to the market mechanism. Nevertheless, the company will endeavor to more and more penetrate target customers and there have been new customers acquired at medium to big sizes. The company is also launching feed for sea bass and damselfish which can further boost sales.

On electricity generation, the company has approved the investment in geothermal energy in Japan by acquiring PPSN Co., Ltd. on 11 May 2016 and Sumo Power Co., Ltd. on 6 September 2016. At present, the company has commercially distributed electricity to the network since 1 June 2016 from 2 plants.

The company arranged for an estimate of fair market value of tangible assets and liabilities acquired as of the date of the business acquisition and this process has been finalized since the fourth quarter of 2016 which is

within the stipulated 12 month timeframe after the date of acquisition in line with the financial reporting standards No.3 (revise in 2015).

After operating geothermal energy business, the company foresees opportunity in developing vacant land at Beppu, Oita Province, Japan to sell to interested investors in geothermal energy business. As a result, the company jointly invested with Setouchi Natural Energy Co., Ltd. (Setouchi) to establish a new juristic entity, M-LUXE Energy Co.,Ltd. (M-LUXE), with PPSN Co., Ltd. holding 25% and Setouchi Natural Energy holding 75% of the 10 million yen paid-up capital. The company paid 200 million yen to develop 8 plots of land in the form of a loan at interest rate of 3% p.a., based on the company's cost of fund in comparison with interest rate offered by Japanese financial institutions.

Moreover, on 23 September 2016, PPSN Co., Ltd. established a subsidiary in Japan, Otomeyama Energy Co., Ltd., while on the same day Sumo Power Co., Ltd. established a subsidiary under the name S Power Co., Ltd. and on 5 October 2016, Sumo Power Co., Ltd. established a 100% subsidiary, SNS Power Co., Ltd. to operate geothermal energy business in Japan.

The company's total assets have increased continuously. From the consolidated financials of 2014, 2015 and 2016, the company has assets of 1,666.26 million baht, 2,309.42 million baht and 3,569.31 million baht respectively. The rise in assets in 2016 is accounted by the surge in investments in the market and additional assets.

Liquidity ratio in 2014, 2015 and 2016 stood at 2.24X, 1.93X and 3.62X, while at the same time, the group had total liabilities at end of 2014, 2015 and 2016 of 337.10 million baht, 715.31 million baht and 1,749.96 million baht respectively. Debt to equity ratio stood at 0.25X, 0.45X and 0.96X for the same timeframe.

In 2016, the group's return on assets was 6.51%, increased from the previous year and the return on equity stood at 12.77%, also increased from the previous, owing to the group having higher net profits relative to the prior year.

An analysis of the company's results and financial position are as follows

| Revenues                                       | 2014            |                | 2015            |                | 2017            |              |
|------------------------------------------------|-----------------|----------------|-----------------|----------------|-----------------|--------------|
|                                                | Baht mio.       | %              | Baht mio.       | %              | Baht mio.       | %            |
| Revenues from sales of animal feed             | 1,831.82        | 84.98%         | 1,674.60        | 98.35%         | 1,501.29        | 67.02%       |
| Revenues from sales of processed frozen food   | 244.42          | 11.34          | -               | -              | -               | -            |
| Revenues from breeding farm                    | 29.57           | 1.37%          | -               | -              | -               | -            |
| Revenues from sales of electricity             | -               | -              | -               | -              | 10.00           | 0.44%        |
| Orther                                         | 28.65           | 1.33%          | -               | -              | -               | -            |
| <b>Total revenues from sales</b>               | <b>2,134.46</b> | <b>99.02%</b>  | <b>1,674.60</b> | <b>98.35%</b>  | <b>1,511.29</b> | <b>-</b>     |
| Interest income                                | 6.31            | 0.29%          | 12.55           | 0.74%          | 39.43           | 67.46%       |
| Profits from investment in securities          | 2.96            | 0.14%          | -               | -              | 649.04          | 1.76%        |
| Profits from investment in subsidiaries        | -               | -              | -               | -              | 11.11           | 28.97%       |
| Profits from investment in associate companies | -               | -              | -               | -              | 21.00           | 0.50%        |
| Other income                                   | 11.90           | 0.55%          | 15.46           | 0.91%          | 8.31            | 0.94%        |
| <b>Total revenues</b>                          | <b>2,155.63</b> | <b>100.00%</b> | <b>1,702.61</b> | <b>100.00%</b> | <b>2,240.18</b> | <b>0.37%</b> |

Notice: In 2014, the Company did not classify of income from the sale of frozen food into discontinued operations, as same as 2015 and 2016 (the abolition was Thai Luxe Food Products Co., Ltd.)

## Sales revenues

In 2014, 2015 and 2016, the group had revenues from sales of 2,134.46 million baht, 1,674.60 million baht and 1,511.29 million baht respectively consisting of revenues from sales of aquatic animal feed, pet feed, breeding farm and electricity generation and distribution business. The company's main revenue is derived from sales of aquatic animal feed.

In 2016, the group generated sales of 1,511.29 million baht, a decline from 2015 of 163.31 million baht or 9.75%, attributable to the reduction of shrimp production stemming from EHP (microsporidian) disease which is a living parasite with spore similar to fungus in shrimps causing a quick spread of epidemic at the end of 2016 and there is still no effective cure. Besides the EHP issue, the farmers still faced with the existing

diseases in every breeding area such as pullorum disease, white spot disease and EMS. Such issues together caused the sales to decrease by 10.88%

The changing conditions of the nature such as the drought in every region of the country, irregular rain fall, and flooding in the southern parts of Thailand had adversely affected fish farming of all kinds resulting in numerous dead fish occurring in middle of the year, scarcity of fish meat in the market at times and surplus fish meat at other times, causing the decline in sales of fish feed by 16.38%.

As regards pet feed contract manufacturing, the Petchaburi and Songkla factories were able to increase production constantly leading to pet feed contract manufacturing business rising by 156.65%

Revenues from geothermal electricity generation and distribution in Japan from a subsidiary which started commercial run from 2 units during July to December produced 10.39 million baht revenue.

#### [Revenues from investment in securities](#)

In 2015, the company invested in the common shares of related companies listed in the SET's MAI or about 14% of that company's registered capital. Such investment is booked as investment for sale. Later, on 24 June 2016, the company's Board of Directors approved to change such temporary investment from asset available for sale to assets available for trading, worth 271 million baht.

As of 31 December 2016, such investment showed fair market value of 938 million baht and the company recognized unrealized profits from such valuation (by calculating from the latest bid price at MAI as of 30 December 2016) of 653 million baht in the Profit & Loss statements of 2016.

#### [Revenues from investment in subsidiaries and associate companies.](#)

On 24 June 2016, the company's Board of Directors approved to sell all investment in Nippon Food Products Co., Ltd. (previously known as 'Thailuxe Food Products Co., Ltd.') in which the company held 55% of the common shares to an unrelated company. The sale transaction was inked on 15 July 2016 generating profits from sales of investment under equity method of 11 million baht which is shown under the transaction "Profits from disposal of investment in subsidiary"

On 24 June 2016, the company's Board of Directors approved the sale of investment in NPP Food Corporation Co., Ltd. in which the company held up to 45% of the common shares to an unrelated company, generating profits from the disposal of such investment under equity method of 21 million baht which is shown under the transaction "Profits from disposal of investment in associate company" in the Profit & Loss statements.

#### Other income

The group's other income from 2014 to 2015 and 2016 totaling 18.21 million baht, 15.46 million baht and 8.31 million baht respectively consists of revenues from renting cold storage facility, selling scraps and waste products etc.

#### Cost of sales and gross profits

The main component of cost of sales for the group consists of raw material for producing aquatic animal feed e.g. fishmeal, soybean meal, wheat flour, squid liver etc. The group buys such raw material locally and overseas. From 2014 to 2016, the group had cost of sales of 1,927.58 million baht, 1493.39 million baht and 1,295.06 million baht respectively. The decline of cost of sales is in line with the sales contraction. Nevertheless, during 2014-2016, the group recorded cost of sales to sales percentage of 90.34%, 89.18% and 85.69% respectively and gross profits margin of 9.65%, 10.82% and 14.31% respectively. Note that the company plans ahead on production volume and raw material purchase while managing the process as efficiently as possible contributing to the improvement in cost of sales as percentage of sales and increasing gross profits margin.

#### Selling & Administrative expenses

The group incurred selling & administrative expenses in 2014 to 2016 of 232.19 million baht, 197.72 million baht and 208.81 million baht respectively. The ratio of selling & administrative expenses to sales stood at 10.77%, 11.81% and 13.82% respectively. The main components of selling & administrative expenses are salary, marketing promotion expenses and traveling expenses.

#### Net profits (losses)

The group had losses in 2014 and 2015 of 9.35 million baht, 44.63 million baht respectively and net profits of 232.32 million baht in 2016 or net profit (losses) on sales of 0.05%, 2.62% and 10.37% respectively.

## Financial position

### Total assets

Total assets in the standalone company (company only) at end of 2014 to 2016 declined by 74.49 million baht in 2014, increased in 2015 and 2016 i.e. 599.95 million baht in 2015 and 1,323.68 million baht in 2016. In the meantime, total assets in the consolidated financials as of end of 2014-2016 totaled 1,666.25 million baht, 2,309.40 million baht and 3,569.31 million baht respectively. The major components of the group's total assets are shown as percentage of total assets below.

| Assets                          | % of total assets |              |              |
|---------------------------------|-------------------|--------------|--------------|
|                                 | End of 2014       | End of 2015  | End of 2016  |
| Cash and cash equivalents       | 1.69              | 4.70         | 2.05         |
| Temporary investment            | 11.55             | 25.74        | 49.73        |
| Trade debtors and other debtors | 9.46              | 6.51         | 5.32         |
| Inventory                       | 19.32             | 15.75        | 6.53         |
| <b>Current assets</b>           | <b>42.42</b>      | <b>57.91</b> | <b>63.93</b> |
| Land, building and equipment    | 54.57             | 37.87        | 25.46        |
| <b>Non-current assets</b>       | <b>57.58</b>      | <b>42.09</b> | <b>36.07</b> |

There were changes in the components of the group's assets i.e. the proportion of the group's current assets, the main components of which are cash & cash equivalents, trade debtors & other debtors and inventory, increased as percentage of total assets during 2014 to 2016 to 42.42%, 57.91% and 63.93% respectively.

Meanwhile, non-current assets, which consist mainly of land, building and equipment, declined as percentage of total assets i.e. 57.58% in 2014, 42.09% in 2015 and 36.07% in 2016.

### Trade debtors and other debtors

The main trade debtors of the group are aquatic animal breeding farms locally, overseas and sales representatives in different provinces of Thailand. The trade debtors and other debtors for company only financials in 2014, 2015 and 2016 totaled 137.94 million baht, 126.26 million baht and 213.85 million baht respectively or 8.40%, 5.63% and 6.00% of total assets. As for the consolidated financials, during 2014 to 2016, there were trade debtors and other debtors of 157.70 million baht, 157.70 million baht and 189.73 million baht respectively, equivalent to 9.46%, 6.51% and 5.32% of total assets respectively.

|                               | End of 2014   |               | End of 2015   |               | End of 2016   |               |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                               | Mio baht      | %             | Mio baht      | %             | Mio baht      | %             |
| Trade debtors                 |               |               |               |               |               |               |
| Not yet due                   | 109.72        | 66.59         | 115.24        | 74.66         | 139.41        | 82.88         |
| Overdue                       |               |               |               |               |               |               |
| Less than 3 months            | 44.91         | 27.26         | 33.76         | 21.87         | 23.50         | 13.97         |
| 3-6 months                    | 5.73          | 3.48          | 1.00          | 0.65          | 1.24          | 0.74          |
| 6-12 months                   | 2.63          | 1.60          | 2.40          | 1.56          | 2.71          | 1.61          |
| More than 3 months            | 1.76          | 1.07          | 1.94          | 1.26          | 1.35          | 0.80          |
| <b>Total</b>                  | <b>164.75</b> | <b>100.00</b> | <b>154.34</b> | <b>100.00</b> | <b>168.21</b> | <b>100.00</b> |
| Deduct: Doubtful debt         | (7.24)        | (4.40)        | (4.74)        | (3.07)        | (4.68)        | (2.78)        |
| Total trade debtors - Net     | 157.51        | 95.60         | 149.60        | 96.93         | 163.53        | 97.22         |
| Other debtors                 | 0.18          | 0.11          | 0.68          | 0.45          | 26.20         | 15.58         |
| Total trade and other debtors | 157.69        | 95.71         | 150.28        | 97.38         | 189.73        | 112.79        |

### Inventory

At end of 2014-2016, the group had inventory of 321.88 million baht, 363.76 million baht and 222.53 million baht respectively, equivalent to 19.32%, 15.75% and 6.53% of total assets. The main items of inventory consist of raw material in the proportion of between 43.17% - 60.10% of total group inventory and finished goods in the proportion of 13.54% - 20.70% at end of 2016.

|                               | End of 2014 |        | End of 2015 |        | End of 2016 |        |
|-------------------------------|-------------|--------|-------------|--------|-------------|--------|
|                               | Mio baht    | %      | Mio baht    | %      | Mio baht    | %      |
| Finished good inventory       | 45.84       | 13.54  | 64.66       | 16.75  | 49.40       | 20.70  |
| Work in process               | 1.99        | 0.59   | 5.66        | 1.47   | -           | -      |
| Raw material                  | 178.27      | 52.67  | 232.02      | 60.10  | 103.01      | 43.17  |
| Raw material in transit       | 60.77       | 17.96  | 39.29       | 10.18  | 40.84       | 17.12  |
| Packaging material/supplies   | 21.20       | 6.26   | 17.12       | 4.43   | 16.08       | 6.75   |
| Equipment spare parts         | 30.41       | 8.98   | 27.28       | 7.07   | 29.26       | 12.26  |
| Total                         | 338.48      | 100.00 | 386.03      | 100.00 | 238.59      | 100.00 |
| Deduct: Product deterioration | (16.61)     | (4.91) | (22.27)     | (5.77) | (16.06)     | (6.73) |
| Inventory - Net               | 321.87      | 95.09  | 363.76      | 94.23  | 222.53      | 93.27  |

At end of 2014-2016, the group raised provision for product deterioration of 16.61 million baht, 22.27 million baht and 16.06 million baht respectively. Such provision involves raw material, packaging material, supplies and equipment spare parts.

#### [Investment in subsidiaries](#)

##### **Nippon Food Products Co., Ltd.**

On 9 September 2015, the extraordinary shareholder meeting of Nippon Food Products Co., Ltd. (previously known as “Thailuxe Food Products Co., Ltd.”) had approved increasing the capital by 100 million baht and the company’s Board of Directors had approved to additionally purchase the shares in the same proportion worth 55 million baht. Such subsidiary registered the additional shares on 10 February 2016. Later, on 24 June 2016, the company’s Board approved to sell the entire investment in Nippon Food Products Co., Ltd. (previously known as “Thailuxe Food Products Co., Ltd.”) in which the company held up to 55% of common shares to unrelated company and signed the sale agreement on 15 July 2016. Besides, the company transferred the premium paid over par value relating to the change of shareholding proportion in the subsidiary in the consolidated financials totaling 4 million baht and recorded it as retained earnings. Note that there was no profit or losses from the sale of Nippon Food Products Co., Ltd. under cost method accounting but there were profits from the sale of the investment under the equity method of 11 million baht, as shown in the item “Profits from the sale of subsidiary” in the Profit & Loss statements.

#### **T Luxe Power Co., Ltd.**

On 18 February 2016, the company registered a new subsidiary under the name of T Luxe Power Co., Ltd. for investment in energy business at registered capital of 100 million baht (10 million common shares at 10 baht par value). The company owns 100% in the subsidiary and the registered capital has already been paid-up. In addition, there are other subsidiaries in which the company indirectly holds shares as follows.

#### **T Luxe Investment Co., Ltd. (held by T Luxe Power Co., Ltd.)**

On 12 April 2016, T Luxe Power Co., Ltd. registered a 100% owned company in Mauritius under the name T Luxe Investment Co., Ltd. for investment in other companies with registered capital of USD 10,000.-

#### **T Luxe Holdings Co., Ltd. (held by T Luxe Investment Co., Ltd.)**

On 25 April 2016, T Luxe Investment Co., Ltd. acquired 100% of the common shares of T Luxe Holdings Co., Ltd. based in Hong Kong with registered capital of USD 10,000.- comprising 100 shares at USD 100 per share.

#### **PPSN Co., Ltd. (held by T Luxe Holdings Co., Ltd.)**

On 22 December 2015, the company's Board of Directors approved the investment in PPSN Co., Ltd. which operates geothermal energy production in Japan. The company signed the purchase agreement on 29 February 2016.

On 11 May 2016, the company paid for the common shares of PPSN Co., Ltd. of up to 280 million yen (90 million baht) and on 30 June 2016, the company transferred the entire shares in PPSN Co., Ltd. to T Luxe Holdings Co., Ltd., a subsidiary, for the consideration of 90 million baht. As such, PPSN Co., Ltd. is regarded a group company since 11 May 2016 onwards.

The company arranged to determine the fair market value of the acquired assets and liabilities on the date of acquisition. This process has been finalized in the fourth quarter of 2016 which is within the stipulated 12 month timeframe after the date of acquisition in line with the financial reporting standards No.3 (revise in 2015).

**Sumo Power Co., Ltd. (held by T Luxe Holdings Co., Ltd.)**

On 22 March 2016, the company entered into a memorandum of understanding to acquire the common shares of Sumo Power Co., Ltd. which operates geothermal energy business in Japan at the acquisition amount of 495 million yen (165 million baht) and on 24 June 2016, the company's Board of Directors approved to have T Luxe Holdings Co., Ltd., a subsidiary, invest in the said company. On 1 July 2016, the said subsidiary entered into an agreement to purchase the shares of Sumo Power Co., Ltd.

Later, on 6 September 2016, T Luxe Holdings Co., Ltd. paid the remaining cost of share acquisition in Sumo Power Co., Ltd. As such, Sumo Power Co., Ltd. is considered a subsidiary of the group.

**Otomeyama Energy Co., Ltd. (held by PPSN Co., Ltd.)**

On 23 September 2016, PPSN Co., Ltd. registered a 100% owned subsidiary in Japan under the name Otomeyama Energy Co., Ltd. to operate geothermal energy business in Japan with registered capital of 500,000 yen (50 common shares at 10,000 yen par value).

**S Power Co., Ltd. (held by Sumo Power Co., Ltd.)**

On 23 September 2016, Sumo Power Co., Ltd. registered a 100% owned subsidiary in Japan under the name S Power Co., Ltd. to operate geothermal energy business in Japan with registered capital of 500,000 yen (common shares of 50 units at 10,000 par value).

**SNS Power Co., Ltd. (held by Sumo Power Co., Ltd.)**

On 5 October 2016, Sumo Power Co., Ltd. registered a 100% owned subsidiary in Japan in the name of SNS Power Co., Ltd. to operate geothermal energy business in Japan with registered capital of 500,000 yen (50 common shares at 10,000 yen par value).

At end of 2014 to 2016, the company-only financials showed investment in subsidiaries of 47.38 million baht, 28.01 million baht and 3.00 million baht respectively, equivalent to 2.89%, 1.25% and 0.08% of total assets. During this year, the decrease in investment stems from the revaluation of the investment in T Luxe Power Co., Ltd. calculated on the present value of discounted cash flow of the company. It was found that the present value is expected to be less than the book value. As such, the company recorded the provision for asset impairment of 100 million baht in the standalone company's Profit & Loss statements for the present year.

Details of the investment in subsidiaries as of 31 December 2016 is shown below.

|                                                                               | Type of business                         | Proportion of ownership | Paid-up capital (mio. baht) | Provision for asset impairment | Net investment (mio. baht) |
|-------------------------------------------------------------------------------|------------------------------------------|-------------------------|-----------------------------|--------------------------------|----------------------------|
| T Luxe Global Business Co., Ltd.(previously known as Thai Deemeter Co., Ltd.) | Distributes raw material for animal feed | 100%                    | 3.00                        | -                              | 3.00                       |
| T Luxe Power Co., Ltd.                                                        | Energy business                          | 100%                    | 100.00                      | (100.00)                       | -                          |

#### Investment in associate companies

##### **NPP Food Incorporation Co., Ltd. (held by the company)**

On 24 June 2016, the company's Board of Directors approved to sell the entire investment in NPP Food Incorporation Co., Ltd. in which the company held up to 45% of the common shares to an unrelated company.

The company had no gains or losses in selling NPP Food Incorporated Co., Ltd. based on cost method accounting but had gains under the equity method accounting of 21 million baht which is shown in the item "Profits from sale of investment in associate company" in the Profit & Loss statements. \

##### **M Luxe Energy Co., Ltd. (held by PPSN Co., Ltd.)**

On 12 September 2016, PPSN Co., Ltd., a subsidiary, established M Luxe Energy Co., Ltd. to develop land for constructing geothermal energy plant in Japan with registered capital of 10 million yen (1,000 million shares at 10,000 yen par value). The company holds 25% of the shares in the associate company.

#### Other long term investments

Long term investments of 5.45 million baht consist of general investment in Thai Texfile Printing PLC. and funds in bond will be held to maturity.

### Long term debtors

The company's long term debtors consist of trade debtors who fall behind in payments for a long period and pending legal proceeding. The long term debtors of the group at end of 2016 totaled 55.22 million baht or 1.55% of total assets. The company has a policy to set up provision for bad debt by taking into account the auction price of the security or the security value.

### Investment properties

During 2016, the company transferred and changed the type of land and buildings of the company which was leased to Nippon Food Products Co., Ltd. (previously known as "Thailuxe Food Products Co., Ltd.") to be real estate for investment due to the company having already divested the said company on 15 July 2016.

### Property, plant and equipment

Land, buildings and equipment of the group at end of 2014-2016 totaled 909.32 million baht, 874.55 million baht and 908.69 million baht respectively or 54.57%, 37.87% and 25.46% of total assets. The main components of the group's land, buildings and equipment are:

1. Land, land improvements and buildings at Samut Songkram Province spanning the area of 50 rais, 1 ngarn and 64 square wah (approximately 20.1 acres) which used to be the company's old factory (not operating at the present).
2. Land, land improvement and animal feed factory of the company in Petchaburi Province in the area of 62 rais, 3 ngarns and 10 square wah (approximately 25.1 acres)
3. Land at Songkhla Province with area of 49 rais, 3 ngarns and 96 square wah (approximately 20 acres) which is the construction site for the new aquatic animal feed factory.

During 2016, the company recorded impairment cost of equipment & machinery totaling 71 million baht due to the recoverable amount lower than the book value.

### Source of funding

The structure and source of funding to finance the group's businesses are shown below:

|                                         | % of total assets |      |      |
|-----------------------------------------|-------------------|------|------|
|                                         | 2014              | 2015 | 2016 |
| OD and Short term loans from banks      | 0.70              | 7.99 | -    |
| Trust receipts and packing credits      | 6.67              | 3.40 | -    |
| Trade and other payables                | 11.08             | 6.68 | 3.38 |
| Short term loans from related companies | -                 | -    | 0.04 |

|                                                  |              |              |              |
|--------------------------------------------------|--------------|--------------|--------------|
| Short term loans from unrelated companies        | -            | 10.75        | -            |
| Debenture – due within 1 year                    | -            | -            | 13.92        |
| Long term lease – due within 1 year              | 0.04         | 0.04         | 0.03         |
| Other current liabilities                        | 0.24         | 0.12         | 0.28         |
| <b>Total Current liabilities</b>                 | <b>18.73</b> | <b>29.95</b> | <b>17.65</b> |
| Debenture – net of those due within 1 year       | -            | -            | 27.43        |
| Long term lease – net of those due within 1 year | -            | 0.06         | 0.04         |
| Income tax payable pending booking               | -            | -            | 0.38         |
| Provision for employees' benefits                | 1.29         | 0.47         | 0.33         |
| <b>Non-current liabilities</b>                   | <b>1.29</b>  | <b>0.53</b>  | <b>28.18</b> |
| <b>Total liabilities</b>                         | <b>20.23</b> | <b>30.9</b>  | <b>49.03</b> |
| <b>Shareholder's equity</b>                      | <b>79.77</b> | <b>67.03</b> | <b>50.97</b> |
| <b>Debt to Equity (times)</b>                    | <b>0.24</b>  | <b>0.45</b>  | <b>0.96</b>  |

Upon considering the company's capital structure, it can be seen that at the present the majority of source of funds for the group came from the issuance of debenture, about 41.35% of total group assets per the consolidated financials. Note that the group has Debt to Equity ratio of 0.24X, 0.45X and 0.96X during 2014-2016 respectively.

#### Long term lease liabilities

The company entered into long term lease with a leasing company to lease equipment and vehicles for use in the business. The lease payment is on monthly basis with average contract period of 2 to 4 years. Such contracts are irrevocable.

#### Total liabilities

At end of 2014-2016, the group had total liabilities of 337.10 million baht, 715.32 million baht and 1,749.96 million baht respectively, equivalent to 20.23%, 30.97% and 49.03% of total assets. The main components of the group's total liabilities are trade creditors and Trust Receipts creditors. Such items represent the group's source of funds for raw materials and working capitals. As for 2015 and 2016, when the total liabilities increased, apart from trade creditors and Trust Receipts creditors, a result of the issuance and offering of debentures in 2016, respectively.

#### Shareholders' equity

As of end of 2014-2016, the group had shareholders' equity of 1,329.16 million baht, 1,594.10 million baht and 1,819.35 million baht respectively.

At end of 2016, the company and subsidiaries had shareholders' equity of 1,819.35 million baht, an increase from the same on 31 December 2015 by 225.25 million baht or an increase of 14.13%, attributable to the profits generated in 2016.

#### Liquidity

As at end of 2016, the company and subsidiaries had net cash from operations of 125.33 million baht, spending on investment of 1,115.95 million baht, invested in securities for trading and for sale and other temporary investment, investment in subsidiaries and associated companies, purchase land, buildings and equipment and obtained cash from borrowing activities of 989.20 million baht (via issuance of debenture). All in all, the company had an increase in cash and cash equivalents of 21.39 million baht thus at end of 2016, the company had cash and cash equivalents totaling 73.20 million baht.

## Responsibilities of the Board of Directors upon Financial Report

The Board of Directors is responsible upon the Company's financial report. Presentation of the Company's financial report was made in accordance with generally accepted accounting standard by following accounting standard prescribed by the Certified Accountant and Auditor Association of Thailand, using appropriate accounting policy on a regular basis in transaction to ensure that the accounting information is accurate, complete and adequate to maintain properties of the Company and prevent abnormal transactions which may occur.

The Board of Directors appointed the Audit Committee comprising 3 independent directors to oversee and ensure that the financial report is truthful, complete, adequate and reliable, and to supervise appropriate and efficient internal control system. The Board of Directors finds that the quality of the Company's internal control system is generally adequate and appropriate to provide reliability of the financial statement as at 31 December 2016.

A handwritten signature in black ink, appearing to read "10.00 ACM Pitthaporn Glinfueng".

ACM Pitthaporn Glinfueng

Chairman of the Board of Directors

## Report of Independence Auditor

### Independent Auditor's Report

To the Shareholders of Thai Luxe Enterprises Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Thai Luxe Enterprises Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Luxe Enterprises Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Luxe Enterprises Public Company Limited and its subsidiaries and of Thai Luxe Enterprises Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### .Emphasis of matters

My opinion is not modified in respect of these matters.

I draw attention to the following Notes to consolidated financial statements.

#### 1. Investment in trading securities

As described in Note 8.1 to consolidated financial statements, the Company has an investment in the common shares of a related company listed on the Market for Alternative Investment (MAI), representing approximately 14 % of the total share capital of that company. Some shareholders of the Company are also shareholders of that company. The Company has informed us that the Company has no intention to

participate in the management of that company and also has no influence over it. The Company originally classified the investment as an available for sale investment but in the second quarter of 2016, the Company's Board of Directors resolved to reclassify the investment as trading investment. The shares are presented as investment in trading securities in the statement of financial position as of 31 December 2016 at an amount of approximately Baht 938 million. In the year 2016, the Company recognised unrealised gain on the revaluation of these shares (based on the latest bid price on the MAI as of 30 December 2016) of Baht 653 million in profit or loss. This gain was resulted in turning the operating results of the Group and of the Company from loss to profit. After the reclassification, the volume of these shares traded by the Company is low, but the Company plans to actively trade these shares in the near future.

## 2. Current investment - others

As described in Note 8.2 to consolidated financial statements, the Company has an investment in the bills of exchange issued by a related company (the same related company mentioned above) with an outstanding balance of Baht 450 million as of 31 December 2016. These bills of exchange are unsecured and payment was not made to the Company when they came due in December 2016, with the repayment term instead being extended to March 2017. In addition, the Company has investments in unsecured bills of exchange issued by other companies with an outstanding balance of Baht 150 million as of 31 December 2016. Payment for these bills of exchange amounting to Baht 70 million was made to the Company after the end of the reporting period, but term of the remaining amount has been extended to March 2017. The Company has assessed the creditworthiness of the issuers of these bills of exchange and believes that the bills of exchange will be repaid in the future. The Company does not expect any default.

## 3. Investment in subsidiaries in Japan

As described in Note 12.2.3 and 12.2.4 to consolidated financial statements, during the year 2016, Tluxe Holdings Limited, the subsidiary of the Company, acquired all ordinary shares of PPSN Company Limited and Sumo Power Company Limited for an amount of approximately Baht 254 million. Those subsidiaries plan to operate power plants (using geothermal power) in Japan. The Company has informed us that the power plants are under construction and power purchase agreements have not yet been made with customers for some of the power plants. The Company has assessed the fair value of identifiable assets acquired and liabilities assumed as at the acquisition date in order to allocate costs of the business acquisition to such identifiable items and has retrospectively adjusted the provisional amount recognised as at the acquisition date, resulting in a decrease in fixed assets of Baht 22 million and increases in intangible assets and goodwill of Baht 52 million and Baht 220 million, respectively. At the end of the year, the Company tested for impairment of goodwill in the consolidated financial statements and recognised impairment loss on goodwill amounting to Baht 201 million in profit or loss in the consolidated financial statements for the year 2016. In addition, the Company recognised impairment loss on investment in subsidiary amounting to Baht 100 million

and allowance for doubtful account for loan to related parties (a subsidiary) amounting to Baht 152 million in profit or loss in the separate financial statements for the year 2016.

### Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### *Business combination*

As discussed in the emphasis of matter paragraph regarding investment in subsidiaries in Japan and Notes 12.2.3 and 12.2.4 to consolidated financial statements, during 2016 Tluxe Holdings Limited, the Company's subsidiary, acquired all of the ordinary shares of PPSN Company Limited and Sumo Power Company Limited for an amount of approximately Baht 254 million. As at the acquisition date, the Company recognised and measured the assets acquired and liabilities assumed at their fair value and recognised goodwill from the business combination by applying the acquisition method. I have focused on this business acquisition since it is material to the financial statements as a whole, and the management was required to exercise substantial judgment when appraising the fair value of the assets acquired and liabilities assumed. Therefore, there is a risk with respect to the recognition and the measurement of the assets acquired and liabilities assumed, including goodwill.

I reviewed the terms and conditions of the agreement and inquired with management as to the nature and objectives of the acquisition in order to evaluate whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2015) Business combinations. In addition, I checked the value of the acquisition to supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include acquisition-related costs. I also assessed the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the independent valuation specialist in

calculating the fair value of assets and liabilities, reviewing the components of the financial model, comparing significant assumptions such as electricity price, interest rate and inflation rate, reviewing discount rate by involving internal expert to assist in the assessment of this information by comparing it to external sources based on an expert's knowledge and past experience. I also reviewed the disclosures related to the business combination in the notes to consolidated financial statements.

#### *Goodwill*

As discussed in the emphasis of matter paragraph regarding investment in subsidiaries in Japan and Note 18 to consolidated financial statements, the Company recognised impairment loss on goodwill of approximately Baht 201 million as an expense during the year, which is significant to the consolidated financial statements. I have focused my audit on the consideration of the impairment of goodwill because the assessment of goodwill impairment is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate. There is thus a risk with respect to the amount of impairment loss on goodwill from business combination.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by checking those assumptions to information from various sources and comparing cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the industry. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

#### *Investments in subsidiary and loan to group of subsidiaries*

As discussed in Note 12.1.2 and Note 6 to consolidated financial statements as at 31 December 2016, the Company had investment in a subsidiary amounting to Baht 100 million and loans to the Group amounting to Baht 691 million for the operation of power plants project in Japan. As at 31 December 2016, the Company assessed the recoverable amounts of the investment in subsidiary and the loans to the Group and recognised loss on impairment of investment in subsidiary amounting to Baht 100 million and recorded provision for doubtful accounts of Baht 152 million in respect of the loans to the Group as an expense in the separate financial statements. These transactions are significant amount and the assessment of the recoverable amounts of the investment in subsidiary and the loans to the Group requires significant management judgment in estimating the future cash inflows from the power plant projects, and determining an appropriate

discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss on the investment in subsidiary and the allowance for doubtful accounts for loans to the Group.

I gained an understanding of and assessed the assumptions used by the management in estimating the cash flow projections from the power plant projects by checking significant assumptions to information from various sources and the Company's business plan and comparing cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the industry. Moreover, I tested the calculation of the realisable values of the projects and compared them with the value of the investment in subsidiary and the loans provided to the Group for investment in these projects.

#### Other Information

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

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

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

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

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

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

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

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

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

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

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

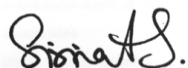
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Miss Sirirat Sricharoensup.

A handwritten signature in black ink, appearing to read "Sirirat S.", with a stylized flourish at the end.

Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok: 28 February 2017

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

|                                       |      | Consolidated financial statements |               | Separate financial statements |               |
|---------------------------------------|------|-----------------------------------|---------------|-------------------------------|---------------|
|                                       | Note | 2016                              | 2015          | 2016                          | 2015          |
| Assets                                |      |                                   |               |                               |               |
| Current assets                        |      |                                   |               |                               |               |
| Cash and cash equivalents             | 7    | 73,201,823                        | 108,492,622   | 25,352,874                    | 92,603,488    |
| Current investments                   | 8    |                                   |               |                               |               |
| Trading securities                    |      | 1,027,602,807                     | 93,895,700    | 1,027,602,807                 | 93,895,700    |
| Available-for-sale securities         |      | 147,306,550                       | 123,342,290   | 147,306,550                   | 123,342,290   |
| Others                                |      | 600,170,159                       | 377,235,646   | 600,170,159                   | 214,737,466   |
| Trade and other receivables           | 6, 9 | 189,729,424                       | 150,274,924   | 213,848,638                   | 126,263,133   |
| Short-term loans to unrelated parties |      | -                                 | 96,300,628    | -                             | 96,300,628    |
| Inventories                           | 10   | 222,534,893                       | 363,761,139   | 222,534,893                   | 343,746,196   |
| Other current assets                  |      | 21,414,883                        | 23,979,732    | 5,717,700                     | 7,426,011     |
| Total current assets                  |      | 2,281,960,539                     | 1,337,282,681 | 2,242,533,621                 | 1,098,314,912 |
| Non-current assets                    |      |                                   |               |                               |               |
| Restricted bank deposits              | 11   | 7,724,545                         | 7,652,208     | 7,724,545                     | 7,652,208     |
| Investments in subsidiaries           | 12   | -                                 | -             | 2,999,980                     | 28,013,569    |
| Investments in associate              | 13   | 531,647                           | 39,189,846    | -                             | 45,000,000    |
| Other long-term investments           | 14   | 5,449,590                         | 5,449,590     | 5,449,590                     | 5,449,590     |
| Share subscriptions payment           |      | -                                 | -             | -                             | 13,750,000    |
| Long-term receivables                 | 9    | -                                 | -             | -                             | -             |
| Long-term loans to related party      | 6    | 61,590,100                        | -             | 539,359,740                   | 160,000,000   |
| Investment properties                 | 15   | 10,375,601                        | 3,364,900     | 10,375,601                    | 11,243,933    |
| Property, plant and equipment         | 16   | 908,688,178                       | 874,554,134   | 701,879,376                   | 833,814,558   |
| Intangible assets                     | 17   | 75,093,179                        | 8,917,645     | 8,252,052                     | 8,697,027     |
| Deferred tax assets                   | 27   | 43,129,444                        | 32,470,991    | 37,456,194                    | 28,698,130    |
| Goodwill                              | 18   | 19,082,209                        | -             | -                             | -             |
| Advances payment                      | 19   | 144,641,330                       | -             | 3,600,000                     | -             |
| Other non-current assets              |      | 11,041,552                        | 538,406       | 5,182,547                     | 498,406       |
| Total non-current assets              |      | 1,287,347,375                     | 972,137,720   | 1,322,279,625                 | 1,142,817,421 |
| Total assets                          |      | 3,569,307,914                     | 2,309,420,401 | 3,564,813,246                 | 2,241,132,333 |

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

**Thai Luxe Enterprises Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2016**

(Unit: Baht)

|                                                |       | Consolidated financial statements |             | Separate financial statements |             |
|------------------------------------------------|-------|-----------------------------------|-------------|-------------------------------|-------------|
|                                                | Note  | 2016                              | 2015        | 2016                          | 2015        |
| Liabilities and shareholders' equity           |       |                                   |             |                               |             |
| Current liabilities                            |       |                                   |             |                               |             |
| Bank overdrafts and short-term loans           |       |                                   |             |                               |             |
| from financial institutions                    | 20    | -                                 | 184,515,916 | -                             | 150,000,000 |
| Trust receipts                                 |       | -                                 | 78,482,500  | -                             | 78,482,500  |
| Trade and other payables                       | 6, 21 | 120,749,437                       | 154,305,998 | 115,167,978                   | 130,436,791 |
| Share payable                                  |       | -                                 | 22,500,000  | -                             | 22,500,000  |
| Short-term loans from related parties          | 6     | 1,539,753                         | -           | -                             | -           |
| Short-term loans from unrelated parties        |       | -                                 | 248,274,939 | -                             | 248,274,939 |
| Current portion of debentures                  | 22    | 496,717,568                       | -           | 496,717,568                   | -           |
| Current portion of liabilities under long-term |       |                                   |             |                               |             |
| lease agreements                               | 23    | 918,525                           | 816,231     | 918,525                       | 816,231     |
| Income tax payable                             |       | 116,221                           | -           | -                             | -           |
| Other current liabilities                      |       | 10,015,248                        | 2,871,122   | 2,848,173                     | 2,034,047   |
| Total current liabilities                      |       | 630,056,752                       | 691,766,706 | 615,652,244                   | 632,544,508 |
| Non-current liabilities                        |       |                                   |             |                               |             |
| Share subscriptions received in advance        |       |                                   |             |                               |             |
|                                                |       | -                                 | 11,250,000  | -                             | -           |
| Debentures - net of current portion            | 22    | 979,062,132                       | -           | 979,062,132                   | -           |
| Liabilities under long-term lease agreements,  |       |                                   |             |                               |             |
| net of current portion                         | 23    | 1,491,372                         | 1,429,382   | 1,491,372                     | 1,429,382   |
| Deferred tax liabilities                       | 27    | 127,677,459                       | -           | 126,465,983                   | -           |
| Provision for long-term employee benefits      | 24    | 11,674,288                        | 10,873,323  | 11,674,288                    | 9,959,503   |
| Total non-current liabilities                  |       | 1,119,905,251                     | 23,552,705  | 1,118,693,775                 | 11,388,885  |
| Total liabilities                              |       | 1,749,962,003                     | 715,319,411 | 1,734,346,019                 | 643,933,393 |

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

**Thai Luxe Enterprises Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2016**

(Unit: Baht)

|                                                      |      | Consolidated financial statements |               | Separate financial statements |               |
|------------------------------------------------------|------|-----------------------------------|---------------|-------------------------------|---------------|
|                                                      | Note | 2016                              | 2015          | 2016                          | 2015          |
| Shareholders' equity                                 |      |                                   |               |                               |               |
| Share capital                                        |      |                                   |               |                               |               |
| Registered                                           |      |                                   |               |                               |               |
| 568,451,520 ordinary shares of Baht 1 each           | 28   | 568,451,520                       | 568,451,520   | 568,451,520                   | 568,451,520   |
| Issued and fully paid up                             |      |                                   |               |                               |               |
| 563,050,687 ordinary shares of Baht 1 each           |      | 563,050,687                       | 563,050,687   | 563,050,687                   | 563,050,687   |
| Share premium - ordinary shares                      |      | 489,124,511                       | 489,124,511   | 489,124,511                   | 489,124,511   |
| Capital reserve for share-based payment transactions |      | 41,479,200                        | 41,479,200    | 41,479,200                    | 41,479,200    |
| Retained earnings                                    |      |                                   |               |                               |               |
| Appropriated - statutory reserve                     | 25   | 56,845,152                        | 56,845,152    | 56,845,152                    | 56,845,152    |
| Unappropriated                                       |      | 673,823,682                       | 432,752,352   | 679,034,993                   | 451,978,944   |
| Other components of shareholders' equity             |      | (4,977,321)                       | (1,601,484)   | 932,684                       | (5,279,554)   |
| Equity attributable to owners of the Company         |      | 1,819,345,911                     | 1,581,650,418 | 1,830,467,227                 | 1,597,198,940 |
| Non-controlling interests of the subsidiaries        |      | -                                 | 12,450,572    | -                             | -             |
| Total shareholders' equity                           |      | 1,819,345,911                     | 1,594,100,990 | 1,830,467,227                 | 1,597,198,940 |
| Total liabilities and shareholders' equity           |      | 3,569,307,914                     | 2,309,420,401 | 3,564,813,246                 | 2,241,132,333 |

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

(Unit: Baht)

|                                                                                                                    |        | Consolidated financial statements |               | Separate financial statements |               |
|--------------------------------------------------------------------------------------------------------------------|--------|-----------------------------------|---------------|-------------------------------|---------------|
|                                                                                                                    | Note   | 2016                              | 2015          | 2016                          | 2015          |
| Profit or loss:                                                                                                    |        |                                   |               |                               |               |
| Revenues                                                                                                           |        |                                   |               |                               |               |
| Sales                                                                                                              |        | 1,511,287,889                     | 1,674,603,242 | 1,500,846,772                 | 1,673,265,578 |
| Gain on investments in securities                                                                                  | 8.1    | 649,045,278                       | -             | 649,045,278                   | -             |
| Interest income                                                                                                    |        | 39,433,118                        | 12,553,313    | 56,949,044                    | 12,223,378    |
| Gain on disposal of investments in subsidiary                                                                      | 12.1.1 | 11,106,503                        | -             | -                             | 2,025,000     |
| Gain on disposal of investments in associate                                                                       | 13.1.1 | 21,003,504                        | -             | -                             | -             |
| Gain on exchange                                                                                                   |        | -                                 | -             | 6,311,008                     |               |
| Other income                                                                                                       |        | 8,305,517                         | 15,458,190    | 11,213,387                    | 20,702,975    |
| Total revenues                                                                                                     |        | 2,240,181,809                     | 1,702,614,745 | 2,224,365,489                 | 1,708,216,931 |
| Expenses                                                                                                           |        |                                   |               |                               |               |
| Cost of sales                                                                                                      |        | 1,295,059,325                     | 1,493,391,095 | 1,286,143,727                 | 1,492,361,540 |
| Selling expenses                                                                                                   |        | 47,523,322                        | 43,690,562    | 47,523,322                    | 43,594,276    |
| Administrative expenses                                                                                            |        | 161,287,338                       | 154,030,755   | 146,962,706                   | 153,730,451   |
| Allowance for doubtful accounts                                                                                    | 6      | -                                 | -             | 152,000,000                   | -             |
| Loss on impairment of investments in subsidiaries                                                                  | 12     | -                                 | -             | 104,388,734                   | -             |
| Loss on impairment of machinery                                                                                    | 16     | 71,100,000                        | -             | 71,100,000                    | -             |
| Loss on impairment of goodwill                                                                                     | 18     | 201,000,000                       | -             | -                             | -             |
| Loss on investments in securities                                                                                  |        | -                                 | 36,598,191    | -                             | 36,598,191    |
| Loss on exchange                                                                                                   |        | 19,116,677                        | 3,193,943     | -                             | 3,193,943     |
| Total expenses                                                                                                     |        | 1,795,086,662                     | 1,730,904,546 | 1,808,118,489                 | 1,729,478,401 |
| Profit (loss) before share of loss from investments in associates, finance cost and income tax revenues (expenses) |        |                                   |               |                               |               |
|                                                                                                                    |        | 445,095,147                       | (28,289,801)  | 416,247,000                   | (21,261,470)  |
| Share of loss from investments in associates                                                                       | 13.2   | (15,445,802)                      | (5,810,154)   | -                             | -             |
| Profit (loss) before finance cost and income tax revenues (expenses)                                               |        |                                   |               |                               |               |
|                                                                                                                    |        | 429,649,345                       | (34,099,955)  | 416,247,000                   | (21,261,470)  |
| Finance cost                                                                                                       |        | (73,613,315)                      | (11,435,205)  | (73,556,445)                  | (11,432,188)  |
| Profit (loss) before income tax revenues (expenses)                                                                |        |                                   |               |                               |               |
|                                                                                                                    |        | 356,036,030                       | (45,535,160)  | 342,690,555                   | (32,693,658)  |
| Income tax revenues (expenses)                                                                                     | 27     | (116,319,185)                     | 8,471,533     | (116,050,789)                 | 8,471,533     |
| Profit (loss) from continued operation for the year                                                                |        |                                   |               |                               |               |
|                                                                                                                    |        | 239,716,845                       | (37,063,627)  | 226,639,766                   | (24,222,125)  |
| Discontinued operation                                                                                             |        |                                   |               |                               |               |
| Loss from discontinued operation for the year                                                                      | 12.1.1 | (7,402,697)                       | (7,572,259)   | -                             | -             |
| Profit (loss) for the year                                                                                         |        |                                   |               |                               |               |
|                                                                                                                    |        | 232,314,148                       | (44,635,886)  | 226,639,766                   | (24,222,125)  |
| Other comprehensive income:                                                                                        |        |                                   |               |                               |               |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods:                             |        |                                   |               |                               |               |
| Exchange differences on translation of financial statements in foreign currency                                    |        | (5,910,005)                       | -             | -                             | -             |
| Gain (loss) on changes in value of available-for-sale investments - net of income tax                              |        | 6,212,238                         | (5,845,835)   | 6,212,238                     | (5,845,835)   |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax          |        | 302,233                           | (5,845,835)   | 6,212,238                     | (5,845,835)   |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods                          |        |                                   |               |                               |               |
| Actuarial gain - net of income tax                                                                                 |        | 416,283                           | 3,892,705     | 416,283                       | 2,700,547     |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax      |        | 416,283                           | 3,892,705     | 416,283                       | 2,700,547     |
| Other comprehensive income for the year                                                                            |        |                                   |               |                               |               |
|                                                                                                                    |        | 718,516                           | (1,953,130)   | 6,628,521                     | (3,145,288)   |
| Total comprehensive income for the year                                                                            |        |                                   |               |                               |               |
|                                                                                                                    |        | 233,032,664                       | (46,589,016)  | 233,268,287                   | (27,367,413)  |

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

**Thai Luxe Enterprises Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2016**

(Unit: Baht)

|                                                             |      | Consolidated financial statements |              | Separate financial statements |              |
|-------------------------------------------------------------|------|-----------------------------------|--------------|-------------------------------|--------------|
|                                                             | Note | 2016                              | 2015         | 2016                          | 2015         |
| Profit (loss) attributable to:                              |      |                                   |              |                               |              |
| Equity holders of the Company                               |      |                                   |              |                               |              |
| Profit (loss) from continued operation                      |      | 239,716,845                       | (37,063,627) | 226,639,766                   | (24,222,125) |
| Loss from discontinued operation                            |      | (2,739,868)                       | (1,726,033)  | -                             | -            |
|                                                             |      | 236,976,977                       | (38,789,660) | 226,639,766                   | (24,222,125) |
| Non-controlling interests of the subsidiaries               |      |                                   |              |                               |              |
| Loss from discontinued operation                            |      | (4,662,829)                       | (5,846,226)  |                               |              |
|                                                             |      | (4,662,829)                       | (5,846,226)  |                               |              |
|                                                             |      | 232,314,148                       | (44,635,886) |                               |              |
|                                                             |      | -                                 | -            |                               |              |
| Total comprehensive income attributable to:                 |      |                                   |              |                               |              |
| Equity holders of the Company                               |      |                                   |              |                               |              |
| Profit (loss) from continued operation                      |      | 240,435,361                       | (40,208,915) | 233,268,287                   | (27,367,413) |
| Loss from discontinued operation                            |      | (2,739,868)                       | (1,070,346)  | -                             | -            |
|                                                             |      | 237,695,493                       | (41,279,261) | 233,268,287                   | (27,367,413) |
| Non-controlling interests of the subsidiaries               |      |                                   |              |                               |              |
| Loss from discontinued operation                            |      | (4,662,829)                       | (5,309,755)  |                               |              |
|                                                             |      | (4,662,829)                       | (5,309,755)  |                               |              |
|                                                             |      | 233,032,664                       | (46,589,016) |                               |              |
|                                                             |      | -                                 | -            |                               |              |
| Earnings per share                                          |      |                                   |              |                               |              |
|                                                             | 30   |                                   |              |                               |              |
| Basic profit (loss) per share                               |      |                                   |              |                               |              |
| Profit (loss) attributable to equity holders of the Company |      | 0.42                              | (0.07)       | 0.40                          | (0.04)       |
| Earnings per share from continued operation                 |      |                                   |              |                               |              |
|                                                             | 30   |                                   |              |                               |              |
| Basic earnings (loss) per share                             |      |                                   |              |                               |              |
| Profit (loss) attributable to equity holders of the Company |      | 0.43                              | (0.07)       | 0.40                          | (0.04)       |

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

**Thai Luxe Enterprises Public Company Limited and its subsidiaries**
**Cash flows statement**
**For the year ended 31 December 2016**

(Unit: Baht)

|                                                                       | <b>Consolidated financial statements</b> |                     | <b>Separate financial statements</b> |                    |
|-----------------------------------------------------------------------|------------------------------------------|---------------------|--------------------------------------|--------------------|
|                                                                       | <u>2016</u>                              | <u>2015</u>         | <u>2016</u>                          | <u>2015</u>        |
| <b>Cash flows from operating activities</b>                           |                                          |                     |                                      |                    |
| Profit (loss) before tax from continued operation                     | 356,036,030                              | -45,535,160         | 342,690,555                          | -32,693,658        |
| Add: Loss before tax from discontinued operation                      | <u>-7,453,348</u>                        | <u>-7,199,077</u>   | -                                    | -                  |
| Profit (loss) before tax                                              | 348,582,682                              | (52,734,237)        | 342,690,555                          | (32,693,658)       |
| Adjustments to reconcile loss before tax to                           |                                          |                     |                                      |                    |
| net cash provided by (paid from) operating activities:                |                                          |                     |                                      |                    |
| Depreciation and amortisation                                         | 102,058,708                              | 103,466,299         | 91,833,660                           | 97,255,690         |
| Amortisation of deferred arrangement fee for bill of exchanges        | 1,001,707                                | -                   | 1,001,707                            | -                  |
| Amortisation of deferred arrangement fee for debentures               | 7,538,309                                | -                   | 7,538,309                            | -                  |
| Bad debts and allowance for doubtful accounts (reversal)              | 1,442,178                                | (2,761,799)         | 1,442,178                            | (2,761,799)        |
| Reduce cost of inventories to net realisable value (reversal)         | (4,851,832)                              | 5,655,977           | (4,950,171)                          | 5,576,682          |
| Write-off on inventories                                              | -                                        | 872,327             | -                                    | 332,671            |
| Unrealised loss (gain) on revaluation of trading securities           | (643,042,983)                            | 27,467,401          | (643,042,983)                        | 27,467,401         |
| Loss (gain) on sales of trading securities                            | (2,334,377)                              | 11,795,656          | (2,334,377)                          | 11,795,656         |
| Gain on sales of available-for-sale securities                        | (3,658,703)                              | (2,421,652)         | (3,658,703)                          | (2,421,652)        |
| Write-off on withholding tax                                          | -                                        | 229,910             | -                                    | -                  |
| Write-off on fixed assets                                             | 44,079                                   | -                   | 44,079                               | -                  |
| Loss (gain) on sales of equipment                                     | 159,201                                  | (8,823,074)         | 173,219                              | (8,643,470)        |
| Allowance for doubtful accounts of long-term loans to related company | -                                        | -                   | 152,000,000                          | -                  |
| Loss on impairment of investments in subsidiaries                     | -                                        | -                   | 104,388,734                          | -                  |
| Loss on impairment of machinery                                       | 71,100,000                               | -                   | 71,100,000                           | -                  |
| Loss on impairment of goodwill                                        | 201,000,000                              | -                   | -                                    | -                  |
| Gain on disposal of investments in subsidiary (Note 12.1.1)           | (11,106,503)                             | -                   | -                                    | (2,025,000)        |
| Gain on disposal of investments in associate (Note 13.1.1)            | (21,003,504)                             | -                   | -                                    | -                  |
| Share of loss from investments in associates                          | 15,445,802                               | 5,810,154           | -                                    | -                  |
| Provision for long-term employee benefits                             | 2,951,747                                | 76,457              | 2,796,829                            | 2,021,664          |
| Dividend income from investments in trading securities                | (119,240)                                | -                   | (119,240)                            | -                  |
| Unrealised on exchange loss (gain)                                    | 25,521,556                               | (49,810)            | (6,816,928)                          | (43,214)           |
| Interest income                                                       | (39,463,199)                             | (12,553,313)        | (56,949,044)                         | (12,223,378)       |
| Interest expenses                                                     | <u>65,639,620</u>                        | <u>10,961,467</u>   | <u>64,528,447</u>                    | <u>9,720,039</u>   |
| Profit from operating activities before changes in                    |                                          |                     |                                      |                    |
| operating assets and liabilities                                      | 116,905,248                              | 86,991,763          | 121,666,271                          | 93,357,632         |
| Operating assets (increase) decrease                                  |                                          |                     |                                      |                    |
| Trade and other receivables/long-term receivables                     | (44,063,388)                             | 12,886,101          | (40,457,461)                         | 17,784,613         |
| Inventories                                                           | 124,614,069                              | (48,412,792)        | 126,161,474                          | (42,948,431)       |
| Other current assets                                                  | 3,642,111                                | (13,965,689)        | 4,751,311                            | 568,092            |
| Other non-current assets                                              | (3,730,740)                              | (58,276)            | (4,684,141)                          | (55,776)           |
| Operating liabilities increase (decrease)                             |                                          |                     |                                      |                    |
| Trade and other payables                                              | (37,269,313)                             | (34,022,018)        | (27,412,101)                         | (43,114,569)       |
| Other current liabilities                                             | 8,297,430                                | (1,202,353)         | 814,126                              | (1,288,699)        |
| Other non-current liabilities                                         | <u>(561,690)</u>                         | <u>(5,767,106)</u>  | <u>(561,690)</u>                     | <u>(5,767,106)</u> |
| Cash flows from (used in) operating activities                        | 167,833,727                              | (3,550,370)         | 180,277,789                          | 18,535,756         |
| Cash paid for interest expenses                                       | (41,772,419)                             | (2,616,886)         | (42,465,034)                         | (1,980,870)        |
| Cash paid for income tax                                              | <u>(735,068)</u>                         | <u>(7,244,120)</u>  | <u>(629,542)</u>                     | <u>(7,226,874)</u> |
| <b>Net cash flows from (used in) operating activities</b>             | <u>125,326,240</u>                       | <u>(13,411,376)</u> | <u>137,183,213</u>                   | <u>9,328,012</u>   |

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

**Thai Luxe Enterprises Public Company Limited and its subsidiaries**
**Cash flows statement (continued)**
**For the year ended 31 December 2016**

(Unit: Baht)

|                                                                                         | <b>Consolidated financial statements</b> |                      | <b>Separate financial statements</b> |                      |
|-----------------------------------------------------------------------------------------|------------------------------------------|----------------------|--------------------------------------|----------------------|
|                                                                                         | <u>2016</u>                              | <u>2015</u>          | <u>2016</u>                          | <u>2015</u>          |
| <b>Cash flows from investing activities</b>                                             |                                          |                      |                                      |                      |
| Increase in restricted bank deposits                                                    | (72,337)                                 | (6,611,870)          | (72,337)                             | (6,611,870)          |
| Purchases of current investments - trading securities                                   | (54,527,408)                             | (351,541,217)        | (54,527,408)                         | (351,541,217)        |
| Cash receipt from sales of trading securities                                           | 36,796,661                               | 248,705,028          | 36,796,661                           | 248,705,028          |
| Purchases of current investments - available-for-sale securities                        | (2,503,263,818)                          | (776,565,822)        | (2,503,263,818)                      | (776,565,822)        |
| Cash receipt from sales of available-for-sale securities                                | 2,220,124,558                            | 750,452,546          | 2,220,124,558                        | 750,452,546          |
| Purchases of other current investments                                                  | (1,057,000,000)                          | (477,235,646)        | (1,057,000,000)                      | (314,737,466)        |
| Cash receipt from sales of other current investments                                    | 841,106,655                              | 160,000,000          | 677,000,000                          | 160,000,000          |
| Increase in loans to related parties                                                    | (61,590,100)                             | -                    | (470,539,460)                        | (160,000,000)        |
| Cash receipt from repayment of short-term loans to related party                        | -                                        | -                    | 160,000,000                          | -                    |
| Increase in short-term loans to unrelated parties                                       | (119,887,200)                            | (96,300,628)         | (119,887,200)                        | (96,300,628)         |
| Acquisition of investments in subsidiaries (Note 12.2)                                  | (253,064,561)                            | (1,107,000)          | (100,000,000)                        | (1,107,000)          |
| Acquisition of investment in associate                                                  | (23,269,876)                             | (22,500,000)         | (22,500,000)                         | (22,500,000)         |
| Cash received from disposal of investments in subsidiary                                | 23,507,778                               | 22,500,000           | 23,507,778                           | 22,500,000           |
| Cash received from disposal of investments in associate                                 | 30,878,142                               | -                    | 30,878,142                           | -                    |
| Decrease in long-term investments                                                       | -                                        | 6,000,000            | -                                    | 6,000,000            |
| Cash paid for share subscriptions payment                                               | -                                        | -                    | -                                    | (13,750,000)         |
| Cash received from share subscriptions payment                                          | -                                        | 11,250,000           | -                                    | -                    |
| Acquisition of property, plant and equipment                                            | (83,069,769)                             | (64,714,856)         | (28,437,035)                         | (52,720,513)         |
| Proceed from sales of equipment                                                         | 848,290                                  | 11,577,623           | 834,271                              | 11,050,520           |
| Acquisition of intangible assets                                                        | (833,798)                                | (213,157)            | (737,498)                            | (155,157)            |
| Advance for acquisition of power plant                                                  | (76,063,774)                             | -                    | -                                    | -                    |
| Advance for acquisition of assets                                                       | (3,600,000)                              | -                    | (3,600,000)                          | -                    |
| Advance for acquisition of intangible assets                                            | (64,977,556)                             | -                    | -                                    | -                    |
| Dividend receipt from investments in trading securities                                 | 119,240                                  | -                    | 119,240                              | -                    |
| Interest income                                                                         | 31,892,829                               | 9,981,027            | 27,709,592                           | 8,999,232            |
| <b>Net cash flows used in investing activities</b>                                      | <b>(1,115,946,044)</b>                   | <b>(576,323,972)</b> | <b>(1,183,594,514)</b>               | <b>(588,282,347)</b> |
| <b>Cash flows from financing activities</b>                                             |                                          |                      |                                      |                      |
| Increase (decrease) in bank overdrafts and short-term loans from financial institutions | (139,639,774)                            | 172,785,690          | (150,000,000)                        | 150,000,000          |
| Decrease in accounts payable - trust receipts                                           | (78,482,500)                             | (32,722,402)         | (78,482,500)                         | (32,722,402)         |
| Increase (decrease) in short-term loans from unrelated parties                          | (255,433,180)                            | 240,606,842          | (255,109,906)                        | 240,606,842          |
| Cash receipt from debentures                                                            | 1,663,852,206                            | -                    | 1,663,852,206                        | -                    |
| Repayment of debentures                                                                 | (200,000,000)                            | -                    | (200,000,000)                        | -                    |
| Repayment of liabilities under long-term lease agreements                               | (1,099,112)                              | (823,611)            | (1,099,113)                          | (210,627)            |
| Cash receipt from capital increase as a result of warrants exercise                     | -                                        | 290,140,250          | -                                    | 290,140,250          |
| <b>Net cash flows from financing activities</b>                                         | <b>989,197,640</b>                       | <b>669,986,769</b>   | <b>979,160,687</b>                   | <b>647,814,063</b>   |
| <b>Decrease in translation adjustments</b>                                              | <b>(19,964,460)</b>                      | <b>-</b>             | <b>-</b>                             | <b>-</b>             |
| <b>Net increase (decrease) in cash and cash equivalents</b>                             | <b>(21,386,624)</b>                      | <b>80,251,421</b>    | <b>(67,250,614)</b>                  | <b>68,859,728</b>    |
| Cash and cash equivalents at beginning of year                                          | 108,492,622                              | 28,241,201           | 92,603,488                           | 23,743,760           |
| Cash and cash equivalents at end of period from discontinued operation                  | (13,904,175)                             | (13,499,552)         | -                                    | -                    |
| <b>Cash and cash equivalents at end of year</b>                                         | <b>73,201,823</b>                        | <b>94,993,070</b>    | <b>25,352,874</b>                    | <b>92,603,488</b>    |

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

**Thai Luxe Enterprises Public Company Limited and its subsidiaries**

**Cash flows statement (continued)**

**For the year ended 31 December 2016**

(Unit: Baht)

|                                                                                                             | <u>Consolidated financial statements</u> |             | <u>Separate financial statements</u> |             |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------|--------------------------------------|-------------|
|                                                                                                             | <u>2016</u>                              | <u>2015</u> | <u>2016</u>                          | <u>2015</u> |
| <b>Supplemental cash flows information</b>                                                                  |                                          |             |                                      |             |
| Non-cash items                                                                                              |                                          |             |                                      |             |
| Reclassification of current investments in available-for-sale securities to trading securities              | 270,599,000                              | -           | 270,599,000                          | -           |
| Movement in balances of short-term loans to unrelated party due to acquisition of investments in subsidiary | 220,820,280                              | -           | 220,820,280                          | -           |
| Acquisition of investments in subsidiary for which paid in advance                                          | -                                        | -           | 13,750,000                           | -           |
| Acquisition of intangible assets for which paid in advance                                                  | -                                        | 268,000     | -                                    | -           |
| Acquisition of equipment that have not yet been paid                                                        | 446,907                                  | 3,086,639   | 446,907                              | 1,795,780   |
| Assets acquired under long-term lease agreements                                                            | 1,115,300                                | 2,406,950   | 1,115,300                            | 2,406,950   |

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

**Thai Luxe Enterprises Public Company Limited and its subsidiaries**
**Statement of changes in shareholders' equity**
**For the year ended 31 December 2016**

(Unit: Baht)

| Consolidated financial statements                               |               |                   |                 |                   |                |                                          |                    |                   |               |                 |                     |               |
|-----------------------------------------------------------------|---------------|-------------------|-----------------|-------------------|----------------|------------------------------------------|--------------------|-------------------|---------------|-----------------|---------------------|---------------|
| Equity attributable to owners of the Company                    |               |                   |                 |                   |                |                                          |                    |                   |               |                 |                     |               |
|                                                                 |               |                   |                 |                   |                | Other components of shareholders' equity |                    |                   |               |                 |                     |               |
|                                                                 |               |                   |                 |                   |                | Other comprehensive income               |                    |                   |               |                 |                     |               |
|                                                                 |               |                   |                 |                   |                | Exchange                                 |                    |                   |               |                 |                     |               |
|                                                                 |               |                   |                 |                   |                | differences on                           | Surplus (deficit)  | Surplus (deficit) |               |                 |                     |               |
|                                                                 | Issued and    |                   | Capital reserve |                   |                | translation of                           | on changes         | on changes in     | Total other   | Total equity    | Equity attributable |               |
|                                                                 | fully paid-up | Share premium     | for share-based | Retained earnings |                | financial                                | in value of        | the ownership     | components of | attributable to | to non-controlling  | Total         |
|                                                                 | share capital | - ordinary shares | payment         | Appropriated      | Unappropriated | statements in                            | available-for-sale | interests         | shareholders' | owners of       | interests of        | shareholders' |
|                                                                 |               |                   | transactions    |                   |                | foreign currency                         | investments        | in a subsidiary   | equity        | the Company     | the subsidiaries    | equity        |
| Balance as at 1 January 2015                                    | 446,994,587   | 315,040,361       | 41,479,200      | 56,845,152        | 468,185,778    | -                                        | 566,281            | (822,644)         | (256,363)     | 1,328,288,715   | 868,041             | 1,329,156,756 |
| Loss for the year                                               | -             | -                 | -               | -                 | (38,789,660)   | -                                        | -                  | -                 | -             | (38,789,660)    | (5,846,226)         | (44,635,886)  |
| Other comprehensive income for the year                         | -             | -                 | -               | -                 | 3,356,234      | -                                        | (5,845,835)        | -                 | (5,845,835)   | (2,489,601)     | 536,471             | (1,953,130)   |
| Total comprehensive income for the year                         | -             | -                 | -               | -                 | (35,433,426)   | -                                        | (5,845,835)        | -                 | (5,845,835)   | (41,279,261)    | (5,309,755)         | (46,589,016)  |
| Share capital issued as a result of warrants exercise (Note 28) | 116,056,100   | 174,084,150       | -               | -                 | -              | -                                        | -                  | -                 | -             | 290,140,250     | -                   | 290,140,250   |
| Purchases of investments in subsidiary                          | -             | -                 | -               | -                 | -              | -                                        | -                  | (234,554)         | (234,554)     | (234,554)       | -                   | (234,554)     |
| Sale of investments in subsidiary                               | -             | -                 | -               | -                 | -              | -                                        | -                  | 4,735,268         | 4,735,268     | 4,735,268       | 16,892,286          | 21,627,554    |
| Balance as at 31 December 2015                                  | 563,050,687   | 489,124,511       | 41,479,200      | 56,845,152        | 432,752,352    | -                                        | (5,279,554)        | 3,678,070         | (1,601,484)   | 1,581,650,418   | 12,450,572          | 1,594,100,990 |
| Balance as at 1 January 2016                                    | 563,050,687   | 489,124,511       | 41,479,200      | 56,845,152        | 432,752,352    | -                                        | (5,279,554)        | 3,678,070         | (1,601,484)   | 1,581,650,418   | 12,450,572          | 1,594,100,990 |
| Profit (loss) for the year                                      | -             | -                 | -               | -                 | 236,976,977    | -                                        | -                  | -                 | -             | 236,976,977     | (4,662,829)         | 232,314,148   |
| Other comprehensive income for the year                         | -             | -                 | -               | -                 | 416,283        | (5,910,005)                              | 6,212,238          | -                 | 302,233       | 718,516         | -                   | 718,516       |
| Total comprehensive income for the year                         | -             | -                 | -               | -                 | 237,393,260    | (5,910,005)                              | 6,212,238          | -                 | 302,233       | 237,695,493     | (4,662,829)         | 233,032,664   |
| Subsidiary's share capital increase (Note 12.1.1)               | -             | -                 | -               | -                 | -              | -                                        | -                  | -                 | -             | -               | 11,250,000          | 11,250,000    |
| Sale of investments in subsidiary (Note 12.1.1)                 | -             | -                 | -               | -                 | 3,678,070      | -                                        | -                  | (3,678,070)       | (3,678,070)   | -               | (19,037,743)        | (19,037,743)  |
| Balance as at 31 December 2016                                  | 563,050,687   | 489,124,511       | 41,479,200      | 56,845,152        | 673,823,682    | (5,910,005)                              | 932,684            | -                 | (4,977,321)   | 1,819,345,911   | -                   | 1,819,345,911 |

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

**Thai Luxe Enterprises Public Company Limited and its subsidiaries**
**Statement of changes in shareholders' equity (continued)**
**For the year ended 31 December 2016**

(Unit: Baht)

|                                                                 | Separate financial statements |                   |                      |                   |                |                                          |                      |                      |
|-----------------------------------------------------------------|-------------------------------|-------------------|----------------------|-------------------|----------------|------------------------------------------|----------------------|----------------------|
|                                                                 |                               |                   |                      |                   |                | Other components of shareholders' equity |                      |                      |
|                                                                 |                               |                   |                      |                   |                | Other comprehensive income               |                      |                      |
|                                                                 |                               |                   | Capital reserve      |                   |                | Surplus (deficit)                        | Total other          |                      |
|                                                                 | Issued and fully              | Share premium     | for share-based      | Retained earnings |                | on changes in value                      | components of        | Total                |
|                                                                 | paid-up share capital         | - ordinary shares | payment transactions | Appropriated      | Unappropriated | of available-for-sale investments        | shareholders' equity | shareholders' equity |
| Balance as at 1 January 2015                                    | 446,994,587                   | 315,040,361       | 41,479,200           | 56,845,152        | 473,500,522    | 566,281                                  | 566,281              | 1,334,426,103        |
| Loss for the year                                               | -                             | -                 | -                    | -                 | (24,222,125)   | -                                        | -                    | (24,222,125)         |
| Other comprehensive income for the year                         | -                             | -                 | -                    | -                 | 2,700,547      | (5,845,835)                              | (5,845,835)          | (3,145,288)          |
| Total comprehensive income for the year                         | -                             | -                 | -                    | -                 | (21,521,578)   | (5,845,835)                              | (5,845,835)          | (27,367,413)         |
| Share capital issued as a result of warrants exercise (Note 28) | 116,056,100                   | 174,084,150       | -                    | -                 | -              | -                                        | -                    | 290,140,250          |
| Balance as at 31 December 2015                                  | 563,050,687                   | 489,124,511       | 41,479,200           | 56,845,152        | 451,978,944    | (5,279,554)                              | (5,279,554)          | 1,597,198,940        |
|                                                                 |                               |                   |                      |                   |                |                                          |                      | -                    |
| Balance as at 1 January 2016                                    | 563,050,687                   | 489,124,511       | 41,479,200           | 56,845,152        | 451,978,944    | (5,279,554)                              | (5,279,554)          | 1,597,198,940        |
| Profit for the year                                             | -                             | -                 | -                    | -                 | 226,639,766    | -                                        | -                    | 226,639,766          |
| Other comprehensive income for the year                         | -                             | -                 | -                    | -                 | 416,283        | 6,212,238                                | 6,212,238            | 6,628,521            |
| Total comprehensive income for the year                         | -                             | -                 | -                    | -                 | 227,056,049    | 6,212,238                                | 6,212,238            | 233,268,287          |
| Balance as at 31 December 2016                                  | 563,050,687                   | 489,124,511       | 41,479,200           | 56,845,152        | 679,034,993    | 932,684                                  | 932,684              | 1,830,467,227        |

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

## Thai Luxe Enterprises Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2016

#### 1. General information

Thai Luxe Enterprises Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of feeds for aquatic animals and pets. The registered office of the Company is at 69/5 Moo 5 Rama 2 Road (Km. 71) Tambol Bangkhantaek, Amphur Muang, Samutsongkhram.

#### 2. Basis of preparation

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

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

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

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thai Luxe Enterprises Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

| Company's name                                                                            | Nature of business                            | Country of incorporation | Percentage of shareholding |             |
|-------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------|----------------------------|-------------|
|                                                                                           |                                               |                          | <u>2016</u>                | <u>2015</u> |
|                                                                                           |                                               |                          | Percent                    | Percent     |
| Subsidiaries directly held by the Company                                                 |                                               |                          |                            |             |
| Nippon Food Products Co., Ltd.<br>(formerly known as “Thai Luxe Food Products Co., Ltd.”) | Manufacturing and distributing of frozen food | Thailand                 | -                          | 55          |
| Thuxe Global Business Co., Ltd.<br>(formerly known as “Thai Demeter Co., Ltd.”)           | Distribution of raw material for animal feed  | Thailand                 | 100                        | 100         |

| Company's name                   | Nature of business                   | Country of incorporation                | Percentage of shareholding |                        |
|----------------------------------|--------------------------------------|-----------------------------------------|----------------------------|------------------------|
|                                  |                                      |                                         | <u>2016</u><br>Percent     | <u>2015</u><br>Percent |
| Tluxe Power Co., Ltd             | Invest in energy business            | Thailand                                | 100                        | -                      |
| <b>Subsidiary held through</b>   |                                      |                                         |                            |                        |
| <b>Tluxe Power Limited</b>       |                                      |                                         |                            |                        |
| Tluxe Investments Limited        | Invest in other companies            | Republic of Mauritius                   | 100                        | -                      |
| <b>Subsidiary held through</b>   |                                      |                                         |                            |                        |
| <b>Tluxe Investments Limited</b> |                                      |                                         |                            |                        |
| Tluxe Holdings Limited           | Invest in other companies            | Hong Kong Special Administrative Region | 100                        | -                      |
| <b>Subsidiaries held through</b> |                                      |                                         |                            |                        |
| <b>Tluxe Holdings Limited</b>    |                                      |                                         |                            |                        |
| PPSN Co., Ltd.                   | Geothermal power generation business | Japan                                   | 100                        | -                      |
| Sumo Power Co., Ltd.             | Geothermal power generation business | Japan                                   | 100                        | -                      |
| <b>Subsidiary held through</b>   |                                      |                                         |                            |                        |
| <b>PPSN Co., Ltd.</b>            |                                      |                                         |                            |                        |
| Otomeyama Energy Co., Ltd.       | Geothermal power generation business | Japan                                   | 100                        | -                      |
| <b>Subsidiary held through</b>   |                                      |                                         |                            |                        |
| <b>Sumo Power Co., Ltd</b>       |                                      |                                         |                            |                        |
| S-Power Co., Ltd.                | Geothermal power generation business | Japan                                   | 100                        | -                      |
| SNS Power Co., Ltd.              | Geothermal power generation business | Japan                                   | 100                        | -                      |

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
  - f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

### **3. New financial reporting standards**

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

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

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

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

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not

have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

#### **TAS 27 (revised 2016) Separate Financial Statements**

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

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

### **4. Significant accounting policies**

#### **4.1 Revenue recognition**

##### *Sales of goods*

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

##### *Sales of electricity*

Sales of electricity is recognised when the significant risks and rewards passed to the buyer. Sales of electricity is calculated based on actual electricity delivered and in according to the rates and terms set out in the power purchase agreement. Sales of electricity is the invoiced value, excluding value added tax.

##### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

##### *Rental income*

Rental incomes are recognised as revenue at the amounts as stipulated in the agreements on an accrual basis.

##### *Interest income*

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

##### *Dividends*

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

## **4.2 Cash and cash equivalents**

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

## **4.3 Trade accounts receivable**

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

## **4.4 Inventories**

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

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

## **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rate of government bond adjusted by an appropriate risk factor. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company and its subsidiaries reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

#### **4.6 Investment properties**

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

Depreciation charges of building investment property are valued with reference to its costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment property is included in determining income.

No depreciation is provided for land investment properties.

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

#### **4.7 Property, plant and equipment/Depreciation**

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

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

|                                    | <u>The Company</u> | <u>Subsidiaries</u> |
|------------------------------------|--------------------|---------------------|
| Buildings and building improvement | 5, 10, 20<br>years | 5, 20 years         |
| Machinery and equipment            | 5, 10 years        | 5, 15 years         |
| Furniture and office equipment     | 5 years            | 3, 5 years          |

|                |         |         |
|----------------|---------|---------|
| Motor vehicles | 5 years | 5 years |
|----------------|---------|---------|

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

#### 4.8 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

The intangible assets with finite useful lives are as follows:

|                                 | <u>The Company</u> | <u>Subsidiaries</u> |
|---------------------------------|--------------------|---------------------|
| Computer software               | 10 years           | 3 years             |
| Patent                          | 8 years            | -                   |
| Hot spring rights               | -                  | 15 years            |
| Power purchase agreement rights | -                  | 15 - 16 years       |

#### 4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating

units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.10 Related party transactions**

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

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

#### **4.11 Long-term leases**

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

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

#### **4.12 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### 4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.14 Employee benefits

##### ***Short-term employee benefits***

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

##### ***Post-employment benefits and other long-term employee benefits***

###### **Defined contribution plans**

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

#### Defined benefit plans and other long-term employee benefits

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

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

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

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

#### **4.15 Provisions**

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

#### **4.16 Equity-settled share-based payment transactions**

The Company recognise the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the vesting period of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

#### **4.17 Income tax**

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

##### **Current tax**

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

## **Deferred tax**

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

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

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

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

## **4.18 Derivatives**

### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

## **4.19 Fair value measurement**

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

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

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

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

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

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

## **5. Significant accounting judgements and estimates**

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

### **Allowance for doubtful accounts and loans**

In determining an allowance for doubtful accounts and loans, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts, the prevailing economic condition and the ability of the repayment from the operating result of the receivables.

### **Reclassification of investments in trading securities**

In deciding whether to classify investments as trading securities, the management exercised judgement in order to assess stock market price trends, current capital market conditions, future events, and management's intention to hold the investments for speculation, even though the Company's trading turnover of such investments is low.

### **Impairment of equity investments**

The Company treats available-for-sale investments, investments in subsidiaries and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

### **Property plant and equipment/Depreciation**

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

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

### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

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

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

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

### **Equity-settled share-based payment transactions**

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

## 6. Related party transactions

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

(Unit: Million Baht)

|                                                         | Consolidated<br>financial statements |             | Separate<br>financial statements |             | Transfer pricing policy |
|---------------------------------------------------------|--------------------------------------|-------------|----------------------------------|-------------|-------------------------|
|                                                         | <u>2016</u>                          | <u>2015</u> | <u>2016</u>                      | <u>2015</u> |                         |
| <u>Transactions with subsidiary companies</u>           |                                      |             |                                  |             |                         |
| (eliminated from the consolidated financial statements) |                                      |             |                                  |             |                         |
| Sales of raw materials                                  | -                                    | -           | 1                                | 2           | Market prices           |
| Rental income                                           | -                                    | -           | 3                                | 5           | Contract prices         |
| Interest income                                         | -                                    | -           | 20                               | 3           | 3 - 8 percent per annum |
| Other income                                            | -                                    | -           | -                                | 1           | Contract prices         |
| <u>Transactions with related party</u>                  |                                      |             |                                  |             |                         |
| Interest income                                         | 22                                   | -           | 22                               | -           | 5 - 7 percent per annum |

The balances of the accounts as at 31 December 2016 and 2015 between Company and its related parties are as follows:

(Unit: Thousand Baht)

|                                                                      | Consolidated<br>financial statements |             | Separate<br>financial statements |             |
|----------------------------------------------------------------------|--------------------------------------|-------------|----------------------------------|-------------|
|                                                                      | <u>2016</u>                          | <u>2015</u> | <u>2016</u>                      | <u>2015</u> |
| <b><u>Other current investments - related party (Note 8)</u></b>     |                                      |             |                                  |             |
| Related party (common shareholders)                                  | 450,000                              | -           | 450,000                          | -           |
| Total other current investments - related party                      | 450,000                              | -           | 450,000                          | -           |
| <b><u>Trade and other receivables - related parties (Note 9)</u></b> |                                      |             |                                  |             |
| Subsidiaries                                                         | -                                    | -           | 26,434                           | 786         |
| Associate                                                            | 605                                  | -           | -                                | -           |
| Related party (common shareholders)                                  | 571                                  | -           | 571                              | -           |
| Related parties (director of subsidiaries)                           | 1                                    | -           | -                                | -           |
| Total trade and other receivables - related parties                  | 1,177                                | -           | 27,005                           | 786         |
| <b><u>Trade and other payables - related parties (Note 21)</u></b>   |                                      |             |                                  |             |
| Subsidiary                                                           | -                                    | -           | -                                | 16          |
| Related party (common director)                                      | 47                                   | -           | -                                | -           |
| Related parties (director of subsidiaries)                           | 979                                  | -           | -                                | -           |
| Total trade and other payables - related parties                     | 1,026                                | -           | -                                | 16          |

### Long-term loans to related parties

As at 31 December 2016, the balance of long-term loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

| Loans to related party | Related by | Consolidated financial statements  |                             |                             | Balance as at<br>31 December<br>2016 |
|------------------------|------------|------------------------------------|-----------------------------|-----------------------------|--------------------------------------|
|                        |            | Balance as at<br>1 January<br>2016 | Increase during<br>the year | Decrease during<br>the year |                                      |
| M-Luxe Energy Co., Ltd | Associate  | -                                  | 61,590                      | -                           | 61,590                               |
| Total                  |            | -                                  | 61,590                      | -                           | 61,590                               |

The long-term loans to associate carried interest rate at 3 percent per annum and is payable in August 2018.

(Unit: Thousand Baht)

| Loans to related parties                                                             | Related by | Separate financial statements      |                                                                     |                                |                                | Balance as at<br>31 December<br>2016 |
|--------------------------------------------------------------------------------------|------------|------------------------------------|---------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------------|
|                                                                                      |            | Balance as<br>at 1 January<br>2016 | Increase from<br>acquisition of<br>subsidiary<br>during the<br>year | Increase<br>during the<br>year | Decrease<br>during the<br>year |                                      |
| Tluxe Global Business Co.,<br>Ltd.<br>(formerly known as "Thai<br>Demeter Co., Ltd.) | Subsidiary | 160,000                            | -                                                                   | -                              | (160,000)                      | -                                    |
| Tluxe Power Co., Ltd.                                                                | Subsidiary | -                                  | -                                                                   | 166,659                        | -                              | 166,659                              |
| PPSN Co., Ltd.                                                                       | Subsidiary | -                                  | 220,820                                                             | 303,881                        | (83,729)                       | 440,972                              |
| Sumo Power Co., Ltd.                                                                 | Subsidiary | -                                  | -                                                                   | 83,729                         | -                              | 83,729                               |
| Total                                                                                |            | 160,000                            | 220,820                                                             | 554,269                        | (243,729)                      | 691,360                              |
| Less: Allowance for doubtful<br>accounts                                             |            | -                                  | -                                                                   | (152,000)                      | -                              | (152,000)                            |
| Long-term loan to related<br>parties - net                                           |            | 160,000                            | 220,820                                                             | 402,269                        | (243,729)                      | 539,360                              |

The long-term loans to subsidiaries are loans used for investing in electricity generation projects (geothermal power) in Japan. These loans carry interest at rates of 3 - 8 percent per annum and mature on demand. However, the Company has no plans to call the loans within one year, and therefore classified them as non-current assets in the financial statements.

During the current year, the Company assessed the recoverable amount of such electricity generation project based on value in use calculation using cash flow projections discounted to their present values and it was concluded that the recoverable amount is lower than the carrying amount of the loans. The Company therefore recognised allowance for doubtful accounts amounting to Baht 152 million.

### Short-term loans from related party

As at 31 December 2016, the balance of loans between the Company and a related party and the movement are as follows:

(Unit: Thousand Baht)

|                          |                 | Consolidated financial statements |                             |                            |                        |                                |
|--------------------------|-----------------|-----------------------------------|-----------------------------|----------------------------|------------------------|--------------------------------|
| Loans from related party | Related by      | Increase from acquisition of      |                             |                            | Translation adjustment | Balance as at 31 December 2016 |
|                          |                 | Balance as at 1 January 2016      | subsidary during the period | Increase during the period |                        |                                |
| Dual Energy Co., Ltd.    | Common director | -                                 | 1,671                       | -                          | (131)                  | 1,540                          |
| Total                    |                 | -                                 | 1,671                       | -                          | (131)                  | 1,540                          |

The short-term loans from related party carried interest rate at 3 percent per annum and the subsidiary made repayment of the loans in total amount in January 2017.

### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and managements as below.

(Unit: Million Baht)

|                              | Consolidated financial statements |             | Separate financial statements |             |
|------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
|                              | <u>2016</u>                       | <u>2015</u> | <u>2016</u>                   | <u>2015</u> |
| Short-term employee benefits | 16                                | 16          | 12                            | 15          |
| Post-employment benefits     | 1                                 | 1           | 1                             | 1           |
| Total                        | 17                                | 17          | 13                            | 16          |

Employee benefit expenses payable to their directors and management of discontinued operation for the year ended 31 December 2016 and 2015 amounting to Baht 0.5 million and Baht 1.0 million, respectively.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

|               | Consolidated financial statements |                | Separate financial statements |               |
|---------------|-----------------------------------|----------------|-------------------------------|---------------|
|               | <u>2016</u>                       | <u>2015</u>    | <u>2016</u>                   | <u>2015</u>   |
| Cash          | 351                               | 125            | 347                           | 59            |
| Bank deposits | 72,851                            | 108,367        | 25,006                        | 92,544        |
| Total         | <u>73,202</u>                     | <u>108,492</u> | <u>25,353</u>                 | <u>92,603</u> |

As at 31 December 2016, bank deposits in saving accounts carried interests between 0.0 and 0.5 percent per annum (2015: between 0.1 and 0.7 percent per annum).

## 8. Current investments

(Unit: Thousand Baht)

|                                                          | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|----------------------------------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
|                                                          | <u>2016</u>                          | <u>2015</u>    | <u>2016</u>                      | <u>2015</u>    |
| Investments in trading securities - fair value           | 1,027,603                            | 93,896         | 1,027,603                        | 93,896         |
| Investments in available-for-sale securities, cost       | 146,142                              | 129,942        | 146,142                          | 129,942        |
| Add: Gain (loss) on changes in value of investments      | 1,165                                | (6,600)        | 1,165                            | (6,600)        |
| Investments in available-for-sale securities, fair value | 147,307                              | 123,342        | 147,307                          | 123,342        |
| Others                                                   | 600,170                              | 377,236        | 600,170                          | 214,737        |
| Total                                                    | <u>1,775,080</u>                     | <u>594,474</u> | <u>1,775,080</u>                 | <u>431,975</u> |

- 8.1 In 2015, the Company invested in ordinary shares of a related company, which is registered in Market for Alternative Investment (MAI). The investments in such shares represent approximately 14 percent of the registered share capital of the company, and some shareholders of the Company are also shareholders of this company. The Company has no intention to take part in managing the operations of this company and has no influence over it. The investments were therefore presented as investments in available-for-sale securities. Later, on 24 June 2016, a Board of Director's meeting passed a resolution to reclassify the current investment, amounting to Baht 271 million, from available-for-sale securities to trading securities and readjusted the investments to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification, amounting to Baht 1.4 million, was recorded as gain on investments in securities in profit or loss.

As at 31 December 2016, the investments have fair values amounting to Baht 938 million and unrealised gains on revaluation of investments (computed using the latest bid price of the shares on the MAI as of 30 December 2016) amounting to Baht 653 million are recorded in profit or loss for the year 2016. Even after reclassification, the volume of the Company's trading of these shares has been low. The management of the Company continues to classify the investments as trading securities, as they intend to hold them as short-term investments based on market conditions, future events and their plans to trade the shares on a regular basis in the near term.

- 8.2 As at 31 December 2016, other current investments are bills of exchange carrying interest at rates of 5.4 and 5.9 percent per annum (2015: 5.1 percent per annum). Baht 450 million of these bills of exchange were issued by a related company, are unsecured and were not paid upon maturity in December 2016, with the repayment period instead extended until March 2017. In addition, the Company has investments in bills of exchange issued by other companies, with outstanding balances totaling Baht 150 million as of 31 December 2016. These bill of exchanges are also unsecured. However, the Company received repayment of Baht 70 million under these bills of exchange after the reporting period and the term of the remaining amount has been extended the repayment period until March 2017. The Company has assessed the creditworthiness of the issuers of these bills of exchange and believes that the bills of exchange will be repaid in the future. The Company does not expect any default.
- 8.3 During the year 2016, the Company sold available-for-sale securities with book values totaling Baht 2,200 million (2015: Baht 747 million) and recognised (after tax) gains on the sales amounting to Baht 3 million (2015: Baht 2 million) in profit and loss. This amount included gains transferred from gains (after tax) on valuation of available-for-sale securities recorded in other comprehensive income, amounting to Baht 0.6 million (2015: Baht 0.6 million).

## 9. Trade and other receivables/long-term receivables

### 9.1 Trade and other receivables

|                                                  | (Unit: Thousand Baht)  |             |                    |             |
|--------------------------------------------------|------------------------|-------------|--------------------|-------------|
|                                                  | Consolidated financial |             | Separate financial |             |
|                                                  | statements             |             | statements         |             |
|                                                  | <u>2016</u>            | <u>2015</u> | <u>2016</u>        | <u>2015</u> |
| <u>Trade receivables - related party</u>         |                        |             |                    |             |
| Aged on the basis of due dates                   |                        |             |                    |             |
| Not yet due                                      | -                      | -           | -                  | 21          |
| Past due                                         |                        |             |                    |             |
| Up to 3 months                                   | -                      | -           | -                  | 71          |
| Total trade receivables - related party          | -                      | -           | -                  | 92          |
| <u>Trade receivables - unrelated parties</u>     |                        |             |                    |             |
| Aged on the basis of due dates                   |                        |             |                    |             |
| Not yet due                                      | 139,406                | 115,235     | 137,698            | 98,420      |
| Past due                                         |                        |             |                    |             |
| Up to 3 months                                   | 23,505                 | 33,755      | 23,505             | 26,175      |
| 3 - 6 months                                     | 1,244                  | 997         | 1,244              | 827         |
| 6 - 12 months                                    | 2,710                  | 2,412       | 2,710              | 2,406       |
| Over 12 months                                   | 1,347                  | 1,942       | 1,347              | 1,923       |
| Total                                            | 168,212                | 154,341     | 166,504            | 129,751     |
| Less: Allowance for doubtful debts               | (4,679)                | (4,743)     | (4,679)            | (4,743)     |
| Total trade receivables - unrelated parties, net | 163,533                | 149,598     | 161,825            | 125,008     |
| Total trade receivables - net                    | 163,533                | 149,598     | 161,825            | 125,100     |
| <u>Other receivables</u>                         |                        |             |                    |             |
| Account receivable from disposal of investments  | 24,989                 | -           | 24,989             | -           |
| Amounts due from related parties                 | 161                    | -           | 2,108              | 42          |
| Amounts due from unrelated parties               | -                      | 209         | -                  | 1           |
| Interest receivable - related parties            | 1,016                  | -           | 24,897             | 652         |
| Interest receivable - unrelated parties          | 30                     | 468         | 30                 | 468         |
| Total other receivables                          | 26,196                 | 677         | 52,024             | 1,163       |
| Total trade and other receivables - net          | 189,729                | 150,275     | 213,849            | 126,263     |

## 9.2 Long-term receivables

These represent the balance of long outstanding debts due from various trade debtors against whom the Company has taken legal actions. As at 31 December 2016, the Company has set up an allowance for doubtful accounts amounting Baht 55 million (2015: Baht 56 million) in its accounts by taking into consideration the auction price and the value of the related collaterals.

## 10. Inventories

(Unit: Thousand Baht)

| Consolidated financial statements |         |         |                                        |          |                 |         |
|-----------------------------------|---------|---------|----------------------------------------|----------|-----------------|---------|
|                                   | Cost    |         | Reduce cost to net<br>realisable value |          | Inventories-net |         |
|                                   | 2016    | 2015    | 2016                                   | 2015     | 2016            | 2015    |
|                                   |         |         |                                        |          |                 |         |
| Finished goods                    | 49,397  | 64,661  | (4,400)                                | (540)    | 44,997          | 64,121  |
| Work in process                   | -       | 5,656   | -                                      | (550)    | -               | 5,106   |
| Raw materials                     | 103,007 | 232,022 | (1,583)                                | (12,410) | 101,424         | 219,612 |
| Raw materials in transit          | 40,844  | 39,289  | -                                      | -        | 40,844          | 39,289  |
| Packing materials and supplies    | 16,083  | 17,123  | (3,448)                                | (2,649)  | 12,635          | 14,474  |
| Spare parts                       | 29,258  | 27,275  | (6,623)                                | (6,116)  | 22,635          | 21,159  |
| Total                             | 238,589 | 386,026 | (16,054)                               | (22,265) | 222,535         | 363,761 |

(Unit: Thousand Baht)

| Separate financial statements  |         |         |                                        |          |                 |         |
|--------------------------------|---------|---------|----------------------------------------|----------|-----------------|---------|
|                                | Cost    |         | Reduce cost to net<br>realisable value |          | Inventories-net |         |
|                                | 2016    | 2015    | 2016                                   | 2015     | 2016            | 2015    |
|                                |         |         |                                        |          |                 |         |
| Finished goods                 | 49,397  | 57,196  | (4,400)                                | -        | 44,997          | 57,196  |
| Raw materials                  | 103,007 | 227,034 | (1,583)                                | (12,239) | 101,424         | 214,795 |
| Raw materials in transit       | 40,844  | 39,289  | -                                      | -        | 40,844          | 39,289  |
| Packing materials and supplies | 16,083  | 14,203  | (3,448)                                | (2,649)  | 12,635          | 11,554  |
| Spare parts                    | 29,258  | 27,028  | (6,623)                                | (6,116)  | 22,635          | 20,912  |
| Total                          | 238,589 | 364,750 | (16,054)                               | (21,004) | 222,535         | 343,746 |

During the current year, the Company reversed the write-down of cost of inventories by Baht 5 million, this was reduced the amount of inventories recognised as cost of sales (2015: The Company reduced cost of inventories by Baht 6 million, to reflect the net realisable value. This was included in cost of sales. The subsidiary reduced cost of inventories by Baht 1 million, to reflect the net realisable value. This was included in cost of sales. In addition, the subsidiary reversed the write-down of cost of inventories by Baht 1 million, and reduced the amount of inventories recognised as cost of sales during the year).

## 11. Restricted bank deposits

These represent fixed deposits pledged with the banks to guaranteed electricity use.

## 12. Investments in subsidiaries

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

| (Unit: Thousand Baht)                                                                         |                 |         |              |      |         |        |                          |          |                  |        |
|-----------------------------------------------------------------------------------------------|-----------------|---------|--------------|------|---------|--------|--------------------------|----------|------------------|--------|
| Company's name                                                                                | Paid-up capital |         | Shareholding |      | Cost    |        | Provision for impairment |          | Carrying amounts |        |
|                                                                                               |                 |         | Percentage   |      |         |        | of investments           |          | based on cost    |        |
|                                                                                               | 2016            | 2015    | 2016         | 2015 | 2016    | 2015   | 2016                     | 2015     | 2016             | 2015   |
|                                                                                               |                 |         | (%)          | (%)  |         |        |                          |          | method - net     |        |
| <b>Subsidiaries directly held by the Company</b>                                              |                 |         |              |      |         |        |                          |          |                  |        |
| Nippon Food Products Co., Ltd.<br><br>(formerly known as “Thai Luxe Food Products Co., Ltd.”) | 125,000         | 100,000 | -            | 55   | -       | 39,288 | -                        | (14,274) | -                | 25,014 |
| TLuxe Global Business Co., Ltd.<br><br>(formerly known as “Thai Demeter Co., Ltd.)            | 3,000           | 3,000   | 100          | 100  | 3,000   | 3,000  | -                        | -        | 3,000            | 3,000  |
| TLuxe Power Co., Ltd                                                                          | 100,000         | -       | 100          | -    | 100,000 | -      | (100,000)                | -        | 100,000          | -      |
| Investments in subsidiaries directly held by the Company - net                                |                 |         |              |      | 103,000 | 42,288 | (100,000)                | (14,274) | 103,000          | 28,014 |
| <b>Subsidiary held through TLuxe Power Limited</b>                                            |                 |         |              |      |         |        |                          |          |                  |        |
| TLuxe Investments Limited                                                                     | 10*             | -       | 100          | -    | -       | -      | -                        | -        | -                | -      |
| <b>Subsidiary held through TLuxe Investments Limited</b>                                      |                 |         |              |      |         |        |                          |          |                  |        |
| TLuxe Holdings Limited                                                                        | 10*             | -       | 100          | -    | -       | -      | -                        | -        | -                | -      |
| <b>Subsidiaries held through TLuxe Holdings Limited</b>                                       |                 |         |              |      |         |        |                          |          |                  |        |
| PPSN Co., Ltd.                                                                                | 12,000**        | -       | 100          | -    | -       | -      | -                        | -        | -                | -      |
| Sumo Power Co., Ltd.                                                                          | 1,000**         | -       | 100          | -    | -       | -      | -                        | -        | -                | -      |
| <b>Subsidiary held through PPSN Co., Ltd.</b>                                                 |                 |         |              |      |         |        |                          |          |                  |        |
| Otomeyama Energy Co., Ltd.                                                                    | 500**           | -       | 100          | -    | -       | -      | -                        | -        | -                | -      |
| <b>Subsidiaries held through Sumo Power Co., Ltd</b>                                          |                 |         |              |      |         |        |                          |          |                  |        |
| S-Power Co., Ltd.                                                                             | 500**           | -       | 100          | -    | -       | -      | -                        | -        | -                | -      |
| SNS Power Co., Ltd.                                                                           | 500**           | -       | 100          | -    | -       | -      | -                        | -        | -                | -      |
| Total investments in subsidiaries - net                                                       |                 |         |              |      | 103,000 | 42,288 | (100,000)                | (14,274) | 3,000            | 28,014 |

\* Unit: Thousand US dollar

\*\* Unit: Thousand Yen

## 12.1 Subsidiaries directly held by the Company

### 12.1.1 Nippon Food Products Company Limited (formerly known as “Thai Luxe Food Products Company Limited”)

- (a) On 9 September 2015, the Extraordinary General Meeting of the shareholders of Nippon Food Products Company Limited (formerly known as “Thai Luxe Food Products Company Limited”), passed a resolution to approve a Baht 100 million (10 million ordinary shares with a par value of Baht 10 each) increase in its registered share capital to Baht 200 million (20 million ordinary shares with a par value of Baht 10 each), through the issuance of 10 million new ordinary shares with a par value of Baht 10 each, amounting to Baht 100 million, to be allocated to the shareholders proportionately to their existing shareholdings. A meeting of the Company’s Board of Directors passed a resolution approving the purchase of 5.5 million of the new ordinary shares, amounting to Baht 55 million, in order to maintain the Company’s existing shareholding. The Company had already paid up Baht 14 million, or 25 percent of the additional registered share capital. This subsidiary registered its paid-up registered capital with the Commerce Ministry on 10 February 2016.
- (b) During the second quarter of the current year, the Company set up additional allowance for impairment loss on its investment in of Nippon Food Products Company Limited (formerly known as “Thai Luxe Food Products Company Limited”) of Baht 4 million, to present its investment at net realisable value, as a result of the execution of the share purchase agreements.
- (c) On 24 June 2016, a meeting of the Board of Directors of the Company passed a resolution to approve the Company’s sale of all of the Company’s 55 percent holding in the ordinary shares of Nippon Food Products Company Limited (formerly known as “Thai Luxe Food Products Company Limited”) to an unrelated company. The value of the transaction is Baht 34 million. On 15 July 2016, the Company entered into the “Sale and Purchase Agreement” with the buyer in order to execute this transaction and received payment of 50 percent on the contract date. The remaining balance is to be paid in six installments, beginning in November 2016, and late payment interest rate at a rate of 5 percent per annum will apply. The Company will transfer the remaining ordinary shares upon receipt of payment per the contract. As at 31 December 2016, this outstanding balance of approximately Baht 11 million is recorded as account receivable from disposal of investments.

In addition, the Company transferred a surplus on changes in the ownership interests in a subsidiary of Baht 4 million in the consolidated financial statements to retained earnings. The Company had no gain or loss on sale of the investment in Nippon Food Products Company Limited (formerly known as “Thai Luxe Food Products Company Limited”) under the cost method but had gain on sale of the investment under the equity method amounting to Baht 11 million, and this was included under the caption of “Gain on disposal of investments in subsidiary” in profit or loss in consolidated financial statements.

The assessment of the Company’s management was that the assets and liabilities of the subsidiary as at 15 July 2016 and 30 June 2016 did not materially differ. Therefore, the Company has excluded the financial statements of the subsidiary from the consolidated financial statements since 30 June 2016 because control over the subsidiary ceased.

Details of the book values of assets and liabilities of the subsidiary as at 30 June 2016 are as follows:

(Unit: Thousand Baht)

**Assets**

|                             |        |
|-----------------------------|--------|
| Cash and cash equivalents   | 13,904 |
| Trade and other receivables | 29,912 |
| Inventories                 | 21,464 |
| Other current assets        | 1,489  |
| Building and equipment      | 35,724 |
| Intangible assets           | 213    |
| Other non-current assets    | 4,637  |

|                     |                |
|---------------------|----------------|
| <b>Total assets</b> | <b>107,343</b> |
|---------------------|----------------|

**Liabilities**

|                                                                 |        |
|-----------------------------------------------------------------|--------|
| Bank overdraft and short-term loans from financial institutions | 44,876 |
| Trade and other payables                                        | 17,501 |
| Other current liabilities                                       | 1,591  |
| Provision for employee benefits                                 | 1,069  |

|                          |               |
|--------------------------|---------------|
| <b>Total liabilities</b> | <b>65,037</b> |
|--------------------------|---------------|

|                        |               |
|------------------------|---------------|
| <b>Net asset value</b> | <b>42,306</b> |
|------------------------|---------------|

|                                                                            |          |
|----------------------------------------------------------------------------|----------|
| Less: Non-controlling interests of the subsidiary                          | (19,038) |
| Proportional net assets held by the Company                                | 23,268   |
| Less: Selling price as stipulated in the agreement to sell the investments | (34,375) |
| Gain on disposal of investments in the subsidiary                          | (11,107) |

|                                                                      |          |
|----------------------------------------------------------------------|----------|
| Selling price as stipulated in the agreement to sell the investments | 34,375   |
| Less: Proceed from disposal of investments in the subsidiary         | (23,508) |

(Unit: Thousand Baht)

Account receivable from disposal of investments in subsidiary

10,867

Revenues and expenses relating to the discontinued operation from disposal of investments in a subsidiary for the year ended 31 December 2016 and 2015 were detailed below.

(Unit: Thousand Baht)

|                                                      | Consolidated financial statements |                |
|------------------------------------------------------|-----------------------------------|----------------|
|                                                      | For the year                      |                |
|                                                      | ended 31 December                 |                |
|                                                      | <u>2016</u>                       | <u>2015</u>    |
| Revenue from sales and services                      | 145,153                           | 277,697        |
| Other revenues                                       | 680                               | 2,252          |
| Cost of sales and services                           | (134,697)                         | (254,086)      |
| Selling expenses                                     | (3,285)                           | (8,570)        |
| Administrative expenses                              | (14,244)                          | (23,254)       |
| Finance cost                                         | (1,060)                           | (1,238)        |
| Income tax revenue (expenses)                        | 50                                | (373)          |
| <b>Loss from discontinued operation for the year</b> | <b>(7,403)</b>                    | <b>(7,572)</b> |

### 12.1.2 Tluxe Power Company Limited

On 18 February 2016, the Company registered the incorporation of a subsidiary under the name of Tluxe Power Company Limited, to invest in energy business with a registered share capital of Baht 100 million (10 million ordinary shares with a par value of Baht 10 each). The Company holds a 100 percent interest in this company. The Company had paid-up share capital at Baht 100 million and the subsidiary already registered its paid-up share capital with the Ministry of Commerce.

During the year the Company estimated the realizable value of its investment in Tluxe Power Co., Ltd. based on a value-in-use calculation using cash flow projections discounted to their present values. It was concluded that the recoverable amount is lower than the carrying amount, and the Company therefore recognised allowance for impairment loss on such investment of Baht 100 million in profit or loss in the separate financial statements for the current year.

## 12.2 Subsidiaries indirectly held by the Company

### 12.2.1 Tluxe Investments Limited (held by Tluxe Power Company Limited)

On 12 April 2016, Tluxe Power Company Limited registered the incorporation of a subsidiary in Republic of Mauritius, name Tluxe Investments Limited, to invest in other companies. It has a registered share capital of USD 10,000 (100 ordinary shares with a par value of USD 100 each) and is 100 percent owned by the subsidiary.

#### **12.2.2 Tluxe Holdings Limited (held by Tluxe Investments Limited)**

On 25 April 2016, Tluxe Investments Limited acquired 100 shares of Tluxe Holdings Limited which was incorporated in Hong Kong Special Administrative Region, at a price of USD 100 per share, or for a total of USD 10,000 (Baht 0.3 million). This represents a 100 percent interest.

#### **12.2.3 PPSN Company Limited (held by Tluxe Holdings Limited)**

On 22 December 2015, a meeting of the Board of Directors of the Company passed a resolution to approve investment in PPSN Company Limited, which is engaged in geothermal power generation business in Japan, and on 29 February 2016 the Company signed a share purchase agreement to acquire this company. The power plants under PPSN Company Limited are under construction and power purchase agreements have not yet been made with customers for some of the power plants.

On 11 May 2016, the Company made full settlement of approximately JPY 280 million (Baht 90 million) for total ordinary shares of PPSN Company Limited. The Company sold the total ordinary shares of PPSN Company Limited to Tluxe Holdings Limited, a subsidiary, amounting to Baht 90 million on 30 June 2016. Therefore, the Company deems that PPSN Company Limited is a subsidiary of the group company since 11 May 2016 onwards.

The Company assessed the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment was completed in the fourth quarter of 2016 and within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard No.3 (revised 2015). During the measurement period, the Company obtained further information on the fair value of part of the assets and liabilities and has retrospectively adjusted the provisional amount recognised at the acquisition date. The adjustments caused fixed assets to decrease by approximately Baht 22 million and intangible assets to increase by approximately Baht 9 million.

The financial statements of PPSN Company Limited have been included in the consolidated financial statement of the Company since the Company gained controlling authority on 11 May 2016. The details of the acquisition are as follows:

|                                                  | (Unit: Thousand Baht) |
|--------------------------------------------------|-----------------------|
| Cost of acquisition of investments in subsidiary | 89,546                |
| Add: Decrease in fair value of net assets        | 9,497                 |

(Unit: Thousand Baht)

|                                                            |        |
|------------------------------------------------------------|--------|
| Goodwill                                                   | 99,043 |
| Cost of acquisition of investments in subsidiary           | 89,546 |
| Less: Cash and cash equivalents of subsidiary              | (91)   |
| Net cash paid for acquisition of investments in subsidiary | 89,455 |

Fair values of the identifiable assets acquired and liabilities assumed from PPSN Company Limited as at the acquisition date (11 May 2016) were summarised below.

(Unit: Thousand Baht)

|                                                      |           |
|------------------------------------------------------|-----------|
| Cash and cash equivalents                            | 91        |
| Property, plant and equipment                        | 176,273   |
| Intangible assets                                    | 30,031    |
| Other non-current assets                             | 6,851     |
| Deferred tax assets                                  | 6,140     |
| Trade and other payables                             | (6,071)   |
| Short-term loans from related party (parent company) | (219,095) |
| Short-term loans from related party                  | (1,671)   |
| Short-term loans from unrelated party                | (323)     |
| Other current liabilities                            | (412)     |
| Deferred tax liabilities                             | (1,311)   |
| Net asset value                                      | (9,497)   |
| Cost of acquisition of investment in subsidiary      | 89,546    |
| Goodwill (Note 18)                                   | 99,043    |

#### 12.2.4 Sumo Power Company Limited (held by Tluxe Holdings Limited)

On 22 March 2016, the Company entered in to a memorandum of understanding with Sumo Power Company Limited to buy ordinary shares value at approximately JPY 495 million (Baht 165 million), in order to invest in the geothermal power business in Japan. On 1 April 2016, the Company paid a deposit of JPY 149 million (Baht 47 million) under the terms of the agreement. On 24 June 2016, the Board of Directors meeting of the Company passed a resolution to approve Tluxe Holdings Limited, a subsidiary, invests in this company. On 1 July 2016, this subsidiary already signed a share purchase agreement to acquire Sumo Power Company Limited. The power plants under Sumo Power Company Limited are under construction and power purchase agreements have not yet been made with customers.

Subsequently, on 6 September 2016, Tluxe Holding Limited paid the remaining ordinary shares of Sumo Power Company Limited approximately to JPY 346 million (Baht 118 million) and already paid a deposit to the Company on the same day.

The Company assessed the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment was completed in the fourth quarter of 2016 and within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard No.3 (revised 2015). During the measurement period, the Company obtained further information on the fair value of part of the assets and liabilities and has retrospectively adjusted the provisional amount recognised at the acquisition date. The adjustments caused intangible assets to increase by approximately Baht 43 million.

The financial statements of Sumo Power Company Limited have been included in the consolidated financial statement of the Company since the Company gained controlling authority on 6 September 2016. The details of the acquisition are as follows:

|                                                            | (Unit: Thousand Baht) |
|------------------------------------------------------------|-----------------------|
| Cost of acquisition of investments in subsidiary           | 164,373               |
| Less: Fair value of net assets                             | <u>(43,334)</u>       |
| Goodwill                                                   | <u>121,039</u>        |
| Cost of acquisition of investments in subsidiary           | 164,373               |
| Less: Cash and cash equivalents of subsidiary              | <u>(764)</u>          |
| Net cash paid for acquisition of investments in subsidiary | <u>163,609</u>        |

Fair values of the identifiable assets acquired and liabilities assumed from Sumo Power Company Limited as at the acquisition date (6 September 2016) were summarised below.

|                                                 | (Unit: Thousand Baht) |
|-------------------------------------------------|-----------------------|
| Cash and cash equivalents                       | 764                   |
| Trade and other receivables                     | 1,461                 |
| Short-term loans to related party               | 764                   |
| Other current assets                            | 153                   |
| Intangible assets                               | 43,169                |
| Trade and other payables                        | (2,957)               |
| Income tax payable                              | <u>(20)</u>           |
| Net asset value                                 | 43,334                |
| Cost of acquisition of investment in subsidiary | <u>164,373</u>        |
| Goodwill (Note 18)                              | <u>121,039</u>        |

### 12.2.5 Otomeyama Energy Company Limited (held by PPSN Company Limited)

On 23 September 2016, PPSN Company Limited registered the incorporation of a subsidiary in Japan under the name Otomeyama Energy Company Limited, to engage in geothermal power business in Japan. It has a registered share capital of JPY 500,000 (50 ordinary shares with a par value of JPY 10,000 each) and is 100 percent owned by the subsidiary.

### 12.2.6 S-Power Company Limited (held by Sumo Power Company Limited)

On 23 September 2016, Sumo Power Company Limited registered the incorporation of a subsidiary in Japan under the name S-Power Company Limited, to engage in geothermal power business in Japan. It has a registered share capital of JPY 500,000 (50 ordinary shares with a par value of JPY 10,000 each) and is 100 percent owned by the subsidiary.

### 12.2.7 SNS Company Limited (held by Sumo Power Company Limited)

On 5 October 2016, Sumo Power Company Limited registered the incorporation of a subsidiary in Japan under the name SNS Power Company Limited, to engage in geothermal power business in Japan. It has a registered share capital of JPY 500,000 (50 ordinary shares with a par value of JPY 10,000 each) and is 100 percent owned by the subsidiary.

## 12.3 Dividend income

During the years ended 31 December 2016 and 2015, no dividends was received from the investments in subsidiaries.

## 13. Investments in associates

### 13.1 Details of associates:

(Unit: Thousand Baht)

| Company's name                         | Nature of business                                       | Country of incorporation | Consolidated financial statements |     |                           |        |                               |        |      |      |
|----------------------------------------|----------------------------------------------------------|--------------------------|-----------------------------------|-----|---------------------------|--------|-------------------------------|--------|------|------|
|                                        |                                                          |                          | Shareholding percentage           |     | Carrying amounts based on |        | Separate financial statements |        |      |      |
|                                        |                                                          |                          |                                   |     | equity method             |        | Cost                          |        |      |      |
|                                        |                                                          |                          |                                   |     | 2016                      | 2015   | 2016                          | 2015   | 2016 | 2015 |
|                                        |                                                          |                          | (%)                               | (%) |                           |        |                               |        |      |      |
| Associate directly held by the Company |                                                          |                          |                                   |     |                           |        |                               |        |      |      |
| NPP Food Incorporation Co., Ltd.       | Distribution of food and beverage                        | Thailand                 | -                                 | 45  | -                         | 39,190 | -                             | 45,000 |      |      |
| Associate held through PPSN Co., Ltd.  |                                                          |                          |                                   |     |                           |        |                               |        |      |      |
| M-Luxe Energy Co., Ltd.                | The land development to construct geothermal power plant | Japan                    | 25                                | -   | 532                       | -      | -                             | -      |      |      |

Total

|     |        |   |        |
|-----|--------|---|--------|
| 532 | 39,190 | - | 45,000 |
|-----|--------|---|--------|

### **13.1.1 NPP Food Incorporation Company Limited (held by the Company)**

On 24 June 2016, a meeting of the Board of Directors of the Company passed a resolution to approve the Company's sale of all of the Company's 45 percent holding in the ordinary shares of NPP Food Incorporation Company Limited to an unrelated company. The value of the transaction is Baht 45 million. On 15 July 2016, the Company entered into the "Sale and Purchase Agreement" with the buyer in order to execute this transaction and received payment of 50 percent on the contract date. The remaining balance is to be paid in 6 installments, beginning in November 2016, and late payment interest rate at a rate of 5 percent per annum will apply. The Company will transfer the remaining ordinary shares upon receipt of payment per the contract. As at 31 December 2016, this outstanding balance of approximately Baht 14 million is recorded as account receivable from disposal of investments.

The Company had no gain or loss on disposal of the investment in NPP Food Incorporation Company Limited under the cost method but had loss on sale of the investment under the equity method amounting to Baht 21 million, and this was included under the caption of "Gain on disposal of investments in associate" in profit or loss.

### **13.1.2 M-Luxe Energy Company Limited (held by the PPSN Company Limited)**

On 12 September 2016, PPSN Company Limited establish M-Luxe Energy Company Limited to engage in the land development to construct geothermal power plant in Japan, with a registered share capital of JPY 10 million (1,000 ordinary shares with a par value of JPY 10,000 each). The subsidiary holds a 25 percent interest in this company.

## **13.2 Share of comprehensive income**

During the year, the Company has recognised its share of loss from investments in associate company in the consolidated financial statement amounting to Baht 15 million. (2015: Baht 6 million).

### 13.3 Summarised financial information about material associate

Summarised information about financial position

|                                                      | (Unit: Thousand Baht)   |
|------------------------------------------------------|-------------------------|
|                                                      | M-Luxe Energy Co., Ltd. |
|                                                      | <u>2016</u>             |
| Cash and cash equivalents                            | 3,093                   |
| Other current assets                                 | 18                      |
| Property, plant and equipment                        | 61,590                  |
| Trade and other payables                             | (975)                   |
| Short-term loans from related party                  | (61,590)                |
| Other current liabilities                            | (9)                     |
| Net assets                                           | 2,127                   |
| Shareholding percentage (%)                          | 25                      |
| Carrying amounts of associate based on equity method | 532                     |

Summarised information about comprehensive income

|                            | (Unit: Million Baht)    |
|----------------------------|-------------------------|
|                            | For the year ended      |
|                            | 31 December 2016        |
|                            | M-Luxe Energy Co., Ltd. |
| Loss for the year          | (1,010)                 |
| Other comprehensive income | (295)                   |
| Total comprehensive income | (1,305)                 |

### 14. Other long-term investments

|                                                 | (Unit: Thousand Baht)                         |             |
|-------------------------------------------------|-----------------------------------------------|-------------|
|                                                 | Consolidated/Separate<br>financial statements |             |
|                                                 | <u>2016</u>                                   | <u>2015</u> |
| Investments in held-to-maturity debt securities | 2,000                                         | 2,000       |
| Other investment                                | 5,000                                         | 5,000       |
| Less: Provision for impairment of investment    | (1,550)                                       | (1,550)     |
| Other investment - net                          | 3,450                                         | 3,450       |
| Total                                           | 5,450                                         | 5,450       |

## 15. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 are presented below.

(Unit: Thousand Baht)

| Consolidated financial statements    |                                                       |                             |          |
|--------------------------------------|-------------------------------------------------------|-----------------------------|----------|
|                                      | Land not being<br>used in operation/<br>land for rent | Office building<br>for rent | Total    |
| 31 December 2016:                    |                                                       |                             |          |
| Cost                                 | 10,928                                                | 38,417                      | 49,345   |
| <u>Less</u> Accumulated depreciation | -                                                     | (38,417)                    | (38,417) |
| <u>Less</u> Allowance for impairment | (552)                                                 | -                           | (552)    |
| Net book value                       | 10,376                                                | -                           | 10,376   |
| 31 December 2015:                    |                                                       |                             |          |
| Cost                                 | 3,917                                                 | -                           | 3,917    |
| <u>Less</u> Allowance for impairment | (552)                                                 | -                           | (552)    |
| Net book value                       | 3,365                                                 | -                           | 3,365    |

(Unit: Thousand Baht)

| Separate financial statements        |                                                       |                             |          |
|--------------------------------------|-------------------------------------------------------|-----------------------------|----------|
|                                      | Land not being<br>used in operation/<br>land for rent | Office building<br>for rent | Total    |
| 31 December 2016:                    |                                                       |                             |          |
| Cost                                 | 10,928                                                | 38,417                      | 49,345   |
| <u>Less</u> Accumulated depreciation | -                                                     | (38,417)                    | (38,417) |
| <u>Less</u> Allowance for impairment | (552)                                                 | -                           | (552)    |
| Net book value                       | 10,376                                                | -                           | 10,376   |
| 31 December 2015:                    |                                                       |                             |          |
| Cost                                 | 10,928                                                | 38,417                      | 49,345   |
| <u>Less</u> Accumulated depreciation | -                                                     | (37,549)                    | (37,549) |
| <u>Less</u> Allowance for impairment | (552)                                                 | -                           | (552)    |
| Net book value                       | 10,376                                                | 868                         | 11,244   |

The reconciliations of the net book value of investment properties for the years 2016 and 2015 are presented below.

|                                                                   | (Unit: Thousand Baht) |             |                      |             |
|-------------------------------------------------------------------|-----------------------|-------------|----------------------|-------------|
|                                                                   | Consolidated          |             | Separate             |             |
|                                                                   | financial statements  |             | financial statements |             |
|                                                                   | <u>2016</u>           | <u>2015</u> | <u>2016</u>          | <u>2015</u> |
| Net book value at beginning of year                               | 3,365                 | 3,365       | 11,244               | 13,165      |
| Depreciation charged                                              | -                     | -           | (868)                | (1,921)     |
| Transfer from land and building for rent to investment properties | 7,011                 | -           | -                    | -           |
| Net book value at end of year                                     | 10,376                | 3,365       | 10,376               | 11,244      |

During the year, the Company has reclassified the Company's land and building that are rented by the Nippon Food Products Company Limited (formerly known as "Thai Luxe Food Products Company Limited") as investment properties due to the disposal of its investment in this company, as described in Note 12.1.1 to the consolidated financial statements.

The fair value of the investment properties as at 31 December 2016 and 2015 stated below:

|                                                | (Unit: Thousand Baht) |             |                      |             |
|------------------------------------------------|-----------------------|-------------|----------------------|-------------|
|                                                | Consolidated          |             | Separate             |             |
|                                                | financial statements  |             | financial statements |             |
|                                                | <u>2016</u>           | <u>2015</u> | <u>2016</u>          | <u>2015</u> |
| Land not being used in operation/land for rent | 32,793                | 10,298      | 32,793               | 32,793      |
| Office building for rent                       | 32,105                | -           | 32,105               | 32,105      |

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent value. The fair value of the land not being used in operation has been determined based on market prices, while that of the land and office using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

## 16. Property, plant and equipment

(Unit: Thousand Baht)

### Consolidated financial statements

|                                                                                  | Land and<br>land improvement | Buildings and<br>building<br>improvement | Power plant,<br>machinery and<br>equipment | Furniture and<br>office<br>equipment | Motor<br>vehicles | Construction<br>in progress | Total     |
|----------------------------------------------------------------------------------|------------------------------|------------------------------------------|--------------------------------------------|--------------------------------------|-------------------|-----------------------------|-----------|
| <b>Cost:</b>                                                                     |                              |                                          |                                            |                                      |                   |                             |           |
| 1 January 2015                                                                   | 118,645                      | 586,713                                  | 799,540                                    | 55,499                               | 53,196            | 244,160                     | 1,857,753 |
| Additions                                                                        | 755                          | 10,031                                   | 17,815                                     | 2,741                                | 3,249             | 35,617                      | 70,208    |
| Disposals                                                                        | -                            | -                                        | (340)                                      | (925)                                | (22,444)          | -                           | (23,709)  |
| Transfers                                                                        | -                            | 20,617                                   | 252,961                                    | 120                                  | -                 | (273,698)                   | -         |
| 31 December 2015                                                                 | 119,400                      | 617,361                                  | 1,069,976                                  | 57,435                               | 34,001            | 6,079                       | 1,904,252 |
| Increased from acquisition of investments in subsidiaries<br>(Note 12.2.3)       | 12,931                       | -                                        | -                                          | 909                                  | -                 | 162,474                     | 176,314   |
| Additions                                                                        | 14,749                       | 3,727                                    | 9,327                                      | 3,666                                | 1,554             | 50,343                      | 83,366    |
| Disposals/write-off                                                              | -                            | (1,828)                                  | (7,145)                                    | (1,037)                              | (1,986)           | -                           | (11,996)  |
| Transfers                                                                        | -                            | 2,845                                    | 138,883                                    | 362                                  | -                 | (142,090)                   | -         |
| Building and equipment of subsidiary disposed<br>during the period (Note 12.1.1) | -                            | (16,089)                                 | (69,948)                                   | (9,161)                              | (3,487)           | (194)                       | (98,879)  |
| Reclassified land and building for rent to<br>investment properties              | (7,011)                      | (38,417)                                 | -                                          | -                                    | -                 | -                           | (45,428)  |
| Exchange difference on translation adjustment                                    | (1,442)                      | -                                        | (6,975)                                    | (43)                                 | -                 | (4,206)                     | (12,666)  |
| 31 December 2016                                                                 | 138,627                      | 567,599                                  | 1,134,118                                  | 52,131                               | 30,082            | 72,406                      | 1,994,963 |

(Unit: Thousand Baht)

Consolidated financial statements

|                                                                                  | Land and<br>land improvement | Buildings and<br>building<br>improvement | Power plant,<br>machinery and<br>equipment | Furniture and<br>office<br>equipment | Motor<br>vehicles | Construction<br>in progress | Total     |
|----------------------------------------------------------------------------------|------------------------------|------------------------------------------|--------------------------------------------|--------------------------------------|-------------------|-----------------------------|-----------|
| <b>Accumulated depreciation:</b>                                                 |                              |                                          |                                            |                                      |                   |                             |           |
| 1 January 2015                                                                   | -                            | 260,925                                  | 595,589                                    | 42,301                               | 45,350            | -                           | 944,165   |
| Depreciation for the year                                                        | -                            | 27,703                                   | 66,219                                     | 5,006                                | 3,292             | -                           | 102,220   |
| Depreciation on disposals                                                        | -                            | -                                        | (339)                                      | (921)                                | (19,694)          | -                           | (20,954)  |
| 31 December 2015                                                                 | -                            | 288,628                                  | 661,469                                    | 46,386                               | 28,948            | -                           | 1,025,431 |
| Depreciation for the year                                                        | -                            | 26,272                                   | 66,326                                     | 4,581                                | 1,975             | -                           | 99,154    |
| Depreciation on disposals/write-off                                              | -                            | (1,766)                                  | (6,167)                                    | (1,025)                              | (1,986)           | -                           | (10,944)  |
| Increased from acquisition of investments in subsidiaries<br>(Note 12.2.3)       | -                            | -                                        | -                                          | 41                                   | -                 | -                           | 41        |
| Building and equipment of subsidiary disposed<br>during the period (Note 12.1.1) | -                            | (9,932)                                  | (43,065)                                   | (7,489)                              | (2,669)           | -                           | (63,155)  |
| Reclassified land and building for rent to<br>investment properties              | -                            | (38,417)                                 | -                                          | -                                    | -                 | -                           | (38,417)  |
| Exchange difference on translation adjustment                                    | -                            | -                                        | (1,187)                                    | (15)                                 | -                 | -                           | (1,202)   |
| 31 December 2016                                                                 | -                            | 264,785                                  | 677,376                                    | 42,479                               | 26,268            | -                           | 1,010,908 |
| <b>Allowance for impairment loss:</b>                                            |                              |                                          |                                            |                                      |                   |                             |           |
| 31 December 2015                                                                 | 209                          | 2,300                                    | 1,758                                      | -                                    | -                 | -                           | 4,267     |

(Unit: Thousand Baht)

Consolidated financial statements

|                                                                                                   | Land and<br>land improvement | Buildings and<br>building<br>improvement | Power plant,<br>machinery and<br>equipment | Furniture and<br>office<br>equipment | Motor<br>vehicles | Construction<br>in progress | Total   |
|---------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------|--------------------------------------------|--------------------------------------|-------------------|-----------------------------|---------|
| Increase during year                                                                              | -                            | -                                        | 71,100                                     | -                                    | -                 | -                           | 71,100  |
| 31 December 2016                                                                                  | 209                          | 2,300                                    | 72,858                                     | -                                    | -                 | -                           | 75,367  |
| <b>Net book value:</b>                                                                            |                              |                                          |                                            |                                      |                   |                             |         |
| 31 December 2015                                                                                  | 119,191                      | 326,433                                  | 406,749                                    | 11,049                               | 5,053             | 6,079                       | 874,554 |
| 31 December 2016                                                                                  | 138,418                      | 300,514                                  | 383,884                                    | 9,652                                | 3,814             | 72,406                      | 908,688 |
| <b>Depreciation for the year</b>                                                                  |                              |                                          |                                            |                                      |                   |                             |         |
| 2015 (Baht 67 million included in manufacturing cost, and the balance in administrative expenses) |                              |                                          |                                            |                                      |                   |                             | 102,220 |
| 2016 (Baht 83 million included in manufacturing cost, and the balance in administrative expenses) |                              |                                          |                                            |                                      |                   |                             | 99,154  |

(Unit: Thousand Baht)

Separate financial statements

|                                     | Land and<br>land improvement | Buildings and<br>building<br>improvement | Machinery and<br>equipment | Furniture and<br>office<br>equipment | Motor<br>vehicles | Construction<br>in progress | Total     |
|-------------------------------------|------------------------------|------------------------------------------|----------------------------|--------------------------------------|-------------------|-----------------------------|-----------|
| <b>Cost:</b>                        |                              |                                          |                            |                                      |                   |                             |           |
| 1 January 2015                      | 111,634                      | 535,631                                  | 743,601                    | 47,682                               | 50,073            | 244,070                     | 1,732,691 |
| Additions                           | 755                          | 9,043                                    | 13,099                     | 1,994                                | 3,249             | 28,783                      | 56,923    |
| Disposals                           | -                            | -                                        | (340)                      | (920)                                | (21,953)          | -                           | (23,213)  |
| Transfers                           | -                            | 20,616                                   | 246,490                    | 120                                  | -                 | (267,226)                   | -         |
| 31 December 2015                    | 112,389                      | 565,290                                  | 1,002,850                  | 48,876                               | 31,369            | 5,627                       | 1,766,401 |
| Additions                           | 62                           | 2,047                                    | 6,505                      | 3,365                                | 1,553             | 16,467                      | 29,999    |
| Disposals/write-off                 | -                            | (1,828)                                  | (7,145)                    | (1,037)                              | (1,740)           | -                           | (11,750)  |
| Transfers                           | -                            | 2,089                                    | 14,116                     | -                                    | -                 | (16,205)                    | -         |
| 31 December 2016                    | 112,451                      | 567,598                                  | 1,016,326                  | 51,204                               | 31,182            | 5,889                       | 1,784,650 |
| <b>Accumulated depreciation:</b>    |                              |                                          |                            |                                      |                   |                             |           |
| 1 January 2015                      | -                            | 217,001                                  | 558,778                    | 35,849                               | 43,303            | -                           | 854,931   |
| Depreciation for the year           | -                            | 24,777                                   | 62,303                     | 4,244                                | 2,870             | -                           | 94,194    |
| Depreciation on disposals           | -                            | -                                        | (339)                      | (920)                                | (19,546)          | -                           | (20,805)  |
| 31 December 2015                    | -                            | 241,778                                  | 620,742                    | 39,173                               | 26,627            | -                           | 928,320   |
| Depreciation for the year           | -                            | 24,772                                   | 59,052                     | 4,065                                | 1,893             | -                           | 89,782    |
| Depreciation on disposals/write-off | -                            | (1,766)                                  | (6,167)                    | (1,025)                              | (1,740)           | -                           | (10,698)  |

(Unit: Thousand Baht)

Separate financial statements

|                                                                                                   | Land and<br>land improvement | Buildings and<br>building<br>improvement | Machinery and<br>equipment | Furniture and<br>office<br>equipment | Motor<br>vehicles | Construction<br>in progress | Total     |
|---------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------|----------------------------|--------------------------------------|-------------------|-----------------------------|-----------|
| 31 December 2016                                                                                  | -                            | 264,784                                  | 673,627                    | 42,213                               | 26,780            | -                           | 1,007,404 |
| <b>Allowance for impairment loss:</b>                                                             |                              |                                          |                            |                                      |                   |                             |           |
| 31 December 2015                                                                                  | 209                          | 2,300                                    | 1,758                      | -                                    | -                 | -                           | 4,267     |
| Increase during year                                                                              | -                            | -                                        | 71,100                     | -                                    | -                 | -                           | 71,100    |
| 31 December 2016                                                                                  | 209                          | 2,300                                    | 72,858                     | -                                    | -                 | -                           | 75,367    |
| <b>Net book value:</b>                                                                            |                              |                                          |                            |                                      |                   |                             |           |
| 31 December 2015                                                                                  | 112,180                      | 321,212                                  | 380,350                    | 9,703                                | 4,742             | 5,627                       | 833,814   |
| 31 December 2016                                                                                  | 112,242                      | 300,514                                  | 269,841                    | 8,991                                | 4,402             | 5,889                       | 701,879   |
| <b>Depreciation for the year</b>                                                                  |                              |                                          |                            |                                      |                   |                             |           |
| 2015 (Baht 62 million included in manufacturing cost, and the balance in administrative expenses) |                              |                                          |                            |                                      |                   |                             | 94,194    |
| 2016 (Baht 75 million included in manufacturing cost, and the balance in administrative expenses) |                              |                                          |                            |                                      |                   |                             | 89,782    |

During the year 2016, the Company recognised losses on impairment of machines and equipment amounting to Baht 71 million because the recoverable amount of such machines and equipment was lower than their carrying amount.

During year 2016, the Company has reclassified the Company's land and building that are rented by the Nippon Food Products Company Limited (formerly known as "Thai Luxe Food Products Company Limited") as investment properties due to the disposal of its investment in this company, as described in Note 12.1.1 to the consolidated financial statements.

As at 31 December 2016, the Company had equipment and motor vehicles with net book values of Baht 3 million (2015: Baht 3 million), which were acquired under financial lease agreements.

As at 31 December 2016, certain items of buildings and equipment of the Company and its subsidiary were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 594 million (2015: Baht 580 million) (The Company only: Baht 594 million, 2015: Baht 540 million).

## 17. Intangible assets

(Unit: Thousand Baht)

### Consolidated financial statements

|                                      | 2016              |        |                   |                                |                             |          | 2015              |        |         |
|--------------------------------------|-------------------|--------|-------------------|--------------------------------|-----------------------------|----------|-------------------|--------|---------|
|                                      | Computer software | Patent | Hot spring rights | Power purchase agreement right | Software under installation | Total    | Computer software | Patent | Total   |
| Cost                                 | 16,400            | 470    | 19,955            | 48,779                         | 48                          | 85,652   | 15,994            | 470    | 16,464  |
| <u>Less</u> Accumulated amortisation | (7,950)           | (187)  | (776)             | (1,152)                        | -                           | (10,065) | (6,924)           | (128)  | (7,052) |
| <u>Less</u> Allowance for impairment | (494)             | -      | -                 | -                              | -                           | (494)    | (494)             | -      | (494)   |
| Net book value                       | 7,956             | 283    | 19,179            | 47,627                         | 48                          | 75,093   | 8,576             | 342    | 8,918   |

(Unit: Thousand Baht)

### Separate financial statements

|                                      | 2016              |        |                             |         | 2015              |        |         |
|--------------------------------------|-------------------|--------|-----------------------------|---------|-------------------|--------|---------|
|                                      | Computer software | Patent | Software under installation | Total   | Computer software | Patent | Total   |
| Cost                                 | 16,357            | 470    | 48                          | 16,875  | 15,668            | 470    | 16,138  |
| <u>Less</u> Accumulated amortisation | (7,942)           | (187)  | -                           | (8,129) | (6,819)           | (128)  | (6,947) |
| <u>Less</u> Allowance for impairment | (494)             | -      | -                           | (494)   | (494)             | -      | (494)   |
| Net book value                       | 7,921             | 283    | 48                          | 8,252   | 8,355             | 342    | 8,697   |

The reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

|                                                                            | (Unit: Thousand Baht) |              |                      |              |
|----------------------------------------------------------------------------|-----------------------|--------------|----------------------|--------------|
|                                                                            | Consolidated          |              | Separate             |              |
|                                                                            | financial statements  |              | financial statements |              |
|                                                                            | <u>2016</u>           | <u>2015</u>  | <u>2016</u>          | <u>2015</u>  |
| Net book value at beginning of year                                        | 8,918                 | 9,682        | 8,697                | 9,682        |
| Acquisition                                                                | 833                   | 481          | 737                  | 155          |
| Increased from acquisition of investments<br>in subsidiaries (Note 12.2.3) | 73,200                | -            | -                    | -            |
| Decreased from disposal of investments<br>in subsidiaries (Note 12.1.1)    | (213)                 | -            | -                    | -            |
| Amortisation                                                               | (2,904)               | (1,245)      | (1,182)              | (1,140)      |
| Exchange difference translation adjustment                                 | (4,741)               | -            | -                    | -            |
| Net book value at end of year                                              | <u>75,093</u>         | <u>8,918</u> | <u>8,252</u>         | <u>8,697</u> |

## 18. Goodwill

The Company allocated goodwill acquired through business combinations to the cash generating units (CGUs) for annual impairment testing as follows:

|                                     | (Unit: Thousand Baht) |                     |               |
|-------------------------------------|-----------------------|---------------------|---------------|
|                                     | PPSN Co., Ltd.        | Sumo Power Co., Ltd | Total         |
| Goodwill                            | 99,043                | 121,039             | 220,082       |
| Less: Allowance for impairment loss | (97,500)              | (103,500)           | (201,000)     |
| Goodwill - net                      | <u>1,543</u>          | <u>17,539</u>       | <u>19,082</u> |

The Company determined the recoverable amounts of the CGUs based on value-in-use, by preparing projections of the cash flows that are expected to be generated from that group of assets in the future, with reference to financial projections approved by the management. These cash flow projections cover a period of 15 years, in accordance with the term of the electricity sales agreement. On this basis, it was determined that the recoverable amount of the CGUs is lower than the carrying amount. The Company therefore recognised allowance for impairment loss on such goodwill amounting to Baht 201 million in profit or loss in the consolidated financial statements for the current year.

Key assumptions used in value in use calculation are summarised below:

|                        | PPSN Co., Ltd. | (Unit: Percent per annum)<br>Sumo Power Co., Ltd |
|------------------------|----------------|--------------------------------------------------|
| Growth rates           | 0.1            | 0.1                                              |
| Pre-tax discount rates | 3.0            | 3.0                                              |

The management determined growth rates based on long-term inflation rate and discount rates is the pre-tax rate that reflects the risks specific to each CGU.

## 19. Advances payment

|                                                                      | (Unit: Thousand Baht)             |      |                               |      |
|----------------------------------------------------------------------|-----------------------------------|------|-------------------------------|------|
|                                                                      | Consolidated financial statements |      | Separate financial statements |      |
|                                                                      | 2016                              | 2015 | 2016                          | 2015 |
| Advance payment for construction of power plants                     | 76,064                            | -    | -                             | -    |
| Advance payment for assets                                           | 3,600                             | -    | 3,600                         | -    |
| Advance payment for Hot spring rights                                | 57,278                            | -    | -                             | -    |
| Advance payment for rights of purchase price agreement of wind power | 7,699                             | -    | -                             | -    |
| Total                                                                | 144,641                           | -    | 3,600                         | -    |

## 20. Bank overdrafts and short-term loans from financial institutions

|                                              |                                | (Unit: Thousand Baht)             |         |                               |         |
|----------------------------------------------|--------------------------------|-----------------------------------|---------|-------------------------------|---------|
|                                              | Interest rate<br>(% per annum) | Consolidated financial statements |         | Separate financial statements |         |
|                                              |                                | 2016                              | 2015    | 2016                          | 2015    |
| Bank overdrafts                              | MOR                            | -                                 | 4,516   | -                             | -       |
| Short-term loans from financial institutions | 3.2 - 5.0                      | -                                 | 180,000 | -                             | 150,000 |
| Total                                        |                                | -                                 | 184,516 | -                             | 150,000 |

## 21. Trade and other payables

|                                           | (Unit: Thousand Baht) |                |                      |                |
|-------------------------------------------|-----------------------|----------------|----------------------|----------------|
|                                           | Consolidated          |                | Separate             |                |
|                                           | financial statements  |                | financial statements |                |
|                                           | <u>2016</u>           | <u>2015</u>    | <u>2016</u>          | <u>2015</u>    |
| Trade payables - unrelated parties        | 73,966                | 116,919        | 73,966               | 102,001        |
| Other payables - related parties          | 979                   | -              | -                    | 16             |
| Other payables - unrelated parties        | 11,615                | 9,735          | 7,265                | 7,183          |
| Other payables for purchases of machinery | 447                   | 3,087          | 447                  | 1,796          |
| Accrued interest - related party          | 47                    | -              | -                    | -              |
| Accrued interest - unrelated parties      | 11,834                | 141            | 11,834               | 141            |
| Accrued expenses - unrelated parties      | 21,861                | 24,424         | 21,656               | 19,300         |
| Total trade and other payables            | <u>120,749</u>        | <u>154,306</u> | <u>115,168</u>       | <u>130,437</u> |

## 22. Debentures

|                                     | (Unit: Thousand Baht)                      |             |
|-------------------------------------|--------------------------------------------|-------------|
|                                     | Consolidated/Separate financial statements |             |
|                                     | <u>2016</u>                                | <u>2015</u> |
| Debentures - net of arrangement fee | 1,475,780                                  | -           |
| Less: Portion due within one year   | (496,718)                                  | -           |
| Debentures - net of current portion | <u>979,062</u>                             | <u>-</u>    |

Movements in the debentures account during the year ended 31 December 2016 are summarised below:

|                                               | (Unit: Thousand Baht) |
|-----------------------------------------------|-----------------------|
|                                               | Consolidated/Separate |
|                                               | financial statements  |
| <b>Balance as at 1 January 2016</b>           | -                     |
| Add: Issuance of debentures                   | 1,686,200             |
| Less: Deferred arrangement fee for debentures | (10,420)              |
| Less: Redemption of debentures                | (200,000)             |
| <b>Balance as at 31 December 2016</b>         | <u>1,475,780</u>      |

During the current period, the Company issued registered, unsubordinated and unsecured debentures amounting to Baht 1,686 million. These debentures, which do not have a debenture holders' representative, were offered and distributed to investors by Private Placement. Interest is payable every 3 months. The significant details are as follows:

| Issue date       | Units   | Par value per<br>unit | Total value    | Interest rate | Maturity date    |
|------------------|---------|-----------------------|----------------|---------------|------------------|
|                  |         | (Baht)                | (Million Baht) | (% per annum) |                  |
| 4 February 2016  | 200,000 | 1,000                 | 200            | 4.5           | 4 August 2016    |
| 18 February 2016 | 500,000 | 1,000                 | 500            | 5.5           | 20 November 2017 |
| 30 April 2016    | 386,200 | 1,000                 | 386            | 5.4           | 30 April 2018    |
| 28 July 2016     | 200,000 | 1,000                 | 200            | 5.0           | 30 July 2018     |
| 5 August 2016    | 400,000 | 1,000                 | 400            | 5.0           | 5 August 2018    |

On 4 August 2016, the Company already redeemed debentures amounting to Baht 200 million. The conditions regarding the rights and obligations of the debenture issuer stipulate certain covenants, pertaining to matters such as the maintenance of financial ratios.

### 23. Liabilities under finance lease agreements

|                                                                        | (Unit: Thousand Baht)                          |              |
|------------------------------------------------------------------------|------------------------------------------------|--------------|
|                                                                        | Consolidated/<br>Separate financial statements |              |
|                                                                        | <u>2016</u>                                    | <u>2015</u>  |
| Liabilities under finance lease agreements                             | 2,630                                          | 2,523        |
| Less : Deferred interest expenses                                      | (220)                                          | (278)        |
| Total                                                                  | 2,410                                          | 2,245        |
| Less : Portion due within one year                                     | (918)                                          | (816)        |
| Liabilities under finance lease agreements - net of<br>current portion | <u>1,492</u>                                   | <u>1,429</u> |

The Company has entered into the finance lease agreements with leasing companies for rental of equipments and vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

|                                                | Consolidated/Separate financial statements |             |             |             |             |             |
|------------------------------------------------|--------------------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                                | Less than 1 year                           |             | 1-4 years   |             | Total       |             |
|                                                | <u>2016</u>                                | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Future minimum lease payments                  | 1                                          | 1           | 1           | 1           | 2           | 2           |
| Deferred interest expenses                     | -                                          | -           | -           | -           | -           | -           |
| Present value of future minimum lease payments | <u>1</u>                                   | <u>1</u>    | <u>1</u>    | <u>1</u>    | <u>2</u>    | <u>2</u>    |

## 24. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and subsidiary and other long-term employee benefit plan, namely long service awards, were as follows:

(Unit: Thousand Baht)

|                                                                       | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|-----------------------------------------------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
|                                                                       | <u>2016</u>                          | <u>2015</u>    | <u>2016</u>                      | <u>2015</u>    |
| <b>Provision for long-term employee benefits at beginning of year</b> | 10,874                               | 21,430         | 9,959                            | 17,081         |
| Included in profit or loss:                                           |                                      |                |                                  |                |
| Current service cost                                                  | 1,930                                | 2,050          | 1,787                            | 1,552          |
| Interest cost                                                         | 251                                  | 596            | 240                              | 434            |
| Actuarial loss                                                        | 296                                  | 35             | 296                              | 35             |
| Past service costs and gains or losses on settlement                  | 474                                  | (2,604)        | 474                              | -              |
| Included in other comprehensive income:                               |                                      |                |                                  |                |
| Actuarial (gain) loss arising from                                    |                                      |                |                                  |                |
| Demographic assumptions changes                                       | -                                    | (3,823)        | -                                | (3,708)        |
| Financial assumptions changes                                         | (153)                                | 614            | (153)                            | 321            |
| Experience adjustments                                                | (367)                                | (1,657)        | (367)                            | 11             |
| Decrease from disposal of investments                                 |                                      |                |                                  |                |
| in subsidiary (Note 12.1.1)                                           | (1,069)                              | -              | -                                | -              |
| Benefits paid during the year                                         | <u>(562)</u>                         | <u>(5,767)</u> | <u>(562)</u>                     | <u>(5,767)</u> |
| <b>Provision for long-term employee benefits at end of year</b>       | <u>11,674</u>                        | <u>10,874</u>  | <u>11,674</u>                    | <u>9,959</u>   |

Long-term employee benefit expenses included in the profit or loss consist of the following:

|                                             | (Unit: Thousand Baht) |         |                      |       |
|---------------------------------------------|-----------------------|---------|----------------------|-------|
|                                             | Consolidated          |         | Separate             |       |
|                                             | financial statements  |         | financial statements |       |
|                                             | 2016                  | 2015    | 2016                 | 2015  |
| Cost of sales                               | 854                   | (1,327) | 785                  | 750   |
| Selling and administrative expenses         | 2,097                 | 1,404   | 2,012                | 1,271 |
| Total expenses recognised in profit or loss | 2,951                 | 77      | 2,797                | 2,021 |

The Company expect to pay Baht 0.6 million of long-term employee benefits during the next year (2015: Baht 0.5 million, separate financial statements: Baht 0.5 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2015: 10 years, separate financial statements: 10 years).

Key actuarial assumptions used for the valuation are as follows:

|                      | Consolidated/Separate financial statements |               |
|----------------------|--------------------------------------------|---------------|
|                      | 2016                                       | 2015          |
|                      | (% per annum)                              | (% per annum) |
| Discount rate        | 2.7                                        | 2.5           |
| Salary increase rate | 5.0                                        | 5.0           |
| Turnover rate        | 0.0 - 35.0                                 | 0.0 - 35.0    |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below

|                                             | (Unit: Thousand Baht)  |          |                    |          |
|---------------------------------------------|------------------------|----------|--------------------|----------|
|                                             | 2559                   |          |                    |          |
|                                             | Consolidated financial |          | Separate financial |          |
|                                             | statements             |          | statements         |          |
|                                             | Increase               | Decrease | Increase           | Decrease |
| Discount rate (Increase/decrease 1%)        | (699)                  | 773      | (699)              | 773      |
| Salary increase rate (Increase/decrease 1%) | 697                    | (643)    | 697                | (643)    |
| Turnover rate (Increase/decrease 20%)       | (1,084)                | 1,392    | (1,084)            | 1,392    |

(Unit: Thousand Baht)

|                                             | 2558                   |          |                    |          |
|---------------------------------------------|------------------------|----------|--------------------|----------|
|                                             | Consolidated financial |          | Separate financial |          |
|                                             | statements             |          | statements         |          |
|                                             | Increase               | Decrease | Increase           | Decrease |
| Discount rate (Increase/decrease 1%)        | (762)                  | 851      | (666)              | 740      |
| Salary increase rate (Increase/decrease 1%) | 636                    | (529)    | 529                | (435)    |
| Turnover rate (Increase/decrease 20%)       | (1,010)                | 1,309    | (915)              | 1,175    |

## 25. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 26. Expenses by nature

Significant expenses classified by nature are as follow:

|                                                              | (Unit: Thousand Baht) |             |                      |             |
|--------------------------------------------------------------|-----------------------|-------------|----------------------|-------------|
|                                                              | Consolidated          |             | Separate             |             |
|                                                              | financial statements  |             | financial statements |             |
|                                                              | <u>2016</u>           | <u>2015</u> | <u>2016</u>          | <u>2015</u> |
| Salaries and wages and other employee benefits               | 168,472               | 152,410     | 134,721              | 99,508      |
| Depreciation                                                 | 100,096               | 102,220     | 90,650               | 96,115      |
| Raw materials and consumables used                           | 1,083,259             | 1,394,913   | 1,083,259            | 1,245,354   |
| Changes in inventories of finished goods and work in process | 20,920                | (22,488)    | 7,799                | (18,365)    |

## 27. Income tax

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

|                                                                                        | (Unit: Thousand Baht) |                |                      |                |
|----------------------------------------------------------------------------------------|-----------------------|----------------|----------------------|----------------|
|                                                                                        | Consolidated          |                | Separate             |                |
|                                                                                        | financial statements  |                | financial statements |                |
|                                                                                        | <u>2016</u>           | <u>2015</u>    | <u>2016</u>          | <u>2015</u>    |
| <b>Current income tax:</b>                                                             |                       |                |                      |                |
| Current income tax charge                                                              | 65                    | -              | -                    | -              |
| <b>Deferred tax:</b>                                                                   |                       |                |                      |                |
| Relating to origination and reversal of temporary differences                          | 116,203               | (8,098)        | 116,051              | (8,472)        |
| Less: Deferred tax expenses (revenues) of discontinued operation                       | (51)                  | 374            | -                    | -              |
| Total deferred tax                                                                     | 116,254               | (8,472)        | 116,051              | (8,472)        |
| <b>Income tax expense (revenues) reported in the statement of comprehensive income</b> | <u>116,319</u>        | <u>(8,472)</u> | <u>116,051</u>       | <u>(8,472)</u> |

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

|                                                                                        | (Unit: Thousand Baht) |             |                      |             |
|----------------------------------------------------------------------------------------|-----------------------|-------------|----------------------|-------------|
|                                                                                        | Consolidated          |             | Separate             |             |
|                                                                                        | financial statements  |             | financial statements |             |
|                                                                                        | <u>2016</u>           | <u>2015</u> | <u>2016</u>          | <u>2015</u> |
| Deferred tax on (gain) loss from the change in value of available-for-sale investments | (1,553)               | 1,461       | (1,553)              | 1,461       |
| Deferred tax on actuarial gain                                                         | (104)                 | (973)       | (104)                | (675)       |
|                                                                                        | <u>(1,657)</u>        | <u>488</u>  | <u>(1,657)</u>       | <u>786</u>  |

The reconciliation between accounting gain (loss) and income tax expense is shown below.

|                                                                                                       | (Unit: Thousand Baht) |             |                      |             |
|-------------------------------------------------------------------------------------------------------|-----------------------|-------------|----------------------|-------------|
|                                                                                                       | Consolidated          |             | Separate             |             |
|                                                                                                       | financial statements  |             | financial statements |             |
|                                                                                                       | <u>2016</u>           | <u>2015</u> | <u>2016</u>          | <u>2015</u> |
| Accounting profit gain (loss) before tax                                                              | 356,036               | (52,734)    | 342,691              | (32,694)    |
| Applicable tax rate (percent)                                                                         | 20                    | 20          | 20                   | 20          |
| Accounting profit (loss) before tax multiplied by income tax rate                                     | 71,207                | (10,547)    | 68,538               | (6,539)     |
| The difference in the tax rates of the subsidiaries abroad                                            | (4,323)               | -           | -                    | -           |
| Gain from sales of investments in subsidiary and associate                                            | (6,422)               | -           | -                    | -           |
| Share of loss from investments in associate                                                           | 3,089                 | 1,162       | -                    | -           |
| Allowance for impairment loss of goodwill                                                             | 40,200                | -           | -                    | -           |
| Effects of:                                                                                           |                       |             |                      |             |
| Temporary differences and tax loss for the year which unrecognised to deferred tax assets             | 8,877                 | 2,763       | 50,400               |             |
| Utilisation of previously unrecognised deferred tax assets on impairment of investments in subsidiary | (3,732)               | -           | (3,732)              | -           |
| Non-deductible expenses                                                                               | 5,699                 | 704         | 1,362                | 608         |
| Additional expense deductions allowed                                                                 | (517)                 | (210)       | (517)                | (210)       |
| Others                                                                                                | 2,241                 | (2,344)     | -                    | (2,331)     |
| Total                                                                                                 | 12,568                | 913         | 47,513               | (1,933)     |
| Income tax expenses (revenues) reported in the statement of comprehensive income                      | 116,319               | (8,472)     | 116,051              | (8,472)     |

The tax rates enacted at the end of the reporting period of the subsidiaries in overseas countries is 27.5%.

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

(Unit: Thousand Baht)

|                                                                   | Statements of financial position |               |                      |               |
|-------------------------------------------------------------------|----------------------------------|---------------|----------------------|---------------|
|                                                                   | Consolidated                     |               | Separate             |               |
|                                                                   | financial statements             |               | financial statements |               |
|                                                                   | 2016                             | 2015          | 2016                 | 2015          |
| <b>Deferred tax assets</b>                                        |                                  |               |                      |               |
| Unrealised loss from revaluation of trading securities            | -                                | 5,494         | -                    | 5,494         |
| Unrealised loss from revaluation of available-for-sale securities | -                                | 1,320         | -                    | 1,320         |
| Allowance for doubtful accounts                                   | 11,980                           | 12,204        | 11,980               | 12,204        |
| Allowance for diminution in value of inventories                  | 3,211                            | 4,453         | 3,211                | 4,201         |
| Allowance for impairment on plant and equipment                   | 14,237                           | 34            | 14,237               | 34            |
| Allowance for impairment on intangible asset                      | -                                | 3             | -                    | 3             |
| Fair value of equipment through business combination              | 5,673                            | -             | -                    | -             |
| Provision for long-term employee benefits                         | 2,335                            | 2,175         | 2,335                | 1,992         |
| Unused tax loss                                                   | 5,693                            | 6,788         | 5,693                | 3,450         |
| <b>Total</b>                                                      | <b>43,129</b>                    | <b>32,471</b> | <b>37,456</b>        | <b>28,698</b> |
| <b>Deferred tax liabilities</b>                                   |                                  |               |                      |               |
| Unrealised gain from revaluation of trading securities            | 124,149                          | -             | 124,149              | -             |
| Unrealised gain from revaluation of available-for-sale securities | 233                              | -             | 233                  | -             |
| Intangible assets acquired through business combination           | 1,211                            | -             | -                    | -             |
| Deferred arrangement fee for debentures                           | 2,084                            | -             | 2,084                | -             |
| <b>Total</b>                                                      | <b>127,677</b>                   | <b>-</b>      | <b>126,466</b>       | <b>-</b>      |

As at 31 December 2016 the subsidiaries has tax deductible temporary differences unused tax losses totaling Baht 14 million, on which deferred tax assets have not been recognised as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the tax deductible temporary differences and unused tax losses.

The unused tax losses will expire by 2025.

## 28. Share capital

During the years 2015, warrants were exercised to purchase new ordinary shares as follows:

|                                    | Consolidated/Separate financial statements               |                                                                    | Date of registration of additional shares from warrants exercise with the Ministry of Commerce |
|------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
|                                    | Increase in paid up share capital from warrants exercise | Increase in share premium - ordinary shares from warrants exercise |                                                                                                |
|                                    | (Thousand Baht)                                          | (Thousand Baht)                                                    |                                                                                                |
| Outstanding as at 1 January 2015   | 446,995                                                  | 315,040                                                            |                                                                                                |
| Exercised during February 2015     | 116,056                                                  | 174,084                                                            | 27 February 2015                                                                               |
| Outstanding as at 31 December 2015 | 563,051                                                  | 489,124                                                            |                                                                                                |

## 29. Promotional privileges

The Company has received promotional privileges which approved by the Board of Investment for the manufacture and distribution of feeds for aquatic animals, pursuant to the investment promotion certificate No. 2091 (2)/2554 issued on 31 August 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (1 June 2012) with the corporate income tax exempted capped at the amount of capital investment made, excluding in land and working capital. They also include a reduction of import duty on imported machinery as approved by the Board of Investment and an exemption from income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period.

In addition, the Company has received promotional privileges which approved by the Board of Investment for the manufacture and distribution of feeds for aquatic animals, pursuant to the investment promotion certificate No. 1856 (2)/2556 issued on 19 May 2013 and the investment promotion certificate No. 1131 (2)/2558 issued on 4 February 2015. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (the investment promotion certificate No. 1856(2)/2556 has not yet generated revenues and the investment promotion certificate No. 1311(2)/2558 has revenues generate on 30 April 2015) with the corporate income tax exempted capped at the amount

of capital investment made, excluding in land and working capital. They also include a reduction of import duty on imported machinery as approved by the Board of Investment, an exemption from income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period, and permission to deduct 25 percent of the amount invested in the installation of facilities in addition to normal depreciation.

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

|                | (Unit: Thousand Baht) |             |                         |             |             |             |
|----------------|-----------------------|-------------|-------------------------|-------------|-------------|-------------|
|                | Promoted operations   |             | Non-promoted operations |             | Total       |             |
|                | <u>2016</u>           | <u>2015</u> | <u>2016</u>             | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Sales          |                       |             |                         |             |             |             |
| Domestic sales | -                     | -           | 1,500,847               | 1,673,266   | 1,500,847   | 1,673,266   |
| Total sales    | -                     | -           | 1,500,847               | 1,673,266   | 1,500,847   | 1,673,266   |

### 30. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The following table sets forth the computation of basic earnings per share:

|                                                                          | For the years ended 31 December |             |                      |             |
|--------------------------------------------------------------------------|---------------------------------|-------------|----------------------|-------------|
|                                                                          | Consolidated                    |             | Separate             |             |
|                                                                          | financial statements            |             | financial statements |             |
|                                                                          | <u>2016</u>                     | <u>2015</u> | <u>2016</u>          | <u>2015</u> |
| <b>Earnings per share</b>                                                |                                 |             |                      |             |
| Profit (loss) for the year attributable to equity holders of the         |                                 |             |                      |             |
| Company (Thousand Baht)                                                  | 236,977                         | (38,790)    | 226,640              | (24,222)    |
| Weighted average number of ordinary shares (Thousand shares)             | 563,051                         | 548,077     | 563,051              | 548,077     |
| Earnings (loss) per share (Baht)                                         | 0.42                            | (0.07)      | 0.40                 | (0.04)      |
| <b>Earnings per share from continued operation</b>                       |                                 |             |                      |             |
| Profit (loss) for the year attributable to equity holders of the Company |                                 |             |                      |             |
| (Thousand Baht)                                                          | 239,717                         | (37,064)    | 226,640              | (24,222)    |
| Weighted average number of ordinary shares (Thousand shares)             | 563,051                         | 548,077     | 563,051              | 548,077     |
| Earnings (loss) per share (Baht)                                         | 0.43                            | (0.07)      | 0.40                 | (0.04)      |

### **31. Segment information**

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and have four reportable segments as follows:

1. Aquatic animal feed segment
2. Pets food segment
3. Manufacturing and distributing frozen food segment
4. Production and distribution of electricity segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and loss information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

|                                                            | Domestic            |              |            |           |                                            |            | Overseas                                   |          |                |              |              |          |              |              |
|------------------------------------------------------------|---------------------|--------------|------------|-----------|--------------------------------------------|------------|--------------------------------------------|----------|----------------|--------------|--------------|----------|--------------|--------------|
|                                                            | Aquatic animal feed |              | Pets food  |           | Manufacturing and distributing frozen food |            | Production and distribution of electricity |          | Total segments |              | Eliminations |          | Consolidated |              |
|                                                            | 2016                | 2015         | 2016       | 2015      | 2016                                       | 2015       | 2016                                       | 2015     | 2016           | 2015         | 2016         | 2015     | 2016         | 2015         |
| Revenue from external customers                            | 1,380               | 1,627        | 121        | 47        | -                                          | 278        | 10                                         | -        | 1,511          | 1,952        | -            | -        | 1,511        | 1,952        |
| <b>Total revenue</b>                                       | <b>1,380</b>        | <b>1,627</b> | <b>121</b> | <b>47</b> | <b>-</b>                                   | <b>278</b> | <b>10</b>                                  | <b>-</b> | <b>1,511</b>   | <b>1,952</b> | <b>-</b>     | <b>-</b> | <b>1,511</b> | <b>1,952</b> |
| <b>Results</b>                                             |                     |              |            |           |                                            |            |                                            |          |                |              |              |          |              |              |
| <b>Segment profit (loss)</b>                               | 18                  | (6)          | 2          | (13)      | -                                          | -          | (12)                                       | -        | 8              | (19)         | -            | (1)      | 8            | (20)         |
| Gain (loss) on investments in securities                   |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | 649          | (36)         |
| Interest income                                            |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | 39           | 13           |
| Gain on disposal of investment in subsidiary               |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | 11           | -            |
| Gain on disposal of investment in associate                |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | 21           | -            |
| Other income (expenses)                                    |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | (11)         | 15           |
| Loss on impairment of machinery                            |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | (71)         | -            |
| Loss on impairment of goodwill                             |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | (201)        | -            |
| Share of loss from investments in associates               |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | (15)         | (6)          |
| Finance cost                                               |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | (74)         | (11)         |
| <b>Profit (loss) before income tax revenue (expenses)</b>  |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | 356          | (45)         |
| Income tax revenue (expenses)                              |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | (117)        | 8            |
| <b>Profit (loss) from continued operation for the year</b> |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | 239          | (37)         |
| Loss from discontinued operation for the year              |                     |              |            |           | (7)                                        | (8)        |                                            |          |                |              |              |          | (7)          | (8)          |
| <b>Profit (loss) for the year</b>                          |                     |              |            |           |                                            |            |                                            |          |                |              |              |          | 232          | (45)         |

## Geographic information

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

|          | (Unit: Thousand Baht) |                  |
|----------|-----------------------|------------------|
|          | <u>2016</u>           | <u>2015</u>      |
| Thailand | 1,500,929             | 1,952,300        |
| Japan    | 10,359                | -                |
| Total    | <u>1,511,288</u>      | <u>1,952,300</u> |

## Non-current assets

(other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts)

|          | (Unit: Thousand Baht) |                |
|----------|-----------------------|----------------|
|          | <u>2016</u>           | <u>2015</u>    |
| Thailand | 734,185               | 932,015        |
| Japan    | 440,718               | -              |
| Total    | <u>1,174,903</u>      | <u>932,015</u> |

## Major customers

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## 32. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its employees contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by American International Assurance Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 2 million (2015: Baht 1 million) were recognised as expenses.

## 33. Commitments and contingent liabilities

### 33.1 Power purchase agreements

As at 31 December 2016, a subsidiary entered into PPA with an unrelated company. The PPA is effective for a period of 15 years starting from scheduled commercial operation date. The sales quantity and its price must be complied with the agreement.

### 33.2 Capital Commitments

As at 31 December 2016, the Company had capital commitments of approximately Baht 17 million (2015: Baht 4 million), relating to acquisition and installation of machinery and equipment. In addition, the overseas subsidiaries had capital commitments of approximately JPY 1,683 million, relating to the construction of power plant

### 33.3 Purchase of raw material commitments

As at 31 December 2016, the Company had purchase commitments of JPY 9 million (31 December 2015: Nil) in respect of the purchase of raw materials for aquatic animal feed.

### 33.4 Lease and services commitments

The Company and subsidiary have entered into several lease agreements in respect of office building space and service agreement, equipment rental and management service agreement. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments required under these non-cancellable leases and services contracts were as follows.

|                             | (Unit: Million Baht) |             |
|-----------------------------|----------------------|-------------|
|                             | As at 31 December    |             |
|                             | <u>2016</u>          | <u>2015</u> |
| Payable:                    |                      |             |
| In up to 1 year             | 7                    | 7           |
| In over 1 and up to 4 years | 4                    | 6           |

### 33.5 Other commitments

On 17 August 2015, the Company entered into an agreement to be a manufacturer of pets food for a company. The Company is committed to the terms indicated in the agreement. The term of the agreement is 3 years. Subsequently, on 1 June 2016, the Company and such company had agreed to cancel the agreement with no any damaged claim.

### 33.6 Guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 8 million (2015: Baht 10 million), issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee are relating to guarantee electricity use.

### 34. Fair value hierarchy

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

(Unit: Million Baht)

| Consolidated financial statements                               |       |         |       |         |      |       |      |  |
|-----------------------------------------------------------------|-------|---------|-------|---------|------|-------|------|--|
| Level 1                                                         |       | Level 2 |       | Level 3 |      | Total |      |  |
| 2016                                                            | 2015  | 2016    | 2015  | 2016    | 2015 | 2016  | 2015 |  |
| <b>Financial assets measured at fair value</b>                  |       |         |       |         |      |       |      |  |
| Held for trade investments                                      |       |         |       |         |      |       |      |  |
| Equity instruments                                              | 1,028 | 94      | -     | -       | -    | 1,028 | 94   |  |
| Available-for-sale investments                                  |       |         |       |         |      |       |      |  |
| Equity instruments                                              | -     | 103     | -     | -       | -    | -     | 103  |  |
| Debt instruments*                                               | -     | -       | 147   | 20      | -    | 147   | 20   |  |
| Other current investments                                       |       |         |       |         |      |       |      |  |
| Bill of exchanges                                               | -     | -       | 600   | 377     | -    | 600   | 377  |  |
| <b>Financial assets for which fair value are disclosed</b>      |       |         |       |         |      |       |      |  |
| Investment properties                                           | -     | -       | 10    | 10      | 55   | 65    | 10   |  |
| <b>Financial liabilities for which fair value are disclosed</b> |       |         |       |         |      |       |      |  |
| Debentures                                                      | -     | -       | 1,476 | -       | -    | 1,476 | -    |  |

(Unit: Thousand Baht)

| Separate financial statements                                   |       |         |       |         |      |       |      |  |
|-----------------------------------------------------------------|-------|---------|-------|---------|------|-------|------|--|
| Level 1                                                         |       | Level 2 |       | Level 3 |      | Total |      |  |
| 2016                                                            | 2015  | 2016    | 2015  | 2016    | 2015 | 2016  | 2015 |  |
| <b>Financial assets measured at fair value</b>                  |       |         |       |         |      |       |      |  |
| Held for trade investments                                      |       |         |       |         |      |       |      |  |
| Equity instruments                                              | 1,028 | 94      | -     | -       | -    | 1,028 | 94   |  |
| Available-for-sale investments                                  |       |         |       |         |      |       |      |  |
| Equity instruments                                              | -     | 103     | -     | -       | -    | -     | 103  |  |
| Debt instruments*                                               | -     | -       | 147   | 20      | -    | 147   | 20   |  |
| Other current investments                                       |       |         |       |         |      |       |      |  |
| Bill of exchanges                                               | -     | -       | 600   | 214     | -    | 600   | 214  |  |
| <b>Financial assets for which fair value are disclosed</b>      |       |         |       |         |      |       |      |  |
| Debentures                                                      | -     | -       | 10    | 10      | 55   | 65    | 65   |  |
| <b>Financial liabilities for which fair value are disclosed</b> |       |         |       |         |      |       |      |  |
| Debentures                                                      | -     | -       | 1,476 | -       | -    | 1,476 | -    |  |

\* Level 2 - The fair value determined by using the net asset value as published by the Asset Management

During the current year, there were not transfer within the fair value hierarchy.

## **35. Financial instruments**

### **35.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, loans, bank overdrafts and short-term loans from financial institutions, trust receipts, trade and other payables, debentures and liabilities under long-term lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

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

#### ***Interest rate risk***

The Company and its subsidiaries are exposure to interest rate risk relates primarily to its cash at banks, investments, loans, bank overdrafts and short-term loans from financial institutions, trust receipts, debentures and liabilities under long-term lease agreements. Most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

## Consolidated financial statements

|                                              | Fixed interest rates |      |             |      |              |      | Floating      |      | Non-interest |      | Total |      | Effective     |           |
|----------------------------------------------|----------------------|------|-------------|------|--------------|------|---------------|------|--------------|------|-------|------|---------------|-----------|
|                                              | Within 1 year        |      | 1 - 5 years |      | Over 5 years |      | interest rate |      | Bearing      |      |       |      | interest rate |           |
|                                              | 2016                 | 2015 | 2016        | 2015 | 2016         | 2015 | 2016          | 2015 | 2016         | 2015 | 2016  | 2015 | 2016          | 2015      |
|                                              |                      |      |             |      |              |      |               |      |              |      |       |      | (% p.a.)      | (% p.a.)  |
| <b>Financial Assets</b>                      |                      |      |             |      |              |      |               |      |              |      |       |      |               |           |
| Cash and cash equivalents                    | -                    | -    | -           | -    | -            | -    | 72            | 98   | 1            | 10   | 73    | 108  | 0.0 - 0.5     | 0.1 - 0.7 |
| Current investments                          |                      |      |             |      |              |      |               |      |              |      |       |      |               |           |
| Trading securities                           | -                    | -    | -           | -    | -            | -    | -             | -    | 1,028        | 94   | 1,028 | 94   | -             | -         |
| Available-for-sale securities                | -                    | -    | -           | -    | -            | -    | -             | -    | 147          | 123  | 147   | 123  | -             | -         |
| Others                                       | 600                  | 377  | -           | -    | -            | -    | -             | -    | -            | -    | 600   | 377  | 5.0 - 6.5     | 4.2 - 5.4 |
| Trade and other receivables                  | -                    | -    | -           | -    | -            | -    | -             | -    | 190          | 150  | 190   | 150  | -             | -         |
| Short-term loans to unrelated parties        | -                    | 96   | -           | -    | -            | -    | -             | -    | -            | -    | -     | 96   | -             | 8.0       |
| Restricted bank deposits                     | 8                    | 8    | -           | -    | -            | -    | -             | -    | -            | -    | 8     | 8    | 1.0           | 1.0       |
| Other long-term investments                  | -                    | -    | -           | -    | 2            | 2    | -             | -    | 3            | 3    | 5     | 5    | 4.4           | 4.4       |
| Long-term loan to related party              | -                    | -    | 62          | -    | -            | -    | -             | -    | -            | -    | 62    | -    | 3.0           | -         |
|                                              | 608                  | 481  | 62          | -    | 2            | 2    | 72            | 98   | 1,369        | 380  | 2,113 | 961  |               |           |
| <b>Financial liabilities</b>                 |                      |      |             |      |              |      |               |      |              |      |       |      |               |           |
| Bank overdrafts and short-term loans from    |                      |      |             |      |              |      |               |      |              |      |       |      |               | MOR,      |
| financial institutions                       | -                    | 180  | -           | -    | -            | -    | -             | 4    | -            | -    | -     | 184  | -             | 3.2 - 5.0 |
| Trust receipts                               | -                    | -    | -           | -    | -            | -    | -             | 78   | -            | -    | -     | 78   | -             | 1.4 - 1.6 |
| Trade and other payables                     | -                    | -    | -           | -    | -            | -    | -             | -    | 121          | 154  | 121   | 154  | -             | -         |
| Short-term loans from related parties        | 2                    | -    | -           | -    | -            | -    | -             | -    | -            | -    | 2     | -    | 3.0           | -         |
| Short-term loans from unrelated parties      | -                    | 248  | -           | -    | -            | -    | -             | -    | -            | -    | -     | 248  | -             | 4.3 - 5.8 |
| Debentures                                   | 497                  | -    | 979         | -    | -            | -    | -             | -    | -            | -    | 1,476 | -    | 5.0 - 5.5     | -         |
| Liabilities under long-term lease agreements | 1                    | 2    | 1           | -    | -            | -    | -             | -    | -            | -    | 2     | 2    | 2.7 - 7.1     | 4.5 - 8.5 |
|                                              | 500                  | 430  | 980         | -    | -            | -    | -             | 82   | 121          | 154  | 1,601 | 666  |               |           |

(Unit: Million Baht)

Separate financial statements

|                                              | Fixed interest rates |      |             |      |              |      | Floating      |      | Non-interest |      | Total |      | Effective        |                  |
|----------------------------------------------|----------------------|------|-------------|------|--------------|------|---------------|------|--------------|------|-------|------|------------------|------------------|
|                                              | Within 1 year        |      | 1 - 5 years |      | Over 5 years |      | interest rate |      | bearing      |      |       |      | interest rate    |                  |
|                                              | 2016                 | 2015 | 2016        | 2015 | 2016         | 2015 | 2016          | 2015 | 2016         | 2015 | 2016  | 2015 | 2016<br>(% p.a.) | 2015<br>(% p.a.) |
| <b>Financial Assets</b>                      |                      |      |             |      |              |      |               |      |              |      |       |      |                  |                  |
| Cash and cash equivalents                    | -                    | -    | -           | -    | -            | -    | 24            | 86   | 1            | 7    | 25    | 93   | 0.1 - 0.5        | 0.1 - 0.7        |
| Current investments                          |                      |      |             |      |              |      |               |      |              |      |       |      |                  |                  |
| Trading securities                           | -                    | -    | -           | -    | -            | -    | -             | -    | 1,028        | 94   | 1,028 | 94   | -                | -                |
| Available-for-sale securities                | -                    | -    | -           | -    | -            | -    | -             | -    | 147          | 123  | 147   | 123  | -                | -                |
| Others                                       | 600                  | 215  | -           | -    | -            | -    | -             | -    | -            | -    | 600   | 215  | 5.0 - 6.5        | 4.2 - 5.1        |
| Trade and other receivables                  | -                    | -    | -           | -    | -            | -    | -             | -    | 214          | 126  | 214   | 126  | -                | -                |
| Short-term loans to unrelated parties        | -                    | 96   | -           | -    | -            | -    | -             | -    | -            | -    | -     | 96   | -                | 8.0              |
| Restricted bank deposits                     | 8                    | 8    | -           | -    | -            | -    | -             | -    | -            | -    | 8     | 8    | 1.0              | 1.0              |
| Other long-term investments                  | -                    | -    | -           | -    | 2            | 2    | -             | -    | 3            | 3    | 5     | 5    | 4.4              | 4.4              |
| Long-term loans to related parties           | -                    | 160  | 539         | -    | -            | -    | -             | -    | -            | -    | 539   | 160  | 2.5 - 8.0        | 4.8              |
|                                              | 608                  | 479  | 539         | -    | 2            | 2    | 24            | 86   | 1,393        | 353  | 2,026 | 920  |                  |                  |
| <b>Financial liabilities</b>                 |                      |      |             |      |              |      |               |      |              |      |       |      |                  |                  |
| Bank overdrafts and short-term loans from    |                      |      |             |      |              |      |               |      |              |      |       |      |                  |                  |
| financial institutions                       | -                    | 150  | -           | -    | -            | -    | -             | -    | -            | -    | -     | 150  | -                | 3.2 - 3.3        |
| Trust receipts                               | -                    | -    | -           | -    | -            | -    | -             | 78   | -            | -    | -     | 78   | -                | 1.4 - 1.6        |
| Trade and other payables                     | -                    | -    | -           | -    | -            | -    | -             | -    | 115          | 130  | 115   | 130  | -                | -                |
| Short-term loans from unrelated parties      | -                    | 248  | -           | -    | -            | -    | -             | -    | -            | -    | -     | 248  | -                | 4.3 - 5.8        |
| Debentures                                   | 497                  | -    | 979         | -    | -            | -    | -             | -    | -            | -    | 1,476 | -    | 5.0 - 5.5        | -                |
| Liabilities under long-term lease agreements | 1                    | 2    | 1           | -    | -            | -    | -             | -    | -            | -    | 2     | 2    | 2.7 - 7.1        | 4.5 - 8.5        |
|                                              | 498                  | 400  | 980         | -    | -            | -    | -             | 78   | 115          | 130  | 1,593 | 608  |                  |                  |

### Foreign currency risk

The Company exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2016 and 2015, the balances of financial liabilities denominated in foreign currencies are summarised below.

| Foreign currencies | Financial liabilities<br>as at 31 December |                          | Average exchange rate<br>as at 31 December        |                                                   |
|--------------------|--------------------------------------------|--------------------------|---------------------------------------------------|---------------------------------------------------|
|                    | <u>2016</u><br>(Million)                   | <u>2015</u><br>(Million) | <u>2016</u><br>(Baht per 1 foreign currency unit) | <u>2015</u><br>(Baht per 1 foreign currency unit) |
| US dollar          | 1                                          | 3                        | 35.83                                             | 36.09                                             |
| Japanese yen       | 3                                          | 2                        | 0.31                                              | 0.30                                              |

The Company had foreign exchange contracts outstanding are summarised below.

| 2016             |                            |                                                                        |                              |
|------------------|----------------------------|------------------------------------------------------------------------|------------------------------|
| Foreign currency | Bought amount<br>(Million) | Contractual exchange rate bought<br>(Baht per 1 foreign currency unit) | Contractual maturity date    |
| US dollar        | 2.7                        | 34.79 - 35.64                                                          | 14 March 2017 - 16 June 2017 |

| 2015             |                            |                                                                        |                           |
|------------------|----------------------------|------------------------------------------------------------------------|---------------------------|
| Foreign currency | Bought amount<br>(Million) | Contractual exchange rate bought<br>(Baht per 1 foreign currency unit) | Contractual maturity date |
| US dollar        | 1.6                        | 36.24 - 36.29                                                          | 5 July 2016               |

### 35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates. Loans given to and loans from others mostly bear interest rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

### **36. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.96:1 (2015: 0.45:1) and the Company's was 0.95:1 (2015: 0.40:1).

### **37. Event after the reporting period**

37.1 On 6 February 2017, the Board of Director's meeting of the Company No.2/2017 passed a resolution to approve the investment in wind power plant by registered the incorporation in Japan, with registered share capital of JPY 10 million. The Company holds a 60 percent interest in this company.

37.2 On 28 February 2017, the Board of Director's meeting of the Company No.3/2017 of the Company passed a resolution to approve the issue and offering of Baht 2,000 million of debentures. Such issue and offering of debentures will be proposed to approve by the Annual General Meeting of the Company's shareholders.

### **38. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised director on 28 February 2017.

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