



Annual Report 2017



United
Power

Vision, Mission and Corporate Values

Vision

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 Value

“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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Financial Statements and Notes to Financial Statements Investor can learn more company information form Annual information form 56-1

which has been shown at www.sec.co.th or the company website.



Message from Company Board of Directors Chairman

The economic fluctuations, climate changes and limitations on natural resources have consequently made in the business operations full of challenges. When such challenges and changes cannot be avoided, Thai Luxe Enterprises Public Co., Ltd., or TLUXE therefore places the importance on the development for the corporate growth on the Principle of Sustainable Business Operations in the future which, in this respect, the business enterprise must protect the environments and return them to the societies, as well, under the concept of “Creator of the Future.”

2017 was yet another year which we were proud of in raising standard level of the important industry; that was the Best Aquaculture Practices or BAP which was certified by Aquaculture Certification Council (ACC) of the United States of America. It is another standard that concretely proves the firm determination of our Company in carrying out the business operations, our participants in conserving environmental conditions and community

to be abundant and sustainable, attentions on food safety without any requirement for traceability. The Certification bestowed upon TLUXE, as the manufacturer and distributor of aquatic animal feeds and one of the aquaculture process operators, particularly, prawns where the standard on which has been given, has eventually resulted in the raising of the Company’s product manufacturing standard level to premium grade, consequently making the Company’s gross sales growing with implicitly significance.

Where the turnovers in 2017 was respectively better, especially, LUXE’s main business on aquatic animal feeds manufactures that the revenues from prawn feeds sales accounted for the growth of 77.82% even though the market sharing was still in the same position. With the perseverance of all parties concerned, whether manufacturing factory, the management and marketing which had exerted their all out efforts and dedications, the turnovers were increased satisfactorily even we were faced with some problems on weather conditions that

hindered the farmers. TLUX had never stopped our business development. In the forthcoming new year, we set our goal to increase our manufactures up to another 30% of the passing year. We are confident that our Company can do in accordance with the set goal.

Another Company's important step, with good vision of the management which foresees the matter on the renewal energy which seems to be very good trend in the future together with the distribution management of risk from our main business that has more limitation, has this year made TLUXE increase the investment in the renewal energy such as geothermal energy and wind energy in foreign country which we are confident that it will be worthy investment and create the turnovers for LUXE satisfactorily.

Finally, I, on behalf of the Board of Directors, the Executives and all staff and employees, would like to express my utmost appreciation to all shareholders, customers, communities, partners, business enterprises,

private bodies, state sectors and all parties concerned in playing your roles and taking part in providing supports to our Company's business operations to the extent of being able to increase the economic values and create valuable community. We hereby covenant that we are standing readily to carry out our business operations on the Principle of Good Corporate Governance as well as taking into account the social equilibrium and environments for the sustainability and perpetually standing side by side with our country.



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.,

1. Pol.Lt.Col. Thienrath Vichiensan as Chairman.
2. Mr. Teerawit Tanakijsoontorn as Director.
3. Mrs. Natee Chuansanit as Director.

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:

1. 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;
2. 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.
3. 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.

4. 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);
5. 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.
6. 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;
7. 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;

8. 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.



Pol.Lt.Col. Thienrath Vichiensan
Chairman of the Audit Committee
On behalf of the Audit Committee

Board of Directors



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3/

4/

5/

1. **GMC Pit thaporn Glinfueng**
Chairman of the Board of Directors
2. **Ph.D.Pongrak Chindasombatcharoen**
Vice Chairman / Chief Executive committee
3. **Gen.Chaowarit Prapajit**
Chief Executive Officer / Director
4. **Dr. Denchai Akaradajdachachai**
Director
5. **Mrs.Kanokwan Wannabuit**
Director / Chief Strategic Officer



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6. Miss Phatcharada Jutaprateep

Director / Chief Corporate Secretary

7. Mr. Suwit Wannasirisook

Director / Chief Finance Officer

8. Pol.Lt.Col. Thienrath Vichiensan

Independent Director / Chairman of the Audit Committee

9. Mrs. Natee Chuansanit

Independent Director / Audit Committee

10. Mr. Teerawit Tanakijsoontorn

Independent Director / Audit Committee

01

GMC Pitthaporn Glinfueng

Chairman of the Board of Directors : Age (Year) 66

Position

- Started the director position on July 31, 2015
- Started the Chairman position on Aug 27, 2015

Education / Training Program

- Royal Thai Air Force Academy Bachelor of Science (Aerospace Engineering)
- Thailand National Defence College DSI Batch #46
- Royal Thai Air Force College Batch #29
- Air Command and Staff College Batch #32
- Executive Program Course 1 Batch#30 (College of Management Office of the Civil Service Commission)
- Senior Executive Program (SEP) Batch #21 Sasin Graduate Institute Chulalongkorn University
- Director Certification Program (DCP) Batch #97 Thai Institute of Directors
- Executive Program for Trade and Commerce (TEPCOT) Batch#4 Ministry of Commerce and University of the Thai Chamber of Commerce

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

- | | |
|----------------|---|
| 2015 - present | Chairman of the Board of Directors Thai Luxe Enterprises Plc. |
| 2016 - present | Dean of aviation & transportation Sripatum University |
| 2008 - present | Association President Association Don Muang Airport |
| 2006 - present | Advisor Steering committee to promote research and development. CO., LTD
Aeronautical Radio of Thailand. |
| 2015 - 2016 | Director Thai Luxe Foods Products Co.,Ltd |
| 2012 - 2014 | Director TOT Public Company Limited |

02

Ph.D.Pongrak Chindasombatcharoen

Vice Chairman / Chief Executive committee : Age (Year) 57

Position

- Started the director position on April 28, 2017

Education / Training Program

- Doctor of Public Administration (Academic Excellence Award), Major in Human Resource Management, Graduate School, University of Northern Philippines (State University)
- Master of Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Laws, Faculty of Law, Chulalongkorn University
- Directors Certification Program , Thai Institute of Directors Association (IOD)
- Advance Audit Committee Program , Thai Institute of Directors Association (IOD)
- Monitoring Fraud Risk Management , Thai Institute of Directors Association (IOD)
- Monitoring of the Quality of Financial Reporting , Thai Institute of Directors Association (IOD)
- Monitoring the internal Audit Function , Thai Institute of Directors Association (IOD)
- Monitoring the system of Internal Control and Risk Management, Thai Institute of Directors Association (IOD)
- Role of the Compensation Committee , Thai Institute of Directors Association (IOD)
- Role of the Nomination and Governance Committee , Thai Institute of Directors Association (IOD)
- Role of Chairman, Thai Institute of Directors Association (IOD)
- Risk Management Committee Program , Thai Institute of Directors Association (IOD)
- Charter Director Class, Thai Institute of Directors Association (IOD)
- Public Director Certification Program, King Prajaddhipok's Institute.

Number of shares (%) : 13.52

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

- Member of the Board of Directors & Acting Director Fish Marketing Organization (State Enterprise)
- Committee and Secretary General SASIN Alumni Association, SASIN Graduate
- Director and Chief Executive Officer Nutrix Public Company Limited
- Executive Director Gehause Living Company Limited
- Member of the Board of Directors Thai Modern Packaging & Insulation Company Limited
- Member of the Board of Directors Gehause Holding Company Limited

03

Gen.Chaowarit Prapajit

Chief Executive Officer / Director : Age (Year) 64

Position

- Started the director and vice chairman position on Aug 27, 2015

Education / Training Program

- The Course of Development Politics and Elections Batch #1
- Thailand National Defence College DSI Batch #49
- Army Chief of Staff College Batch #64
- Director Certification Program (DCP) Batch #192 Thai Institute of Directors (IOD)

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

2017 - present	Director/Chief Executive Officer Director Thai Luxe Enterprises Plc.
2017 - present	Director Fino Binary Power Plant Limited Liability Company
2017 - present	Director NIS Binary Power Plant Limited Liability Company
2017 - present	Director Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company
2017 - present	Director Dual Energy Binary -Power Plant No.1 Limited Liability Company
2017 - present	Director TLuxe Global Business Co.,Ltd.
2013 - present	Advisor Gunno Systems Integration Co.,Ltd.
2012 - present	Advisor United Flour Mill Plc.
2015 - 2017	Vice Chairman/Chief Executive Thai Luxe Enterprises Plc.
2013 - 2016	Independent Director/Audit Committee International Research Corporation Plc.
2013 - 2015	Chairman A.A.M.C asset manegment Co.,Ltd.

04

Dr. Denchai Akaradajdachachai

Director : Age (Year) 53

Position

- Started the director position since Jan 21, 2015
- Started the appointed as Chairman of the Audit Committee on Aug 27, 2015

Education / Training Program

- Doctoral Degree of Doctor Of Public Administration (DPA), University of Northern Philippines
- MBA Kasetsart University
- Bachelor of Economics - Industry Ramkhamhaeng University
- Director Certification Program (DCP) Thai Institute of Directors (IOD)
- Anti-Corruption:The Practical Guide (ACPG) Thai Institute of Directors (IOD)
- Ethical Leadership Program (ELP) Thai Institute of Directors (IOD)
- Course of Promotion of Peaceful Society (4s) Batch#4 King Prajadhipok's Institute
- Thailand National Defence College DSI Batch#56 The National Defence College of Thailand (NDC)
- Course of Management in Social Order Police Education Bureau Batch#2 Royal Thai Police Department
- Course of Environmental Governance for Executive Officer Batch# 4 Department of Environmental Quality Promotion (DEQP) Ministry of Natural Resources and Environment
- Course of Democratic Governance Politics for Executives Batch #20
- Course of Thailand Insurance Leadership Program Batch# 7 Office of Insurance Commission (OIC)

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

2017 - Present	Director Thai Luxe Enterprises PLC.
2017 - Present	Director TLuxe Global Business Co.,Ltd.
2017 - Present	Director Hi Healthcare Center Co.,Ltd.
2017 - Present	Director Filter Vision PCL.
1994 - Present	Chairman of Board of Directors M.B.C. Center Co.,Ltd.
1994 - Present	Chairman of Board of Directors I.E.Q. Co.,Ltd.
1994 - Present	Chairman of Board of Directors ComputerSaur Co.,Ltd.
2013 - Present	The host of TV love Thailand Channel True TNN2
2012 - Present	Conciliator Appeal Court 7
2015 - Present	Independent Director / Chairman of the Audit Committee Thai Luxe Enterprises PLC.
2014 - 2015	An expert member of the National Reform Council
2012 - 2013	Scholar Working Group Deputy Speaker of the House of Representatives

05

Mrs.Kanokwan Wannabuit

Director / Chief Strategic Officer : Age (Year) 51

Position

- Started the director position on Jan 21, 2015

Education / Training Program

- Bachelor of Business Administration, Suan Sunandha Rajabhat University
- Director Certification Program (DCP) Batch #221 Thai Institute of Directors
- Director Accreditation Program (DAP) Batch #61 Thai Institute of Directors

Number of shares (%) : -None-

Relation with the management : -None--

Last 5 years experienced (as at 31 December 2017)

2017 - Present	Director Geothermal Power A Ltd.
2017 - Present	Director Geothermal Power B Ltd.
2017 - Present	Director KaYaWa Co.,Ltd.
2017 - Present	Director Wannasan Co.,Ltd.
2015 - present	Director / Chief Strategic Officer Thai Luxe Enterprises PLC.
2016 - present	Director T Luxe Power Co.,Ltd.
2016 - present	Director TLuxe Investments Co., Ltd
2016 - present	Director TLuxe Holdings Co.,Ltd.
2015 - present	Promotion & Market Director Qbizm Co.,Ltd.
2015 - 2016	Director Thai Luxe Foods Products Co.,Ltd
2015 - 2016	Director NPP Foods Incorporate Co.,Ltd.
20085 - 2015	Managing Director Business Media E For L Aim Public Co., Ltd.
20085 - 2013	Director E For L Aim Public Co., Ltd.

06

Miss Phatcharada Jutaprateep

Director / Chief Corporate Secretary : Age (Year) 39

Position

- Started the director position on Jan 21, 2015

Education / Training Program

- MBA in Finance Assumption University
- Bachelor of Accountancy, Thammasat University
- Director Certification Program (DCP) Batch# 221 Thai Institute of Directors (IOD)

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

2017 - Present	Director / Chief Corporate Secretary Thai Luxe Enterprises PCL.
2017 - Present	Director Geothermal Power A Ltd.
2017 - Present	Director Geothermal Power B Ltd.
2016 - present	Director T Luxe Power Co., Ltd.
2016 - present	Director TLuxe Investments Co., Ltd.
2016 - present	Director TLuxe Holdings Co.,Ltd.
2010 - present	Director LT Miracle Co.,Ltd.
2015 - July 2017	Chief Finance Officer Thai Luxe Enterprises PCL.
2015 - 2016	Director Thai Luxe Foods Products Co.,Ltd
2015 - 2016	Director NPP Foods Incorporate Co.,Ltd.

07

Mr. Suwit Wannasirisook

Director / Chief Finance Officer : Age (Year) 50

Position

- Started the director position on Aug 1, 2017

Education / Training Program

- Master of Science Major: Accounting, Thammasat University
- Bachelor Degree Major: Accounting Rajamangala Institute of Technology
- Director Certification Program (DCP) Batch#152/2011, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) Batch#61/2007, Thai Institute of Directors (IOD)

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

Jul 2017 - present	Director / Chief Finance Officer Thai Luxe Enterprises PCL.
2017 - present	Director Geothermal Power A Ltd.
2017 - present	Director Geothermal Power B Ltd.
2017 - present	Director Lena Power Station No.1 Limited Liability Company
2017 - present	Director P GREEN ENERGY Co.,Ltd.
2017 - present	Director TLuxe Global Business Co.,Ltd.
2017 - present	Director PPSN Co., Ltd.
2017 - present	Director T Luxe Power Co., Ltd.
2017 - present	Director TLuxe Investments Co., Ltd.
2017 - present	Director TLuxe Holdings Co.,Ltd.
Feb 2017 - Jun 2017	Chief Finance Officer Inter Far East Energy Corporation PLC.
Feb 2014 - Feb 2017	Chief Finance Officer Nippon Pack (Thailand) PLC.

Pol.Lt.Col. Thienrath Vichiensan

Independent Director / Chairman of the Audit Committee : Age (Year) 58

Position

- Started the director position on Apr 28, 2017
- Started the Chairman of the Audit Committee position on May 4, 2017

Education / Training Program

- Master of Arts Teaching (Government), University of Texas, USA
- Bachelor of Public Administration, Royal Police Cadet Academy
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Director Certification Program (DCP) Batch#243/2017, Thai Institute of Directors (IOD)
- Advance Audit Committee Program (AACP) Batch#28/2018, Thai Institute of Directors (IOD)
- Graduate Diploma in Public Law, Thammasat University
- Records Management Course, National Archive, Sweden
- Senior curriculum, Prince Damrongrajapunbhap Institute of Research and Development
- Administrative Justice for Executives
- National Defence College of Thailand

Number of shares (%) : 0.002

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

present	Office of the Permanent Secretary, Prime Minister Office
2014	Office of the Permanent Secretary, Prime Minister Office
2012	Office of the official information commission

Mrs. Natee Chuansanit

Independent Director / Audit Committee : Age (Year) 62

Position

- Started the director position on January 21, 2015
- Started the audit committee position on July 31, 2015

Education / Training Program

- Master of Executive MBA, SASIN, Graduate Institute of Administration of Chulalongkorn University
- Bachelor of Business Administration Chiang Mai University
- Director Certification Program (DCP) Thai Institute of Directors (IOD)
- Anti-Corruption for Executive Program (ACEP) Thai Institute of Directors (IOD)

Number of shares (%) : -None-**Relation with the management** : -None-**Last 5 years experienced (as at 31 December 2017)**

2015 - Present	Independent Director/Audit Committee Thai Luxe Enterprises PLC.
2015 - Present	Executive Vice President Research and Development Economics
2011 - 2015	Minister Counsellor Department of Commerce in Prague, Czech Republic

10

Mr. Teerawit Tanakijsoontorn

Independent Director / Audit Committee : Age (Year) 39

Position

- Started the Audit Committee position on June 17, 2015

Education / Training Program

- Bachelor of Business Administration in Accounting Kasetsart University
- Bachelor of Law Thammasat University
- CPA (Certified Public Accountant) The Federation of Accounting Professions under the Royal Patronage of His Majesty The King
- Anti-Corruption for Executive Program (ACEP) Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) Batch#87/2011 Thai Institute of Directors (IOD)

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

2015 - Present	Independent Director / Audit Committee Thai Luxe Enterprises PCL.
2015 - Present	Director / Certified Public Accountant (CPA). Best Audit Company Limited
2003 - 2015	A Certified Public Accountant (CPA). B. S. Audit Company Limited
2010 - 2013	Audit Committee and Risk Management Committee. ABSOLUTE IMPACT PUBLIC COMPANY LIMITED

11

Mr. Nanthuwaphon jirachotananantaya

Managing Director of the factory : Age (Year) 54

Position

- Started the appointed Managing Director of the factory on Oct 10, 2016

Education / Training Program

- Bachelor of Business Administration Rajabhat Rajanakarindra University

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

- | | |
|----------------|--|
| 2016 - Present | Managing Director of the factory President of Strategic Working Group Thai Luxe Enterprises PCL. |
| 2006 - Present | Production Supporting Director Nutrix Co., Ltd. |

12

Miss Sasiporn Panturatana

Company Secretary : Age (Year) 33

Position

- Started the Appointed as Company Secretary on Feb 2017

Education / Training Program

- Bachelor Degree of Business Administration Bangkok University

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017)

- | | |
|----------------|--|
| 2017 - Present | Company Secretary Thai Luxe Enterprises PCL. |
| 2014 - 2017 | Secretary KTech Construction PCL. |

13

Miss Ladawan Khanjanaphusit

Internal Audit Manager : Age (Year) 43

Position

- Started the Appointed as manager of internal audit on Feb 2015

Education / Training Program

- Bachelor of Accounting Sripatum University

Training courses

- Curriculum Internal Audit
- Curriculum Management Internal Audit
- Anti-Corruption for Executive Program (ACEP) Thai Institute of Directors
- Internal Audit's challenge in value adding

Number of shares (%) : -None-

Relation with the management : -None-

Last 5 years experienced (as at 31 December 2017))

2015 - present Internal Audit Manager Thai Luxe Enterprises PCL.

1997 - 2014 Credit and Legal Departments Manager Thai Luxe Enterprises PCL.

Financial Information

		2017	2016	2015
Sales	(Baht)	1,874,865,471	2,240,181,809	1,702,614,745
Net Profit (Loss)	(Baht)	(249,565,160)	232,314,148	(44,635,886)
Earning (Loss) per Share	(Baht)	(0.44)	0.41	(0.08)
Total Asset	(Baht)	3,929,954,526	3,569,307,914	2,309,420,401
Total Liabilities	(Baht)	2,550,142,045	1,749,962,003	715,319,411
Shareholders' Equity	(Baht)	1,379,812,481	1,819,345,911	1,594,100,990
Book Value	(Baht)	2.45	3.23	2.83
Return on Asset	(%)	(6.35)	6.51	(1.93)
Return on Equity	(%)	(18.09)	12.77	(2.80)
Debt to Shareholders	(times)	1.85	0.96	0.45
Dividend Yield	(%)	0.00	0.00	0.00
P/E Ratio	(times)	0.00	0.00	0.00

Policy and Business Overview

The company focuses on developing the business in line with the full-cycle strategy i.e. Food-Farm-Future, operating the main business of manufacturing and distributing aquatic animal feed and pet feed, divided into 2 main divisions i.e.:

1. Shrimp feed.
2. Fish feed and pet food.

The company manages the farms as the center for research and development in aquatic animal feed. In addition, the company operates new businesses with good returns that is sustainable for the future e.g. geothermal electricity generating businesses in Japan etc.

Thai Luxe Enterprises PCL was established on 11 June 1987 with registered capital of 20 million baht. The company's initial objective was to import aquatic animal feed for local distribution and raise black tiger shrimp for sale, later expanded to manufacture shrimp and fish feeds. At present, the company no longer raises black tiger shrimp for sale. During the past 30 years or so, the company develops various products continuously and in 2015 signed an agreement to become a contract manufacturer of pet food in order to fully utilize the existing production capacity. Towards the end of 2015, the Board of Directors approved the investment in geothermal electricity generating business in Beppu, Japan which gradually generates revenues from commercial sales of electricity (COD) since the middle of 2016.

Originally, the company only had a factory to produce shrimp feed and fish feed at Samut Songkram Province. Later, in 1999, the company expanded by opening a new factory in Petchaburi Province, closing the shrimp feed production line at Samut Songkram and change the production base of shrimp feed to the new

factory in Petchaburi. In 2004, production of fish feed was discontinued at the Samut Songkram factory and production lines were added at the Petchaburi factory instead and the Samut Songkram factory ceased production. Thai Luxe Food Service Co., Ltd. (previously SMP Food Products Co., Ltd.) which at the time was an associate company rented parts of the area to produce and sell processed frozen food and finished frozen seafood and later on changed its name to NPP Food Service Co., Ltd. In 2015, the company established a new aquatic animal feed factory in Song Khla Province to manufacture aquatic animal feed and pet food for customers in the south and neighboring country.

In 1999, the company opened a processed frozen shrimp factory by investing 100% in Thai Luxe Food Products Co., Ltd. or "Thai Luxe Food" (previous name SMP Food Products Co., Ltd.) which changed its name to NPP Food Service Co., Ltd. producing processed frozen shrimp for export and frozen ready to eat food.

In 2014, the company increased the proportion of shareholding in SMP Food Products Co., Ltd. to 97.79% and changed the name to Thai Luxe Food Products Co., Ltd. In 2015 has reduce shareholding proportion the company holds 55% in the company and Nippon Pack (Thailand) PCL, 45% (of paid-up capital).

After that the company jointly invested with NPP Food Incorporation Co., Ltd. to manage the A & W restaurant. And Thai Luxe holds 45% in the company and Nippon Pack (Thailand) PCL, 55% (of paid-up capital). Later in July 2016, as the company deems that food business is highly competitive and that it has no expertise in this area, the investment in NPP Food Service Co., Ltd. and. were sold to Nippon Pack (Thailand) PCL to enable the company to focus on animal feed business

and electricity generation from renewable energy.

In 2009, the company invested in T Luxe Global Business Co., Ltd. (previously known as Thai D Meter Co., Ltd. or “Thai D”) in the ratio of 100% to operate trading business to supplement the group income by starting production of agricultural raw material used in producing animal feed to small animal feed producers and small farmers who do not have bargaining power against major raw material suppliers.

Towards the end of 2015, the company had the policy to invest in geothermal energy business in Japan by acquiring PPSN Co., Ltd., a juristic entity in Japan which owns 4 geothermal electricity generating units. In 2016, the company bought Sumo Power Co., Ltd. (SUMO), a Japanese juristic entity which operates 8 geothermal electricity generating units. Subsequently, the company restructured the internal organization resulting in PPSN Co., Ltd. owning 3 geothermal electricity generating units all of which started generating revenues whereas Sumo owns 9 geothermal electricity generating units of which 1 has already generated revenues.

Moreover, the company jointly invested with Setouchi Natural Energy Co., Ltd. (Setouchi) which is an expert in geothermal electricity generation to establish a new juristic entity, namely, M-Luxe Energy Co. Ltd. or “M-LUXE”, a Japanese juristic entity which is 25% owned by PPSN Company Limited or “PPSN” and Setouchi Natural Energy Co., Ltd., owning the balance 75%, of registered capital of 10 million yen. M-LUXE was established to develop land equipped with the utilities ready for sale to investors in geothermal electricity generating projects. At present, TLP acquired the shares in M-LUXE from PPSN at the same ratio.

Later, in March 2017, the company invested in geothermal electricity generating plants which is already operated and has been registered this plant under SNS Power Co., Ltd. (SNS Power)

In August 2017 the company enter into share purchase agreement and control authority in Fino Binary Power Plant Limited Liability Company (FINO) (Japanese juristic entity) which operates 2 geothermal electricity generating plants. And in September 2017 the company enter into share purchase agreement and control authority in 4 companies such as Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company (BEPPU) (Japanese juristic entity), NIS Binary Power Plant Limited Liability Company (NIS) (Japanese juristic entity), Dual Energy Binary - Power Plant No. 1 Limited Liability Company (DUAL) (Japanese juristic entity) and Lena Power Station No. 1 Limited Liability Company (LENA) (Japanese juristic entity) which operates total 8 geothermal electricity generating plants. As of 31 December 2017, the company has 23 geothermal electricity generating units and revenue recognition 15 units.

Note that during the period the company operates the aquatic animal feed business, it consistently and continuously develops the manufacturing process applying new technology. At present, the company was awarded the following certification standards :

1. Certification on management standards system ISO 9001:2015 from Euro Veritas Certification (Thailand) Co., Ltd.
2. Certification on environmental management standards system ISO 14001:2015 from Euro Veritas Certification (Thailand) Co., Ltd.
3. Certification on Good Manufacturing Practice for animal food production from the Department of Livestock Development, Ministry of Agricultural and Cooperatives.
4. Certification on hazard analysis Critical Control Points (HACCP) from the Department of Livestock Development, Ministry of Agricultural and Cooperatives.

5. Certification on agricultural and food products standards system Q Mark.
6. Certification on standards system ISO/IEC 17025:2005 from the Department of Science Service, Ministry of Science and Technology which is an international standards certification for assessing the technical capability of the operating room.
7. Received certification for good production standard and safety system compatible with the Islamic concept (HALAL) at the Song Khla factory from the Central Islamic Council of Thailand.
8. Energy management system jointly with the

Department of Alternative Energy Development and Efficiency, Ministry of Energy.

9. Received Best Aquaculture Practices Certification (BAP) for the factory producing shrimp feed from the Aquaculture Certification Council, Inc. which is an independent US organization.

The company is the first aquatic animal feed manufacturer using the system GMP and HACCP even before the government announces the year 2004 as the Year of Safety. It can thus be proclaimed that the company is the leading producer of aquatic animal feed in Thailand.

Year	Important changes and development
1987	Established the company on 11 June to import shrimp feed from Taiwan and raise black tiger shrimp.
1989	Built aquatic animal feed factory and the factory to process frozen shrimp at Samut Songkram Province.
1990	Began producing shrimp feed for local distribution and processed frozen products for export and reduce import of aquatic animal feed.
1993	Add fish feed production line and was awarded an outstanding company for export of agricultural industry products in 1993.
1994	Converted to public company limited in February to sell common shares to raise capital from the general public and in September was approved to list the common shares in the Stock Exchange of Thailand.
1998	Ceased the production of processed frozen food due to economic recession in the country.
1999	Open a new factory in Petchaburi Province to produce aquatic animal feed and move shrimp feed production to the new factory. Invested up to 10% in SMP Food Products Co., Ltd. which produces processed frozen shrimp for local and overseas distribution.

Year	Important changes and development
2001	Awarded the quality standards certification system ISO 9002 from UKAS, United Kingdom. The factory is the first of its kind in Thailand to have been certified under ISO 9002.
2003	Awarded the quality standards certifications system ISO 9001:2000 from UKAS, United Kingdom and the shrimp feed factory was awarded the quality standard certification system GMP and HACCP from the Department of Livestock Development which is the first shrimp feed factory in Thailand to have received certifications from 2 systems and also received Q Mark certification from the Department of Livestock Development.
2004	Expanded fish feed production capacity at the Petchaburi factory and increased shareholding proportion in SMP Food Products Co., Ltd. by 11.43% to 21.43%.
2005	Reduced par value of common share from 10 baht to 1 baht and increased registered capital to accommodate warrant conversion to common shares by the company's directors and its staffs.
2007	The fish feed factory in Phetchaburi received quality standards for production system by GMP and HACCP from the Department of Livestock Development resulting in the company having received certifications on complete production system.
2008	Cease production of fish feed at the Samut Songkram factory to shift production to the Phetchaburi factory.
2009	Awarded quality certification system standards ISO 9001:2008 and changed the company's logo for sustainable development. The new logo reflects step by step progress towards the ultimate success, paying attention to the environment and the SOCIETY.
2011	<ul style="list-style-type: none"> • Increase registered capital to accommodate warrant conversion to common shares by the existing shareholders, company's directors and its staffs and to accommodate the issuance of Taiwan Depository Receipts: TDRs. • Began the aquatic animal hatchery business. • Awarded the Best Performing Company title and the senior management was awarded 'outstanding management' and are eligible to compete for the title "CEO Awards" in the SET AWARDS 2011 organized by the Stock Exchange of Thailand. • Increased shareholding proportion in SMP Food Products Co., Ltd. by 74.97% to 96.43% and changed the status from associate to subsidiary.

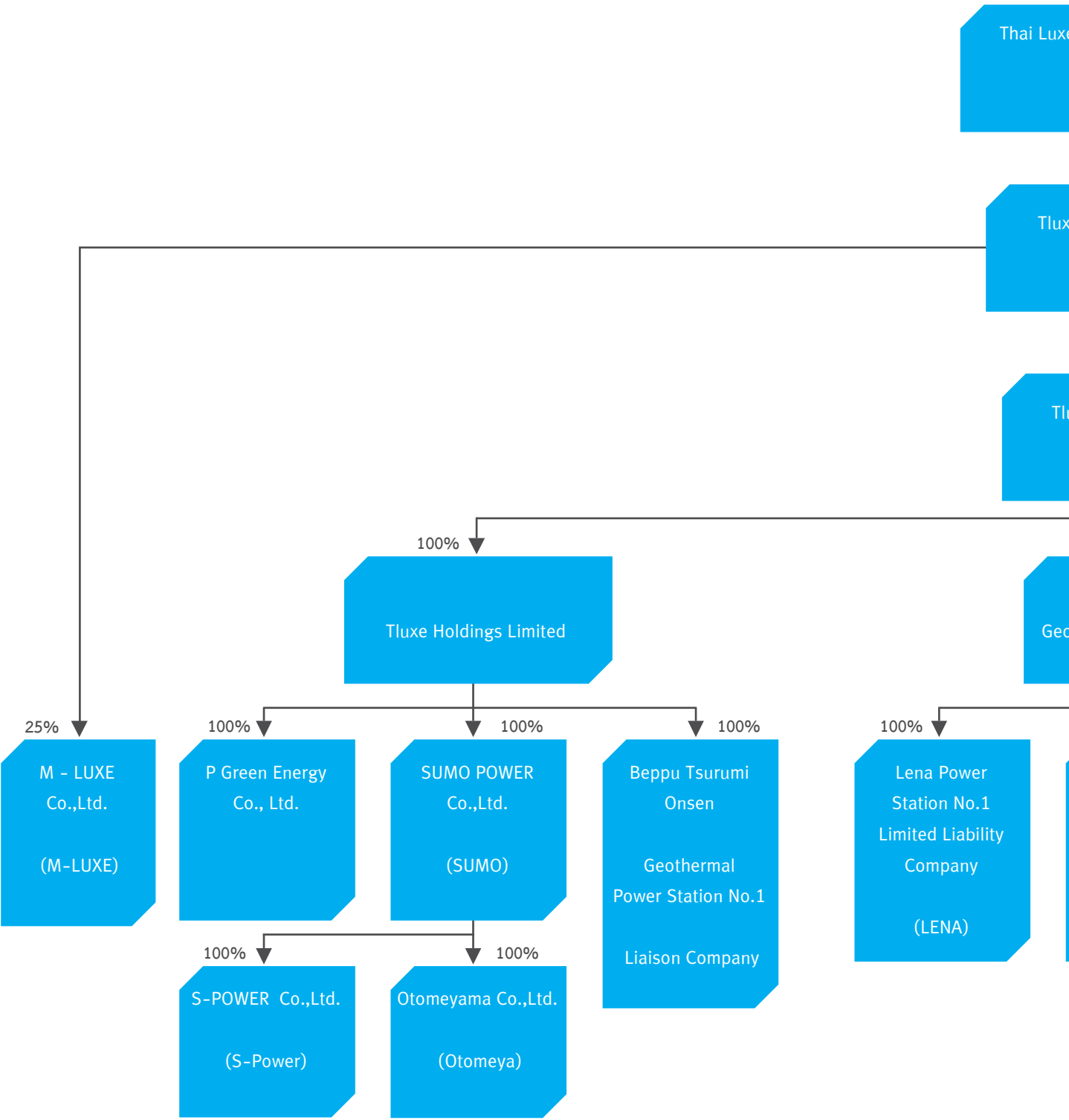
Year	Important changes and development
2012	Awarded certification on environmental management standards system ISO 14001:2015 from Euro Veritas Certification (Thailand) Co., Ltd.
2013	<ul style="list-style-type: none"> Invested 100% in Thai D Meter Co., Ltd. to sell raw materials for producing animal feed. Open a research and development center for aquatic animal feed at Samut Songkram Province to conduct research and development on food and specimen of economic aquatic animals.
2014	<ul style="list-style-type: none"> Increased the proportion of shareholding in SMP Food Products Co., Ltd. to 97.79% and changed the name to Thai Luxe Food Products Co., Ltd. (presently MPP Food Service Co., Ltd.). Awarded certification on standards system ISO/IEC 17025:2005 from the Department of Science Service with the scope on protein and fat in order to gain trust and creditability in the test outcome produced by the company's operating room.
2015	<ul style="list-style-type: none"> Appointed ACM Pitthaporn Glinfueng as the Chairman of the Board. In July, opened a new animal feed factory in Songkhla. In August, signed an agreement as contract manufacturer of pet food jointly with Nutrix PCL. Appointed Mr. Kittiphat Chollavudhi as the Chief Executive Officer. Reduce shareholding proportion in Thai Luxe Food Products Co., Ltd. (presently NPP Food Service Co., Ltd.) to 55% and Nippon Pack (Thailand) PCL holds the balance 45% (of paid-up capital). Established a new associate company, namely, NPP Food Incorporation Co., Ltd. to manage the A & W restaurant. The company holds 45% in the company and Nippon Pack (Thailand) PCL, 55% (of paid-up capital). Towards end of December 2015, the company's BOD had approved to invest in the geothermal electricity generating project which is anticipated to generate revenues in 2016.
2016	<ul style="list-style-type: none"> In January, the extraordinary shareholder meeting approved to issue debenture within the limit of 1,500,000,000 baht. In February, the company invested in the common shares of ACAP Advisory PCL ("ACAP") in the value not exceeding 280 million baht and the company entered into an agreement to rent the People Park Project Onnut which is a home office project totaling 8 units for

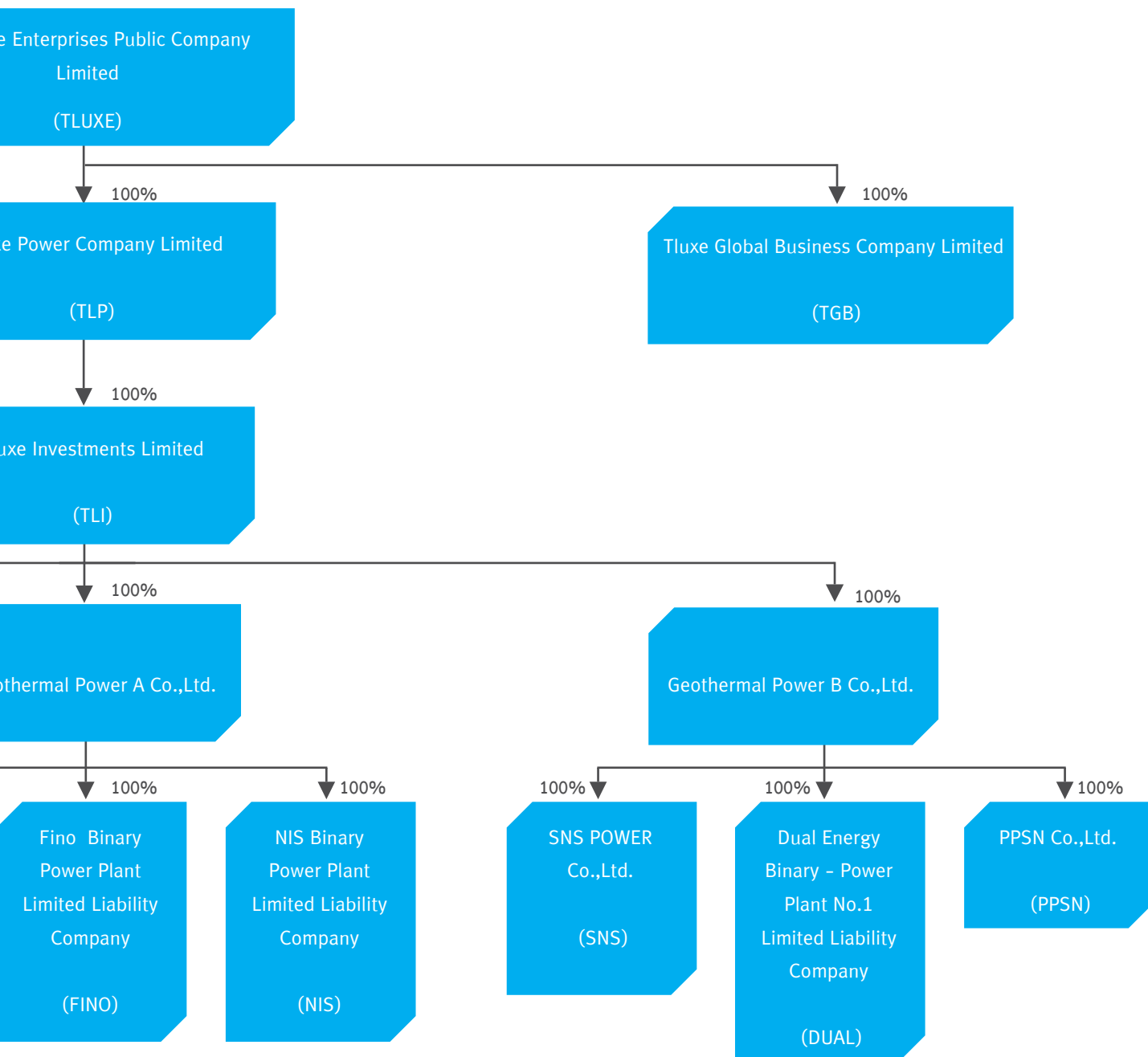
Year	Important changes and development
	<p>the rental period of 18 years to develop the pet food business to become PET CENTER or comprehensive service center for pet lovers (at the present the People Park project is in the middle of construction and the company shall begin to pay rent upon occupying the place).</p> <ul style="list-style-type: none"> • In February, established T Luxe Power Co., Ltd., a Thai juristic entity. The company holds 100% share of its registered capital of 100,000,000 baht. • In April, established T Luxe Investment Co., Ltd., a Mauritius-based juristic entity with registered capital of USD 10,000.- 100% owned by T Luxe Power Co., Ltd., then established T Luxe Holding Co., Ltd., a Hong Kong-based juristic entity with registered capital of USD 10,000.-, 100% owned by T Luxe Investment Co., Ltd. to invest in the geothermal electricity generating business. • In May, the company acquired the business (4 geothermal electricity generating units) from PPSN Co., Ltd., a Japanese juristic entity. • In June, 2 geothermal electricity generating units began to commercially generate revenues (COD) and the company bought the business from Sumo Power Co., Ltd. (SUMO), a Japanese juristic entity which owns 8 units of geothermal electricity generating units. Furthermore, the company entered into a new agreement involving contract manufacturing of pet food jointly with Nutrix PCL. • In July, the company sold all the shares in Thai Luxe Food Products Co., Ltd. and in NPP Food Incorporation Co., Ltd. to Nippon Pack (Thailand) PCL. • In August, the company entered into a joint venture with Setouchi Natural Energy Co., Ltd. (Setouchi) via PPSN Co., Ltd. (PPSN) by establishing a new company, namely, M Luxe Energy Co., Ltd. (M-LUXE), a Japanese juristic entity. PPSN holds 25% in M-Luxe whereas Setouchi holds 75% of its registered capital of 10 million yen. • Towards year end, PPSN established Otoyama Co., Ltd. (100% owned by PPSN) and SUMO established S Power Co., Ltd. and SNS Power Co., Ltd. (100% owned by SUMO) applied to seek approval to manage the existing electricity generating projects.
2017	<ul style="list-style-type: none"> • In January, Khun Arporn Seniprakornkrai resigned from the directorship position. • In March, the company invested in 1 geothermal electricity generating project in Beppu, Oita Province via SNS Power Co., Ltd. (SNS Power). • In February, invested in wind turbine electricity generating project at Aomori, Japan totaling 5 projects. • In March, invested in wind turbine electricity generating project at Aomori, Japan totaling 1 project.

Year	Important changes and development
	<ul style="list-style-type: none"> • In April, approved to issuance and offering of debenture within the limit of 2,000 million baht. • In April, the Board appointed Dr Pongrak Jindasombatcharoen and Police Lieutenant Colonel Thienrath vichiensan as directors. • In May, Dr. Denchai Akkradejdechachai resigned from his capacity as the Chairman of the Audit Committee but retain his executive director position and Police Lieutenant Colonel Thienrath Vichiensan replaces him as the Chairman of the Audit Committee. • In July, Khun Phatcharada Juthapratheep resigned from the position of Vice President - Accounting & Finance Division and was re-appointed as Vice President - Office of the Secretary to the Board of Director and the company appointed Khun Suwit Wannasirisook as her replacement. • In July, issue and sell debenture amounting 260.5 million baht. • In August, Khun Kittiphat Chollavudhi resigned from the position of Chief Executive Officer (CEO), a director, Managing Director and a director in all subsidiaries. The company then appointed General Chaowarit Prapajit as acting CEO and appointed Khun Suwit Wannasirisook to assume the position of company director, Managing Director and directors of subsidiaries in place of Khun Kittiphat Chollavudhi • In August, the company enter into share purchase agreement and control authority in Fino Binary Power Plant Limited Liability Company (FINO) (Japanese juristic entity) which operates 2 geothermal electricity generating plants. • In September 2017 the company enter into share purchase agreement and control authority in 4 companies as follow <ul style="list-style-type: none"> • Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company (BEPPU) (Japanese juristic entity) which operates 2 geothermal electricity generating plants. • NIS Binary Power Plant Limited Liability Company (NIS) (Japanese juristic entity) which operates 2 geothermal electricity generating plants. • Dual Energy Binary - Power Plant No. 1 Limited Liability Company (DUAL) (Japanese juristic entity) which operates 2 geothermal electricity generating plants. • Lena Power Station No. 1 Limited Liability Company (LENA) (Japanese juristic entity) which operates 2 geothermal electricity generating plants. • In September, General Chaowarit Prapajit resigned from his position as deputy Chair man of the Board but retained his directorship position. Also appointed DR. Pongrak Jindasombatcharoen to the deputy Chairman of the Board position and appointed General Chaowarit Prapajit as the company's CEO.

Year	Important changes and development
	<ul style="list-style-type: none"> • In October, invested in P Green Energy Co., Ltd. (a Japanese juristic entity established in Japan). • In November, repaid principal of a debenture totaling 500 million baht (not include interest) (please refer to the issuance and offering of debenture on 18 February 2016 of 500 million baht). • In December, approved to invest in 9 geothermal electricity generating projects at Beppu, Oita Province, Japan.

Business Structure





Nature of Business

Income Structure

Income	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million baht	%
Income from the sale of animal feed	1,674.60	98.35%	1,501.29	67.02%	1,790.73	95.51%
Income from the sale of frozen food	-	-	-	-	-	-
Income from farming	-	-	-	-	-	-
Income from electricity sale	-	-	10.00	0.45%	31.60	1.69%
Others	-	-	-	-	-	-
Total income from sales	1,674.60	98.35%	1,511.29	67.46%	1,822.33	97.20%
Received Interest income	12.55	0.74%	39.43	1.76%	26.20	1.40%
Gain on investment in securities	-	-	649.04	28.97%	4.82	0.26%
Gain on disposal of investment in subsidiaries	-	-	11.11	0.50%	-	-
Gain on disposal of investment in joint ventures	-	-	21.00	0.94%	-	-
Other income	15.46	0.91%	8.31	0.37%	21.52	1.15%
Total income	1,702.61	100.00%	2,240.18	100.00%	1,874.86	100.00%

Product Description or Service

Animal Feed Business (FOOD)

Animal feed business is divided into 2 main parts: production line of shrimp feed, production lines of fish feed and pet feed. Currently, the factory is located in Phetchaburi province. It is a fully integrated factory, starting from raw material procurement, manufacturing and distribution with a shrimp feed production capacity of 80,400 tons per year, with fish and pet feed production capacity of 61,000 tons per year. Each production line is composed of shrimp feed production, fish feed production and pet feed production. The Company classifies the production lines according to its own products, including the storage of raw materials separately. This is to maximize the efficiency in the production and storage of raw materials for each product. Other management functions are centralized in many areas such as sale and marketing, procurement, quality assurance departments, etc.

Animal feeds are produced in the granular form from the agricultural products such as fish meal, wheat flour and soybean meal, etc. and they are produced by controlling the recipes and the production in every step are performed by modern machinery to obtain the equal quality of animal feed within the specified standards.

The Company has a research and aquaculture development center at Samut Songkhram province to increase the capacity of research and development of aquaculture products and to response with the change in food technology all the time together with the development of food recipe for aquatic animals to allow a high growth rate per day (ADG) and low feed conversion ratio (FCR) (FCR is the efficient rate to feed in low quantity but obtaining the better weight of fish).

The Company has set up a new animal feed factory in Songkhla province and it has begun to produce and sell animal feed since the second quarter of the year 2015 with a shrimp feed production capacity of 60,000 tons per year and a fish feed production capacity of 72,000 tons per year, which begins the production of food to support the market expansion in the southern part and Malaysia.

Capacity Management

The Company has two production factories for animal feed at Phetchaburi province and Songkhla province. The production plan is to support the production order capacity and response the needs of market continuously to avoid the over-capacity or under-capacity and to manage the increase or decrease orders to be consistent and suitable with current production capacity.

Animal feed products are divided into

- 1) Shrimp feed products are 3 types :
 1. Black Tiger Shrimp under the brand name “Thai Luxe Gold Thai Luxe Lucky Speed”
 2. Vannamai White Shrimp under the brand name “ Vanana Thai Deluxe”
 3. Supplementary Shrimp Feed under the brand name “ Thai Luxe Pro Choice”
- 2) Fish feed products are available in six types and one type of frog feed which are:
 1. Catfish Feed under the brand name “Thai Luxe, Lucky Work Speed and Pro Choice”
 2. Tilapia Feed under the brand name ”Thai Speedway and Speedway”
 3. Herbivore Fish Feed under the brand name ”Thai lux and work”
 4. Sea Bass Feed under the brand name ”Thai Luxe”
 5. Trichogaster pectoralis Fish Feed under the brand name ”Thai Luxe”
 6. Frog Feed under the brand name ”Thai Luxe”
- 3) Pet Feed Products that are made by order such as dog feed, cat feed, beautiful fish feed and bird feed.

Aquaculture for Research and Product Development (FARM)

The concept of aquaculture is focused on research and development of good products by adopting various technologies and technologies to find out how to prevent plague in aquatic animals. This can be achieved by focusing on Biotechnology farming and avoiding the use of drugs and chemicals for sustainable aquaculture including the contamination protection system of various pathogens and the vectors that cause the contamination of pathogen and damage to the production of Bio-security. This will be a sample farm for interested farmers.

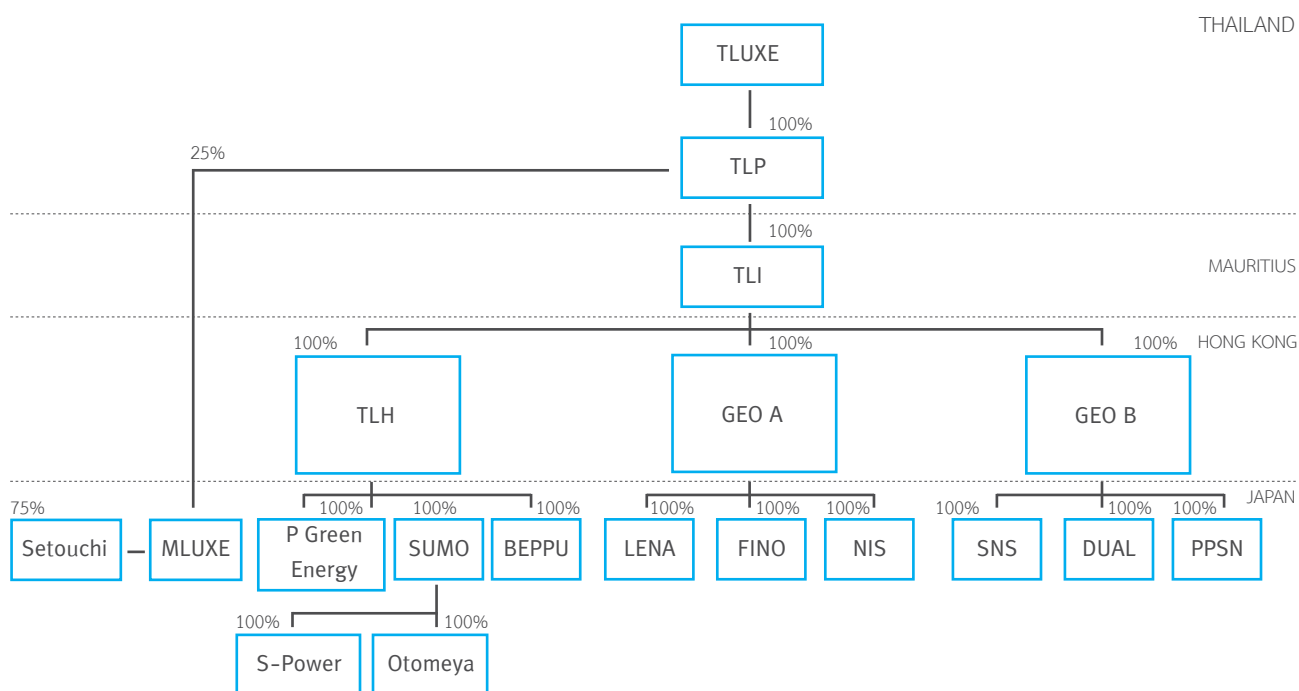
At present, there are areas for aquaculture. By improving of the Company's aquaculture farms at Tambon Khlong Khon, Samut Songkhram Province on the area more than 240 Rai, the area is used for aquaculture for research and development of the Company's total of about 72 acres to develop farming systems and international standards in order to meet the demand for fish consumption for health today under the good and effective farm management

Investment encouragement

Thai Luxe Enterprises Public Company Limited is granted by tax privileges under the Investment Promotion Act with the approval of the Board of Investment under the promotion certificate as follows:

Certificate No. 2091 (2) / 2011 on August 31, 2011 for the production and distribution of aquatic animal feed under some terms and conditions. The privileges include the exemption from personal income tax. The net profit from the promoted business for a period of 8 years started from the date of commencement of business operation (June 1, 2012). The excess value of personal income tax that is exempted shall not more than the value of investment excluding land property and working capital. The reduction of import duty for machines is approved by the board and the exemption of income tax for dividends paid to shareholders. This is paid from the profits of the promoted business throughout the period of exemption from corporate income tax.

In addition, the Company has received the promotional privileges from the Board of Investment No. 1856 (2) / 2013 on June 19, 2013 and the promotional certificates No. 1131 (2) / 2015 on February 4, 2015 for the production and distribution of aquatic animal feed under the specific terms and conditions including the exemption of corporate income tax for the net gain from promoted businesses for a period of 8 years starting from the date of commencement of the business (For Certificate No. 1856 (2) / 2013 No income and for Certificate No. 1131 (2) / 2015 will commence on April 30, 2015). The exempted corporate income tax amount shall not exceed the value of investment excluding land property and working capital. The reduction of import duty for machines is approved by the board and the exemption of income tax for dividends is paid to shareholders. This is paid from the profits of the promoted business during the period of exemption from corporate income tax and is allowed to be deducted by the investment in the installation or 25% of the investment, in addition to normal depreciation.



Geothermal Power Plant Business (FUTURE)

Due to foreign investment, the Company must consider the investment structure to be eligible for the tax treaty. The structure of the investment is as follows.

Remarks

TLUXE : Thai Luxe Enterprises Public Company Limited

TLP : Tluxe Power Co.,Ltd.

TLI : Tluxe Investments Limited

TLH : Tluxe Holdings Limited

GEO A : Geothermal Power A Co.,Ltd.

GEO B : Geothermal Power B Co.,Ltd.

PPSN : PPSN Co.,Ltd.

SUMO : SUMO POWER Co.,Ltd.

S-POWER : S-POWER Co.,Ltd.

Otomeya : Otomeya Co.,Ltd.

SNS : SNS POWER Co.,Ltd.

LENA : Lena Power Station No.1 Limited Liability Company

FINO : Fino Binary Power Plant Limited Liability Company
 NIS : NIS Binary Power Plant Limited Liability Company
 BEPPU : Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company
 DUAL : Dual Energy Binary - Power Plant No.1 Limited Liability Company
 Setouchi : Setouchi Natural Energy Co.,Ltd.
 MLUXE : M-LUXE Energy Co.,Ltd.
 P Green : P Green Energy Co.,Ltd.

From the structure diagram above, the Company holds the shares of TLUXE POWER to operate the geothermal power plant business. at Beppu city, Oita province, Japan by TLUXE INVESTMENTS who holds the shares in TLUXE INVESTMENTS and TLUXE INVESTMENTS holds the shares in three companies in Hong Kong as follows: TLUXE HOLDING, Geothermal Power A Company Limited (subsidiary) “GEO A” and Geothermal Power B Company Limited (subsidiary) “GEO B” (a Hong Kong incorporated company) to hold shares in geothermal power plants in Japan are :

1. PPSN Co., Ltd. (“Japanese Company”) has 3 units of geothermal power plant project (on 31 December 2017, 3 units have been operated)
2. Sumo Power Company Limited (“Japanese Company”) has 9 units of geothermal power plant project (on 31 December 2017, 1 unit has been operated)
3. SNS Power Company Limited “SNS” (“Japanese Company”) has 1 unit of geothermal power plant project (31 December 2017, 1 unit has been operated)
4. Fino Binary Power Plant Limited Liability Company “FINO” (“Japanese Company”) has 2 units of geothermal power plant (31 December 2017, 2 units have been operated)
5. NIS Binary Power Plant Limited Liability Company “NIS” (“Japanese Company”) has 2 units of geothermal power plant project (31 December 2017, 2 units can recognize income)
6. Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company “Beppu” (Japanese Company) has 2 units of geothermal power plant projects (on 31 December 2017, 2 units can recognize income)
7. Dual Energy Binary Power Plant No.1 Liability Company “Dual” (“Japanese Company”) has 2 units of geothermal power plant project (on 31 December 2017, 2 units can recognize income)
8. Lena Power Station No.1 Limited Liability Company “Lena” (“Japanese Company”) has 2 units of power plant project (on 31 December 2017, 2 units have been operated)
9. Otomeyama Energy Company Limited “Otomeya” was established to support future geothermal energy projects.
10. S-Power Company Limited “S-Power” was established to support future geothermal energy projects

After conducting geothermal power plants, the Company sees a business opportunity in jointed development of land in Beppu city, Oita province, Japan to sell to the people who are interested in Establishing a new geothermal power plant and therefore, the Company cooperates with a joint venture Setouchi Natural Energy Company Limited with the new corporate called M-LUXE ENERGY Co, Ltd. PPSN holds 25% and Setouchi holds 75% of registered capital of 10 million yen. The Company pays an investment in term of loan in the amount of 200 million yen for

8 land plots in the form of interest rate 3 % per Year, which is determined by the cost of the Company's investment and compared with the interest rate of the financial institution in Japan. At present, Tluxe Power Company Limited ("TLP") holds shares in place of PPSN with the same ratio.

2.2 Marketing and Competition

The characteristics of company's customers and distribution channels can be classified into the following categories: Aquaculture and geothermal energy business. The details are as follows.

Aquatic Feed Business

1) Customer characteristics

Currently, the group of customers is domestic, focusing on aquaculture farmers and distributors of the Company in each province. The proportion is as follows.

The Company's main target customers are composed of 2 groups :

1. 70% of sales agents in each province
2. 30% of aquaculture farmers

2) Distribution channels

The Company sells products through distributors and other animal feed companies which are distributed all over the country (dealers) and sold directly to farmers who own the farms or farmers who group as clubs or co-operatives. However, all distribution will be made through the following offices and distribution agents of the Company.

The Company has 4 offices and 2 distribution channels of aquaculture animals as follows:

1. Head Office
69/5 Moo 5, Rama 2 Road (Km 71), Tambon Bang Khanan, Amphoe Mueang, SamutSongkhram Province 75000
2. Bangkok office
No. 1768 Thai Summit Building, 24th Floor, New Petchburi Road, Bangkapi, Huaykwang, Bangkok 10310
3. Petchaburi Office and production factory
62 Moo 2, U-Tapao Road, Nong Chumphon, Khao Yoi, Phetchaburi 76140
4. Songkhla Office and production factory
98 Moo 13, Petchkasem Rd., Km 1232, Bang Rieng, Khuan Niang, Songkhla 90220
5. Distribution center for 1 unit and distribution centers 2 units

East
Southern Gulf of Thailand
Southern Andaman Coast

1. Distribution Center Chantaburi province
2. Distributor Surat Thani province
3. Distribution Dealer in Takua Pa (Phang Nga)

3) Marketing Strategy of aquaculture products

Marketing Strategy of shrimp feed products.

Market leaders of shrimp feed products are about 2-3 companies with a market share of 35-40% (based on MD and FMD data, Department of Fisheries, 2017), followed by medium-sized companies with 5-6 companies. Market share is between 4-8% with a combined share of approximately 30% -35% of total shrimp feed sales.

The Company is medium-sized. In addition, there are small companies since the market leader monopolizes the market by adopting a quality breed strategy followed by the use of monopoly company feed. Farmers have no choice because they want their breeds to grow fast. This is very much accepted by the farmers. As a result, the market for this type of business is highly competitive. Therefore, the shrimp sales department has set up a comprehensive marketing strategy, allowing the customers are partners with the Company such as white shrimp and black tiger shrimp, quality of food, quality and export markets.

Marketing strategy for fish feed products

The market leaders of fish feed products are 4 companies with a combined market share of 45-50% of total fish feed sales. Secondly, medium-sized companies are between 6 and 7 percent of the total market share, accounting for 25-30 percent of total fish feed sales. Small companies or OEMs have a combined market share of around 25-30% of total fish feed sales. Information from the Agricultural Information Development Board (in September, 2017).

The Company is located in a medium-sized company since the market leader has a strategy by offering price insurance to insure fish prices at the farms for farmers. It is popular with farmers because they reduce their risks of fish price reduction. Therefore, the fish sales department has set up a comprehensive marketing strategy, allowing the customers are partners with the Company such as quality fish breed, quality feed and markets definitely buy the products.

The Company mainly focuses on the quality of its products and services. Customers can be assured that the Company's products contain ingredients, property, and nutrition according to the product label. Although occasionally the raw material price is increased, the Company still focuses on producing products to provide farmers with quality products suitable for aquaculture. Although, the price of feed cannot be adjusted and animal feed is a commodity that the price must be controlled by the Department of Internal Trade. As for the delivery service to customers, the Company focuses on the freshness and the new products by increasing the direct delivery from the factory to the customer and also having agents/ distribution centers to support the customers for three locations throughout the country to handle the customers more thoroughly and more convenient.

It also focuses on the production of quality products and standards according to the Company policy, manufactured by efficient machines and advanced production technology as well as the product inspection in every step. This allows the Company's products to be certified for world-class quality

Geothermal power plant business

The geothermal power plant business that the Company invests is the energy business, which is the basis of today's world. When performing according to the legal process, the Company will receive an electricity sale

contract with a large-scale private electricity buyer in Japan with a price of 40 yen per kilowatt (The price is not included for Tax) for 15 years (starting from the date distributing to the COD). After expiry date, the price will be reduced by the notification of Ministry of Economy, Trade and Industry (METI) at that time. Therefore, the Company does not need to perform any marketing strategy or competition because it is a monopoly power contract under METI's policy.

The Company has seen an opportunity to generate revenue and diversify the risk of business. The Company has invested in such renewable energy plants.

As for the development of land with facility to be ready to sell to the interested investors of geothermal power plant business of the M-LUXE project, It is a joint venture with Setouchi Natural Energy Company Limited (Setouchi) specialized in this business and they sets up an corporate called M-Luxe Company Limited ("Japanese Company"), where PPSN company limited holds 25% and Yi Co., Ltd. holds 75% of the registered capital of 10 million yen. The M-Luxe Energy Company Limited is an associate of the Company. The project has specific customers who are interested in the geothermal power plant business

Trend and Industrial condition

Aquatic Feed Business

Shrimp feed market and shrimp industry trend

Thailand's shrimp situation in the year 2017 showed that shrimp production in the year 2017 was close to that of last year. This is due to weather conditions, rains, and floods in many areas. However, the solution to the problem of emergency death (EMS) by improving farms and effective management of farming can reduce the damage from the epidemic. The overall yield per rai is increased. As for shrimp production in the year 2017, 30% is from the below southern region, 29% from the eastern region, 26% from the above southern region, and 15% from the central region respectively (data from the Department of Fisheries, 2017). The development of farming to reduce the EMS epidemic and the shrimp production is expected to be around 2.76 million tons, increased by 5%.

Thailand shrimp industry in the year 2018 is expected to increase by 10% from last year and the export value will increase by 10%. Since Thai shrimp production in the year 2017 has the volume of output in MD (Movement Document refers to the book attached with Aquatic sales) and out of MD are 303,000 - 305,000 tons, up 5% compared with the year 2015 (data from Department of Fisheries 2017).

In the year 2015, it is expected that the export value will be over 60 billion baht, while the price of shrimp sold by the farmers in the year 2017 is averaged equal to the year 2016, and the price in the year 2018 is expected to remain stable. Thai shrimp production did not increase significantly and the amount of shrimp in the world has not increased significantly (Data from the Thai shrimp association 2017).

In the year 2018, the shrimp sales department increases new market shares to focus on shrimp farming for export. As the consumers in this group requires premium products, high price and high quality. The consumers in this group require the food quantity about 800 - 1,000 tons / month, which is the target for sales in the year 2018. With the situation above, the Company has set the policy by focusing on the quality of products and the service of analyzing water quality and health of shrimp to provide farmers with good quality products and excellent services to increase the farmers' choices to be successful.

Fish feed market and fish feed industry trend

The production of tilapia in the year 2017 is increased due to the hatchery and nursery, by nursing the larvae until it is big in size before released into the pond or cage to increase the survival rate. Although in the beginning of the year and the end of the year, the floods damaged fish in the south. The fish meat over markets in 2-3 quarters in every regions of the country including the impact of the Act on Navigation in Thai Waters of Marine department to force to register the fish cage. As a result, fish farming is decelerated and in July - August 2017, the northeastern region suffered from flooding: Slightly impacting on tilapia in cages. However, there were effects on tilapia fed in feeding soil ponds and it was mixed with other fish. The tilapia quantity is alternatively over marketing for a short and a long period of year Therefore, there is a control of fish released to be suitable with the fish demand. Also due to the result of the recession, purchasing power is slowing throughout the year. For Sakon Nakhon and Udon Thani provinces, the results of the flood led the farming areas reduced which is the farming in the soil pond. It results in a slight increase in tilapia production in the year 2560 compared to the year 2016.

Tilapia output	Farming Area (Rai)	Output (Ton)	Output per Rai (Kilogram)
2016	414,474	178,265	430
2017	424,696	187,967	443
Difference	10,222	9,702	13
% change	2.47	5.44	3.02

Information from the Agricultural Information Development Board (in September 2017))

The production of catfish in the year 2017 was increased due to the volumes of water in the reservoirs, canals and rivers higher than the last year. This is to make sure the water quantity is sufficient for the whole year. Farmers can expand the farming areas and increase the breeding rate including the number of catfish farming. In addition, Department of Fisheries has promoted the catfish farming in many areas to increase incomes for farmers and to increase the demand of consumption in the provinces such as Nakhon Ratchasima and Mahasarakham provinces because the catfish can be raised in small amount of water. This can convince the farmers to grow them more. Although during July-August 2017, the northeastern region had experienced flooding. As a result, farmers in Sakon Nakhon, Udon Thani, Ubon Ratchathani and Kalasin provinces have to reduce the farming areas and also there are shortages of capital and fish species to release. The total output per rai and the total production in the year 2017 are still increasing compared to the year 2016. By increasing the breeding cycle and the rate of fish species release, catfish farming has also been affected by overfishing in the markets. The fish price fluctuates throughout the year. Most importantly, there is a big change of fish price by the large-scale producers. Farming in some areas has been slow down with the use of food alternatives that are cheaper than the ready meals. Fish meats are over marketing at some time and in short supply at some period of the year. The amount of fish sold in the market is decreased due to the decrease in purchasing demand. The above factors determine the farmers' farming in the year 2017.

Catfish Output	Farming Area (Rai)	Output (Ton)	Output per Rai (Kilogram)
2016	95,459	106,860	1,119
2017	97,002	111,388	1,148
Difference	1,543	4,528	29
% change	1.62	4.24	2.59

Information from the Agricultural Information Development Board (in September 2017)

The trend of fishery industry in the year 2017 can predict that the situation of fish farming is facing the problem of over marketing in some areas and fish are in short supply for some customers. All fish prices will be the main factors which can direct the fish farming in the year 2018. In addition, the competitive situation still exists. The situation of selling fish feed is expected to be able to continue in the market under highly competitive conditions. The original customers who order fish feed increased. The market scale is increasing in the new target customers including the market of fish meat. This will be able to continuously generate sales throughout the year.

Pet feed market

Due to the overview of pet feed Industry, the Company continues to receive production orders in form of making by order (OEM). It can support the production volume in both factories in Phetchaburi and Songkhla province. The trend of pet business continues to grow according to the behavior of people in society that more likely to take care of pets.

Geothermal power plant business

In year 2011, there are earthquake and tsunami in Japan. As a result, the nuclear power plant explodes and there is a leakage of over-regulated radiation. The Japanese government must evacuate all citizens from the surrounding areas of the power plant. The Government of Japan has a policy to support the use of renewable energy as a clean energy more. In year 2012, the Japanese parliament passed a law on special measures for the procurement of electricity from renewable sources by electricity producers (Act on Special Measures Concerning Procurement of Electricity from Renewable Energy by Electricity Utilities). The purpose is to promote the use of renewable energy sources. This is an important factor in producing stable and appropriate energy for the economy and social environment in Japan and in the world. It also reduces the environmental costs that are rising from the production of energy. Here, renewable energy sources under this law cover the solar, wind, hydropower, geothermal and biomass energies. By this law, once electricity is produced from renewable energy sources by power generation equipment and production methods approved by Ministry of Economy, Trade and Industry (METI) as specified suppliers. These power producers can make a contract for Power Purchase Agreement (PPA) and request a connection to the electrical distribution system of the manufacturer using the PPA of METI called "Feed-In Tariff". The power producer is obliged to enter into a contract with the specific power producers based on a fixed electricity tariff and it is a long-term contract with the government as a guarantor. From July 2012 onwards, many domestic and foreign renewable energy producers have entered into the market of electricity from renewable sources since the Japanese government has set a relatively high electricity purchase rate, such as the purchase price of electricity at 40 yen

per kilowatt-hour (Excluding VAT) for geothermal power producers that are smaller than 15 megawatts.

In year 2012, METI stated in the document “Feed-In Tariff Scheme in Japan” that Japan has the world’s third largest of geothermal energy resource for 20,540 MW which is less than Indonesia at 27,791 MW and USA at 23,000 MW. However, Japan uses only 10% of its energy resources because it has installed geothermal power only 0.54 million kilowatts. Japan has much more potential to generate electricity from geothermal energy.

From the website of Asia Biomass Office of New Energy Foundation of Japan, geothermal power generation from hot springs requires knowledge of local geological conditions. It takes at least 10 years to explore the right resources, Environmental Impact Assessment and the construction of the power plant. Therefore, the electricity from the hot springs which is already used can save the budget and it can be started in a much shorter time.

Because the temperature of the hot springs is below 100 degrees Celsius, the steam cannot be used directly for turbine rotation compared to geothermal power plants with higher temperatures. Hot spring power plants require a two-cycle generator or “Binary Power Generation” by passing hot water into a heat exchanger to heat the second liquid with a low boiling point such as ammonia, freon, isobutaneisopentane, etc., which then becomes vapor and then enters the turbine and returns to the new heat exchanger. As for the hot water, after transferring heat to the second liquid, it will condense and be injected back into the energy source”

Asia Biomass Office also compares electricity production from solar power that the construction is widespread in Japan with the electricity from the hot springs. It is found that the use of solar energy is at a rate of 12%, while the use of heat from the hot spring is about 70%, so it is the more stable electricity generator.

The Company will receive a power purchase agreement with a major private power producer in Japan for 40 yen per kilowatt (Excluding VAT) for 15 years. After the expiry date of contract, the price will be reduced by the Ministry of Economy, Trade and industry, or the Ministry of Economy, Trade and Industry (METI) at that time.

2.3 Procurement of Products or Services

The Company has two manufacturing factories located at

- The Petchaburi factory No. 62 Moo 2, U-Tapao Road, Nong Chumphon Sub-district, Khao Yoi District, Phetchaburi 76140 Tel. 0-3289-9881-4 Fax. 0-3289-9985 is a shrimp feed factory with a capacity of 80,400 tons per year and the fish and pet feed factory with a capacity of 61,000 tons per year.
- The Songkhla factory No. 98 Moo 13, Petchakasem Road, Km 1232, Bang Rieng, Khuan Niang, Songkhla 90220 Tel: 074-890-765-7 Fax: 074-890-769 has a capacity of fish and livestock feed at 72,000 tons per year and shrimp feed at 60,000 tons per year (shrimp feed will be commenced in year 2017).

The Company has set the production policy for the factories as follows :

1. Produce quality products and meet the needs of customers.
2. Maintain production standards and quality in accordance with the quality policy of the Company.
3. Selection of new and good quality raw materials to produce fresh products.
4. Use advanced technology to develop production systems.
5. Reduce the amount of loss in the production process to the minimum.
6. Use the full capacity of machine.
7. Compliance with ISO 9001: 2008, ISO 14001: 2004, HACCP, GMP and ISO / IEC 17025: 2005 and BAP.

Summary table of production capacity and quantity of aquatic animal feed production from years 2015 to 2017

- Phetchaburi Factory

Shrimp feed

	2015	2016	2017
Shrimp feed production capacity (Ton)	80,400	80,400	80,400
Actual Production (Ton)	11,386	11,073	18,751
Production capacity use (%)	14.16	13.77	23.32
Production capacity increase rate (%)	-29.50	-2.66	69.34

Fish and Pet feeds

	2015	2016	2017
Fish and Pet feed production capacity (Ton)	61,000	61,000	61,000
Actual Production (Ton)	48,968	40,518	38,372
Production capacity use (%)	80.28	66.42	62.91
Production capacity increase rate (%)	-14.99	-17.26	-5.30

Total Capacity Output of Phetchaburi Factory

	2015	2016	2017
Feed production capacity (Ton)	141,400	141,400	141,400
Actual Production (Ton)	60,354	51,591	57,123
Production capacity use (%)	42.50	36.49	40.40
Production capacity increase rate (%)	-17.41	-14.52	-10.72

- Songkhla Factory

Shrimp feed

	2015	2016	2017
Shrimp feed production capacity (Ton)	60,000	60,000	60,000
Actual Production (Ton)	-	56	-
Production capacity use (%)	-	0.09	-
Production capacity increase rate (%)	-	0.09	-100.00

Fish and Pet feeds

	2015	2016	2017
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Fish feed production capacity (Ton)	72,000	72,000	72,000
Actual Production (Ton)	6,793	13,097	15,431
Production capacity use (%)	9.43	18.19	21.43
Production capacity increase rate (%)	-	92.80	17.82

Total Capacity Output of Songkhla Factory

	2015	2016	2017
Feed production capacity (Ton)	132,000	132,000	132,000
Actual Production (Ton)	6,793	13,153	15,431
Production capacity use (%)	5.15	9.96	11.69
Production capacity increase rate (%)	-	93.63	17.32

* Commenced in year 2015

As for capacity management, the Company has two feed factories in Phetchaburi and Songkhla provinces. The production plan is to support the production and meet the needs of the market continuously to avoid over-capacity or lower-capacity and manage to receive more or less orders consistent and suitable with current production capacity.

Reduction of the impact of production processes that may affect environment

In addition to emphasis on quality and manufacturing standards, the Company also pays attention to environmental maintenance very well. The factory of company complies with the requirements of factory inspection division and environment department, Ministry of industry all the time and strictly in the field of industrial waste treatment and natural wastewater treatment including other operations as follows :

1. Modify the operation such as opening raw material bags. Originally, the bags are cut in which they will become garbage. Now the bags are opened so that they can be reused.
2. Waste separation from the production process of hazardous waste (chemicals) to be disposed according to the standards of Department of Industrial Works to reduce environmental pollution.
3. The installation of Jet filters in the production process to prevent dust spread in the production process affecting the neighboring communities.
4. Installing the odor removal system by spraying water to absorb odors and pass it through the cooling system before release to outside.
5. Continuous process improvement to reduce the amount of energy used to warm the machines.
6. Installation of wind turbines in front of the Company to bring the wind energy replacing electricity consumption.

7. Installation of solar cells in wastewater treatment tank to produce electricity for aerator for wastewater treatment.
8. Installing the RO system to produce water for boiler use to reduce energy consumption and waste water drained out of boiler.
9. Aerated Lagoon wastewater treatment system for wastewater treatment from factory activities using water in sufficiency economy Park inside the factory and it will not leave to the communities.

In the past three years, the Company has complied with the factory inspection division and environment department, Ministry of industry according to the law. The Company does not receive any disputes or lawsuits in any matters about environment.

Raw material procurement

The main raw materials in aquatic animal production are fish meal which is an important source of protein in animal feed production. The ingredients are derived from trash fish, small fish or fish heads from the sea and the remains of a canned fish factory. The raw materials can be found in the country. Fish meal production is diverse in quality. Therefore, in fish meal trading, it is divided according to protein percentage in fish meal.

Wheat flour is produced from wheat pellets and processed to obtain wheat flour that meets the requirements of the user. Some imported from Turkey which is a major wheat producer of the world market.

For soybean meal, due to the inadequate productivity of domestic demand, raw materials must be imported from other countries such as Brazil, Argentina and USA.

Corn is an important crop for the livestock industry because of its high energy. The production volume of corn depends on season/harvest Raw materials can be found in the country.

Cassava in forms of chips and pellets where raw materials can be found in the country is a high carbohydrate plant and high-energy.

The raw materials for the production of the Company's products will come from both domestic and foreign. In the procurement of raw materials, the Company has a policy to buy sufficiently to meet the needs to keep the production continuously and gain the fresh raw materials including purchasing to meet the characteristics specified by the food regulator. The Company purchases both directly from the manufacturer and through a brokerage company to obtain a reasonable price compared to the overall market.

For the relationship with suppliers of raw materials, the Company will contact the supplier listed on the Company's lists approved that raw materials are acceptable in quality and standards. The Company will purchase with a company that offers the right price compared to the market price. For raw materials from overseas, the Company will make contracts with manufacturers or distributors to set prices in advance for 3-6 months. This may be affected If the order is in the monsoon period. The goods will arrive late. The Company has prevented by storing the raw materials in the warehouse more than the normal consumption of about 25%

Geothermal power plant business

For geothermal power plant business, the excessive consumption of fossil fuels causes global warming and environmental pollution. People are turning their attention to renewable energy. This binary power system will use the heat that was left unused and utilize in efficient and cost-effective power generation.

The Company has geothermal power plant projects using binary power generation technology, for example, passing the heat from hot water or steam through heat exchanger and transferring the heat to coolant with low boiling point to become gas and turning the turbine into electricity. Coolant is used as a substance that is not toxic to the body even inhaled into the body. It is Inert gas not flammable and no adverse effects on the ozone layer. It has a boiling point of 15 °C at 1 atmospheric pressure. When heated at 100 degrees Celsius, it becomes gas and it is used to spin the turbine for electricity generation. Therefore, the use of heat from geothermal power in the form of steam or hot water passing through the heat exchanger to heat the hot water in the system and heat the coolant to become a gas to turn the turbine of a binary power generator module. The obtained 125 kW electric power is applied to a 19 kW power plant and delivered 106 kW of power to the transmission line, with a cooling system of 240 tons / hr of cooling water, which allows the coolant to change in the liquid state and it can be reused in the system.

Advantaged of the binary power system are :

- It has more than 150 machines submitted worldwide.
- Use low friction magnetic bearings in the turbine generator. No need to maintain or add lubricant.
- Compact design and high speed rotation.
- High energy saving with high PE coefficient, low loss
- Designed to fit the customer's power plant according to customer requirements.
- Systematic production / distribution / after-sales service since there is a production base in Japan.

However, the Company has insured all-risk property protection projects. Currently, the Company the company has 23 geothermal electricity generating units and revenue recognition 15 units.

For geothermal heat from hot springs (onsen) which is estimated to be about 100 years old, it is sufficient for electricity generation during the 15-year contract period.



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 electricity generating 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 2015, 2016 and 2017, the Company has purchased raw materials in foreign currencies, totally 450.03 million Baht, 135.16 million Baht and 252.67 million Baht, respectively, equal to 31.39%, 14.33% and 19.90% respectively of its total quantity of purchase of raw materials.

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 energy business to reduce the risk associated with selling aquatic animal feed business.

Risk of being affected by the operations and financial position of the subsidiaries

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

At the present time, the Chindasombutcharoen family, the major shareholder in the Company, accounts for the shareholding proportion computed to be at the ratio of 16.41%, having Mr. Pongruk Chindasombutcharoen holding the position of the Company Director and Executive Board of Directors Chairman. When comparing to the number of 10 Directors in total which consists of 3 Independent Directors, it has already constituted a fair power of checks and balances. However, roles and duties of Directors, Executive Board of Directors, Chief Executive Officer

(CEO) and Department Directors have clearly been divided into 5 factions. Apart from these, the decision making and inter-transactions which are not related to the ordinary course of the Company's business operations are subject to go through the considerations of the Company Board of Directors in which there are 3 Audit committee being the Independent Directors to take part in the considerations on the risk, as well. The Inter-transaction Report shall be prepared by taking into considerations on the Company's benefits as the significant matter.

While the Seneeprakornkrai family, the existing shareholder has still possessed the shares at the ratio of 3.53% and has not at all nominated any representatives to hold the position of the Company's Director and Executive.

Risk from new business operation

After we had foreseen the opportunity in creating the revenues for and distributions of risk from our main business, investment was therefore put into the industries differing from our existing ones. From the end of December, 2015 to the current 2017, the Company Board of Directors rendered a resolution approving the investment in Geothermal Energy Power Plants in Japan in total number of 32 Units in which we have currently invested in 23 geothermal electricity generating units and revenue recognition 15 units. which the Company Board of Directors already rendered the approval, we are waiting for a negotiation on the request for credit with a financial institution. If the request for the credit from such financial institution should be granted, we would then proceed with the investment in order to prevent a risk from occurring to our Company's liquidity. In this connection, we have established a joint-venture company with Setouchi Natural Energy Co., Ltd., for the developments of lands for selling onto investors interested in the investments in the Geothermal Energy Power Plant, as well.

Risk factors on the investments in foreign country are as follows: Business culture in Japan may be different from Thailand whether on the aspects of personnel, language, law and Regulations which may affect the efficiency on the risk operational controls on the aspects of monetary value, risk relating to disaster including the risk relating to the manufacturing process, machine maintenances which the Company can prevent them from occurring by recruiting knowledgeable and competent personnel to be responsible for the project and entering into disaster insurance contract, including rate of exchange risk insurance from the project operation, entering into various contracts/agreements, land development operations as well as land transfer registration in delay behind the prescribed schedule will affect the revenue recognition from the sales of lands not to be in accordance with the mapped out plan

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

Company Name	:	Thai Luxe Enterprises Public Company Limited (TLUXE)
Type of Business	:	Manufacturing and Distribution of feeds for aquatic animal and pets
Head Office	:	69/5 Moo 5 Rama II Road, Muang District, Samutsongkram 75000 Tel : (66) 3477-1444 Fax : (66) 3477-1025
Petchburi Factory	:	62 Moo 2 Utapao Road, Kaoyoi District, Petchburi 76140 Tel: (66) 3289-9881-4 Fax: (66) 3289-9885
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 24TH 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	:	www.thailuxe.com
Registered Capital	:	568,451,520 Baht (As of 31 December 2017)
Paid Up Capital	:	563,050,687 Baht (As of 31 December 2017)

The Subsidiary

Company Name	: Tluxe global business Company Limited (Formerly known as Thai Demeter Company Limited)
Type of Business	: Distributing of aquafeed raw materials
Head Office	: 1768 Thai Summit Tower 24TH 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	: 0105552125648
Registered Capital	: 3,000,000 baht
Paid Up Capital	: 3,000,000 baht
% of Shareholder	: 100 %
Type of Shares	: Common Shares

Company Name	: Tluxe Power Company Limited
Type of Business	: Investment of energy business
Head Office	: 1768 Thai Summit Tower 24TH 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	: 0105559029563
Registered Capital	: 100,000,000 baht
Paid Up Capital	: 100,000,000 baht
% of Shareholder	: 100 %
Type of Shares	: Common Shares

Company Name	: Tluxe Investments Limited
Type of Business	: Investment of energy business
Head Office	: 10th 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	: By Tluxe Power Company Limited 100 %
Type of Shares	: Common Shares

Company Name : **TLuxe Holdings Limited**
 Type of Business : Holding company for invest in energy business
 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 : By TLuxe Investments 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 : By Geothermal Power B Company 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 : 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 : By SUMO POWER 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 : 5000,000 JPY
 % of Shareholder : 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 : 5000,000 JPY
 % of Shareholder : By Geothermal Power B Company Limited 100 %
 Type of Shares : Common Shares

Company Name : **Geothermal Power A Company Limited**
 Type of Business : Holding company for invest in energy business
 Head Office : 1901, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
 Registration Number : 2564432
 Registered Capital : 10,000 USD
 Paid Up Capital : 10,000 USD
 % of Shareholder : By Tluxe Investments Limited. 100 %
 Type of Shares : Common Shares

Company Name : **Geothermal Power B Company Limited**
 Type of Business : Holding company for invest in energy business
 Head Office : 1901, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
 Registration Number : 2564434
 Registered Capital : 10,000 USD
 Paid Up Capital : 10,000 USD
 % of Shareholder : By Tluxe Investments Limited. 100 %
 Type of Shares : Common Shares

Company Name : **Fino Binary Power Plant Limited Liability Company**
 Type of Business : Geothermal power plant
 Head Office : 2-2-21, Nihonbashi 2-Chome Building 4TH Floor, Chou-Ku, Tokyo
 Registration Number : 0104-03-012885
 Registered Capital : 10,000 JPY
 Paid Up Capital : 10,000 JPY
 % of Shareholder : By Geothermal Power A Company Limited 100 %
 Type of Shares : Common Shares

Company Name : **NIS Binary Power Plant Limited Liability Company**
 Type of Business : Geothermal power plant
 Head Office : 2-2-21, Nihonbashi 2-Chome Building 4TH Floor, Chou-Ku, Tokyo
 Registration Number : 0200-03-009706
 Registered Capital : 10,000 JPY
 Paid Up Capital : 10,000 JPY
 % of Shareholder : By Geothermal Power A Company Limited. 100 %
 Type of Shares : Common Shares

Company Name : **Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company**
 Type of Business : Geothermal power plant
 Head Office : 2-2-21, Nihonbashi 2-Chome Building 4TH Floor, Chou-Ku, Tokyo
 Registration Number : 0111-03-005513
 Registered Capital : 10,000 JPY
 Paid Up Capital : 10,000 JPY
 % of Shareholder : By TLuxe Holdings Limited. 100 %
 Type of Shares : Common Shares

Company Name : **Dual Energy Binary -Power Plant No.1 Limited Liability Company**
 Type of Business : Geothermal power plant
 Head Office : 2-2-21, Nihonbashi 2-Chome Building 4TH Floor, Chou-Ku, Tokyo
 Registration Number : 0104-03-013155
 Registered Capital : 100,000 JPY
 Paid Up Capital : 100,000 JPY
 % of Shareholder : By Geothermal Power B Company Limited. 100 %
 Type of Shares : Common Shares

Company Name : **Lena Power Station No.1 Limited Liability Company**
 Type of Business : Geothermal power plant
 Head Office : 2-16-4 Dokengzaka Shibuya Tokyo
 Registration Number : 0110-03-005646
 Registered Capital : 5,000,000 JPY
 Paid Up Capital : 5,000,000 JPY
 % of Shareholder : By Geothermal Power A Company Limited. 100 %
 Type of Shares : Common Shares

Company Name : **P Green Energy Co., Ltd**
 Type of Business : Consultant and manage business
 Head Office : 24-6, Nishi Shinbashi 3-Chome, Minato-ku, Tokyo
 Registration Number : 0104-01-129488
 Registered Capital : 1,000,000 JPY
 Paid Up Capital : 1,000,000 JPY
 % of Shareholder : By Tluxe Holdings Limited 100 %
 Type of Shares : Common Shares

The Associate

Company Name : **M - Luxe Energy Co., Ltd**
 Type of Business : Development real asset to Geothermal power plant
 Head Office : 1st 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 : By Tluxe Power Company Limited. 25%
 Type of Shares : Common Shares

Other Reference Person

1. Registor

Thailand Securities Depository Company Limited

4th, 6-7th Floor, The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110

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

2. Auditor

EY Office Limited

33rd Floor, Lake Rachada Office Complex, 193/136-137 Rachadapisek Road, Klongtoey, Bangkok 10110

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

- | | |
|-------------------------------|-----------------------|
| 1. Miss Waraporn Prapasirikul | Audit License No.4579 |
| 2. Miss Sirirat Sricharoensup | Audit License No.5419 |
| 3. Mr. Preecha Arunnara | Audit License No.5800 |

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
- **Export-Import Bank of Thailand (EXIM Thailand)**
Head Office, EXIM Building, 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Tel 0 2271 3700, 0 2278 0047, 0 2617 2111

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 31 December 2017, 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.	Jindasombatcharoen family		
	1.1 Mr.Pongrak Jindasombatcharoen	76,130,604	13.52
	1.2 Mr.PongsapakJindasombatcharoen1	8,302,140	1.47
	1.3 Mr.Nopruj Jindasombatcharoen2	7,936,070	1.41
	Total Jindasombatcharoen family	92,368,814	16.41
2.	Thai NVDR Co., Ltd.	43,101,650	7.66
3.	Ms. Pawichaya Kanrangsi	33,638,765	5.97
4.	Ms. Yuvadee Vachiraprapa	25,214,400	4.48
5.	Seniprakornkrai family		
	5.1 Thai Assay Holding Co., Ltd ³	8,000,063	1.42
	5.2 Ms. Arporn Seniprakornkrai ⁴	5,700,090	1.01
	5.3 Mr. Anuroj Seniprakornkrai ⁵	3,125,053	0.56
	5.4 Mr. Rojsakdi Seniprakornkrai ⁶	3,000,230	0.53
	5.5 Mrs. Orawan Seniprakornkrai ⁷	50,600	0.009
	5.6 Mr. Anusorn Seniprakornkrai ⁸	4,000	0.001
	Total Seniprakornkrai family	19,880,036	3.53
6.	Mr. Prin Chanantaranont	19,834,584	3.52
7.	Mr. Tanin Sajjabariboon	17,244,600	3.06
8.	Mr. Teera Kitticharurat	14,360,035	2.55
9.	Mrs. Leena Wanawit	14,351,700	2.55
10.	Mrs. Korkaew Dhammamongkol	12,660,000	2.25
	Total	292,654,584	51.98

Source : Shareholder registration book closing (XO) as of 31 December 2017

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

Remark : 1) Mr. Pongrak Jindasombatcharoen's son who has already reached legal age

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

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

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

5) Ms. Arporn Seniprakornkrai's father

6) Ms. Arporn Seniprakornkrai's brother

7) Ms. Arporn Seniprakornkrai's aunt

8) Ms. Arporn Seniprakornkrai's uncle

The list of the first 8 major shareholders of Thai Assay Trading Co., Ltd as of 31 December 2017

	List of Shareholders	Number of Share	Proportion (Percent)
1	Mrs. Pornvipa Seneepakonkai ¹	12,000	24.00
2	Miss. Arpha Seneepakonkai ²	9,170	18.34
3	Miss. Arporn Seneepakonkai ³	9,170	18.34
4	Mr. Rojphan Seneepakonkai ⁴	9,170	18.34
5	Mr. Rojsak Seneepakonkai ⁵	9,170	18.34
6	Mr. Anusorn Seneepakonkai ⁶	820	1.64
7	Mr. Anuroj Seniprakornkrai ⁷	250	0.50
8	Mrs. Orawan Seneepakonkai ⁸	250	0.50
	Total	50,000	100.00

Remark :

- 1) Ms. Arporn Seniprakornkrai's mother
- 2) Ms. Arporn Seniprakornkrai's sister
- 3) Ms. Arporn Seniprakornkrai remains as a director until 3 January
- 4) Ms. Arporn Seniprakornkrai's brother
- 5) Ms. Arporn Seniprakornkrai's brother
- 6) Ms. Arporn Seniprakornkrai's uncle
- 7) Ms. Arporn Seniprakornkrai's father
- 8) Ms. Arporn Seniprakornkrai's aunt

Total debt from issuance of debenture/Bill of Exchange

As of 31 December 2017, the company had outstanding debts from issuance of debenture of 1,246.70 million baht and deferred arrangement fee for debentures of 3.89 million baht.

Total net debt outstanding from issuance of debenture totaled 1,242.81 million baht.

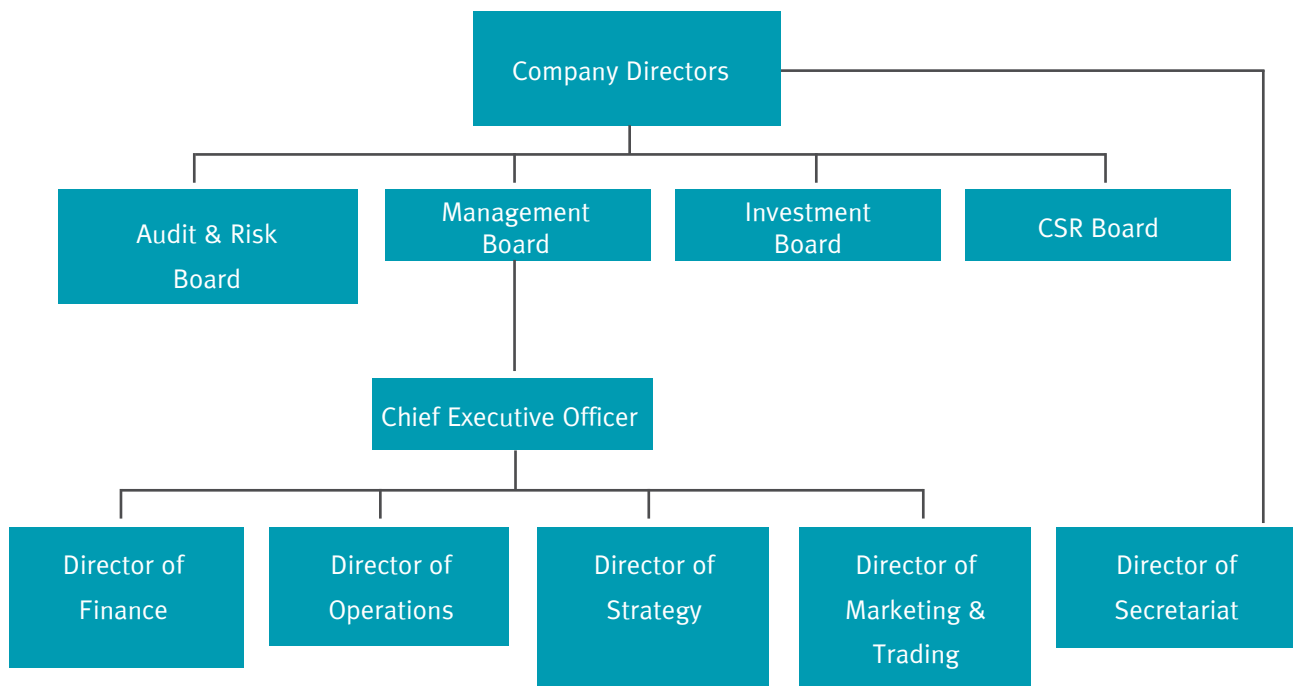
Dividend Policy

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.

	2013	2014	2015	2016	2017
Net Profit Ratio Per Share (Baht)	0.10	(0.02)	(0.08)	0.42	(0.44)
Dividend Ratio Per Share(Baht)	0.09	0.00	0.00	0.00	0.00
Dividend Payout Ratio Per Net Profit (%)	89.89	0.00	0.00	0.00	0.00

Management Structure

The company board's structure consists of 5 boards of directors that are Board of Company Directors, Audit Board, Management Board, Investment Board and Social Responsibility Board.



Board of the Company

Board of the company

As of December 31st 2017 the board of the company consists of 10 directors :

Name	Position	Appointment Date
1. A.C.M. Pitthaporn Glinfueng	President	29th July 2015
2. Dr. Pongrak Jindasombatchareon ⁽¹⁾	Vice President	28th April 2017
3. Gen. Chaowarit Prapajit ⁽²⁾	Director	27th August 2015
4. Dr. Denchai Akaradechachai ⁽³⁾	Director	21st January 2015
5. Mrs. Kanokwan Wannabut	Director	21st January 2015
6. Ms. Phatcharada Jutaprateep	Director	21st January 2015
7. Mr. Suwit Wannasirisook ⁽⁴⁾	Director	1st August 2017
8. Pol.Col. Thienrath Vichiensan ⁽⁵⁾	Independent Director/Audit Board Chairman	28th April 2017
9. Mr. Natee Chuansanit	Independent Director/Audit Board	21st January 2015
10. Theerawit Thanakijsumton	Independent Director/Audit Board	17th June 2015

Remarks :

- (1) Dr. Pongrak Jindasombatchareon was appointed Vice President from the board meeting session 12/2017 on 13th September 2017.
- (2) Gen. Chaowarit Prapajit was appointed President from the board meeting session 12/2560 on 13th September 2017.
- (3) Mr. Suwit Wannasirisook was appointed Director from the board meeting session 9/2560 on 12th July 2017.
- (4) Pol.Col. Thienrath Vichiensan appointed Audit Board Chairman from the board meeting session 5/2017 on 4th May 2017.

Resigned Directors in year 2017

Name	Tenure
1. Mr. Sajja Suksong	5th April 2006 - 28th April 2017
2. Ms. Aporn Seneeprakornkrai	6th February 2015 - 4th January 2017
3. Kittipat Chollavudhi	28th February 2017 - 1st August 2017

Authorized Directors

The authorized directors to execute and bind the company are Mrs. Kanokwan Wannabut, or Ms. Phatcharada Jutaprateep, or Gen. Chaowarit Prapajit, or Mr. Pongrak Jindasombatchareon, or Mr. Denchai Akaradechachai, or Mr. Suwit Wannasirisook, by two out of the six directors executing with the company's seal.

Scope of authority of the board

Apart from the authority vested in the board by the Company's Articles of Association, the board shall have the following authority :

1. The authority vested by the Public Company Act 1992 and other any law in the board or the board of public companies.
2. To perform duties with accountability, precautions and honesty, and comply with the laws, objectives and the Company's Articles of Association, and execute the shareholder meeting's resolutions.
3. Determine business policies, financial policies, funding policies, capital management and risk management policies for the management to implement.
4. Assume the authority to determine and revise the authorized directors.
5. Direct the business to achieve the set goals or beyond, and determine mitigation measures when an encumbrance arises.
6. Arrange to have general reports, financial budget data for the shareholders and general stakeholders accurately, transparently and according to the laws.
7. Acknowledge important audit reports, and determine improvement guidelines when a significant defect is found.

Scope of authority of the board

Name	Audit Board	Management Board	Investment Board	CSR Board
	(3 persons)	(6 persons)	(3 persons)	(3 persons)
1. Dr. Pongrak Jindasombatchareon	-	President	President	-
2. Gen. Chaowarit Prapajit	-	Director	Director	President
3. Dr. Denchai Akaradechachai	-	Director	-	-
4. Mrs. Kanokwan Wannabut	-	Director	-	Director
5. Ms. Phatcharada Jutaprateep	-	Director	-	Director
6. Mr. Suwit Wannasirisook	-	Director	Director	-
7. Pol.Col. Thienrath Vichiensan	President	-	-	-
8. Mr. Natee Chuansanit	Director	-	-	-
9. Theerawit Thanakijsumton	Director	-	-	-

Company's board and sub board meeting attendance of the year 2017

(1st January 2017 - 31st December 2017)

Name	Company's Board	Audit Board	Management Board	Investment Board	CSR Board	Shareholder Meeting 2017
	Total yearly meetings 16 times	Total yearly meetings 13 times	Total yearly meetings 18 times	Total yearly meetings 4 times	Total yearly meetings 4 times	Total yearly meetings 1 times
1. A.C.M. . Pitthaporn Glinfueng	15/16	-	-	-	-	1/1
2. Dr. Pongrak Jindasombatchareon ⁽¹⁾	11/12	-	13/13	4/4	-	-
3. Gen. Chaowarit Prapajit ⁽²⁾	16/16	-	18/18	4/4	4/4	1/1
4. Dr. Denchai Akaradechachai ⁽³⁾	16/16	4/4	13/13	-	-	1/1
5. Mrs. Kanokwan Wannabut	16/16	-	18/18	-	4/4	1/1
6. Ms. Phatcharada Jutaprateep	16/16	-	18/18	-	1/1	1/1
7. Mr. Suwit Wannasirisook ⁽⁴⁾	7/7	-	7/8	4/4	-	-
8. Pol.Col. Thienrath Vichiensan ⁽⁵⁾	11/12	9/9	-	-	-	-
9. Mr. Natee Chuansanit	13/16	13/13	-	-	-	1/1
10. Theerawit Thanakijsumtorn	16/16	13/13	-	-	-	1/1
Resigned directors in 2017						
1. Mr. Sajja Suksong ⁽⁷⁾	3/3	-	-	-	-	-
2. Kittipat Chollavudhi ⁽⁸⁾	6/6	-	9/11	-	3/4	1/1

Remarks :

- (1) Dr. Pongrak Jindasombatchareon - appointed company's board by the shareholder meeting 2017 on 28th April 2017.
- appointed Vice President by the board meeting session 12/2017 on 13th September 2017.
- (2) Gen. Chaowarit Prapajit - Resigned from the company's Vice President from the board meeting 12/2017 on 13th September 2017.
- appointed President by the board meeting session 12/2560 on 13th September 2017.
- (3) Dr. Denchai Akaradechachai - Resigned from the Audit Board President from the board meeting 5/2017 on 4th May 2017, but still holding the company's director title.
- (4) Mr. Suwit Wannasirisook - appointed Director by the board meeting session 9/2560 on 12th July 2017.
- (5) Pol.Col. Theinrath Vichiensan - appointed company's board by the shareholder meeting 2017 on 28th April 2017.
- appointed Audit Board Chairman by the board meeting session 5/2017 on 4th May 2017.
- (6) Mr. Sajja Suksong - Resigned from the company's board on 28th April 2017
- (7) Mr. Kittipat Chollavudhi - appointed the company's board by the board meeting 3/2017 on 28th February 2017.
- resigned from the company's board, sub board and Chief Executive Officer on 31st July 2017.

Executives

According to The Notification of Capital Market Supervisory Board number Tor Jor. 23/2008, shall mean the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.”

As of 5th December 2017, the 5 executives consist of :

Name	Position
1. Gen. Chaowarit Prapajit ⁽²⁾	Chief Executive Officer and Managing Director of Marketing and Trading
2. Mr. Suwit Wannasirisook	Director of Finance
3. Mr. Nanthuwapol Jirachoteanantaya	Director of Operations
4. Mrs. Kanokwan Wannabut	Director of Strategy and Policies
5. Ms. Phatcharada Jutaprateep	Director of Secretariat
Resigned executive in 2017	
6. Mr. Kitipat Chollavudhi ⁽¹⁾	Chief Executive Officer and Managing Director of Marketing and Trading

Remark : Data as of 31st December 2017

- (1) Mr. Kitipat Chollavudhi - Resigned from the Chief Executive Officer and Managing Director of Strategy and Trading on 31st July 2017.
- (2) Gen. Chaowarit Prapajit - Appointed Chief Executive Officer and Managing Director of Strategy and Trading instead of the resignee.

Scope of authority of the Chief Executive Officer

Authority and duties related to management of the company and subsidiaries as assigned by the company's board. To manage the company according to work plans and budgets approved by the company's board with honesty and precautions, protect the company's and stakeholders' interests. The authority shall include the following matters or activities :

1. Screen the goals, business plans, including budgets and projects of the company and subsidiaries to ensure that the business and management are carried out according to the defined policies, business goals, in order to present to the company board for approval.
2. Direct operations of the company and subsidiaries to ensure connections and mutual supports in the production lines, aquatic animal food sales, aquatic animal breeding, and other related businesses.
3. Control operations of the company and subsidiaries to maintain the company's interests, consistency with policies defined by the board, and report performance results directly to the company's board.
4. Arrange organizational structures and management to protect interests of the company and its subsidiaries, covering procurements, trainings, employments and terminations of non-executive employees or senior management, by acting as the authorized person on behalf of the company in executing employment contracts, issuing instructions, regulations, announcements, memorandums to

ensure that the operations are carried out according to the company board's policies.

5. Control and support the company's budgeting and allocations of projects to ensure that the budgets are spent correctly and efficiently.
6. Lead the company in establishing a learning culture.
7. Take a role in maintaining a good image of the company, communicate and publicize the company to the public.
8. Authorize one person or more to perform any action deemed appropriate by granting the authority and/or assigning within the authorization scope specified in the issued authorization letter and/or as according to the rules, regulations or instructions given by the directors and/or boards and/or board of the company which the Chief Executive Officer is eligible to change or amend such authorizations.
9. Consider the profit and loss of the company, mid-term dividend payment proposals or yearly dividend for the company board's approval.
10. Assume other authorities necessary to maintain the company's operations as assigned by the board meetings and/or the company board.

Provided that the authority vested in the Chief Executive Officer and other persons approved by the Chief Executive Officers, not including any authority and/or authorization held by them that may introduce a conflict, equity or any other conflict of interests (according to regulations of the Capital Market Supervisory Board) with the company or the subsidiaries, which such authorizations must be presented to the company board and/or the shareholder meeting for approval according to the company's articles or related laws, except authorizations for normal business operations of the company that are consistent with the policies and protocols approved by the company board.

The Company Secretary

The company board has appointed Ms. Sasiporn Panthurak the secretary of the company as of 28th February 2017 in which qualifications of the company board's secretary are described in annex 1.

Authority scope of the company secretary :

The company board has appointed the company secretary to supervise the company board's meetings, shareholder's meetings and other activities of the company board to ensure that related rules and laws are complied, and support to ensure that the business are carried out according to the company's ethics.

- Encourage understandings and provide information for the company board to direct the business.
- Ensure that newly appointed directors are informed on the law issues, procedures, regulations and roles in directing the business.
- Prepare company board's meetings and shareholder's meetings to ensure compliance with the company's articles and good practices of the board.
- Record minutes of the company board's meetings and shareholder's meetings, and coordinate to inform the resolutions and policies of the boards, shareholders to related executives, follow up on the results of the resolutions and policies.

- Prepare and retain the board registration, annual reports, shareholder's meeting notifications, company board's meeting notifications, minutes of the company board meetings and share holder meetings.
- Ensure that the directors and executives prepare their own and related persons' equity reports, and retain the equity reports according to the law.
- Ensure that the secretariat office is the center of the company board's business management communication in order to provide business related information.
- Oversee activities of the company board and other activities according to the law or as assigned.

Remuneration for the directors and executives

1) Monetary remuneration

Director's remuneration

The company has set a policy on director's remuneration clearly and transparently, and offers to the company board to present to the shareholders for approval at an appropriate rate comparable to director's remunerations of registered companies in the agricultural and food industries. The company board's remunerations consist of monthly remuneration and meeting allowance, when the company board's remunerations combine with the sub boards' remunerations of the year 2017, the total amount is 3,530,000 Baht as the following details :

Remunerations of the company board and sub boards of 2017

(1st January 2017 - 31st December 2560)

Unit : Baht

Name	Company Board		Remuneration				Total
	Monthly Remuneration	Meeting Allowance	Audit Board	Management Board	Investment Board	CSR Board	
1. A.C.M. Pitthaporn Glinfueng	320,000	85,000	-	-	-	-	405,000
2. Dr. Pongrak Jindasombatchareon	177,500	36,000	-	60,000	20,000	-	293,500
3. Gen. Chaowarit Prapajit	232,500	63,000	-	110,000	20,000	20,000	445,500
4. Dr. Denchai Akaradechachai	220,000	66,000	20,000	60,000	-	-	366,000
5. Mrs. Kanokwan Wannabut	210,000	63,000	-	60,000	-	10,000	343,000
6. Ms. Phatcharada Jutaprateep	210,000	63,000	-	60,000	-	5,000	338,000
7. Mr. Suwit Wannasirisook	100,000	24,000	-	30,000	20,000	-	174,000
8. Pol.Col. Thienrath Vichiensan	200,000	45,000	45,000	-	-	-	290,000
9. Mr. Natee Chuansanit	210,000	58,000	65,000	-	-	-	333,000
10. Theerawit Thanakijstorn	210,000	63,000	65,000	-	-	-	338,000

Resigned directors in 2017

1. Mr. Sajja Suksong	50,000	22,000	-	-	-	-	72,000
2. Kittipat ChollaVudhi	85,000	17,000	-	25,000	-	5,000	132,000
Total	2,225,000	605,000	195,000	405,000	60,000	40,000	3,530,000

Remarks : The company does not contribute to the provident fund for the company board and sub boards.

Executive remunerations

In 2015, 2016 and 2017, the Company has paid remunerations to the Company's executives, as follow s:

Unit : Baht

Executive remunerations	2015	2016	2017
	Remuneration	Remuneration	Remuneration
Persons	7	5	5
Total salary	8,380,000	11,601,703	9,713,667
Total bonus	450,000	1,000,000	1,944,273
Others	825,140	1,112,397	4,405,589
Total	9,655,140	13,714,100	16,063,529

Remarks : Number of the executives is according to The Capital Market Supervisory Board.

Year 2017 the company paid the provident fund contribution 219,660 Baht for the 4 executives.

2) Other remunerations

- None -

Personnel

As of 31st December 2017, the group has 544 staffs in total. The monetary remunerations paid to non-executive staffs, including the subsidiaries' amounted to 158,253,580 Million Baht. Consisting of :

Unit : Baht

	Registered company	Subsidiary	Total
1. Salary, bonus, overtime, incentives, uniforms	147,634,279	4,708,020	152,342,298
2. Social security contribution	3,622,648	438,218	4,060,866
3. Provident fund contribution	1,850,415	0	1,850,415
Total	153,107,342	5,146,238	158,253,580

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 1 shareholder's meeting in 2017. 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.

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, 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 nor privy 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

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 10 members including 3 independent directors, 3 executive directors and 4 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 2017, the Board of Directors has convened 12 ordinary meetings and 4 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 2017, we have Meeting of the Audit Committee at 13 times.

The number of meeting attendances of the Audit Committee:

Name List	The Number of Attendees
	of the Audit committees 2017
1. Pol.Lt.Col. Thienrath Vichiensan	9/9
2. Mrs. Natee Chuansanit	13/13
3. Mr.Teerawit Tanakijsoontor	13/13
Resigned Audit committees in 2017	
4. Dr. Denchai Akaradejdechachai	4/4

Note : Data as of 31st December 2017

Dr. Denchai Akaradejdechachai - Resigned from the Audit Board President from the board meeting 5/2017 on 4th May 2017, but still holding the company's director title.

Pol.Col. Theinrath Vichiensan - appointed company's board by the shareholder meeting 2017 on 28th April 2017. appointed Audit Board Chairman by the board meeting session 5/2017 on 4th May 2017.

appointed director Audit date

1. Dr. Denchai Akaradejdechachai 17/06/15
2. Mrs. Natee Chuansanit 31/07/15
3. Mr. Teerawit Tanakijsoontorn 17/06/15
4. Pol.Lt.Col. Thienrath Vichiensan 28/04/17

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 2017, there are 3 members in Audit Committee

Name List			Position
1.	Pol.Lt.Col. Thienrath	Vichiensan	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

1. Review to ensure that the Company makes financial report accurately and adequately.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
 - 1) Comments on accuracy, completeness and reliability of financial report of the Company.
 - 2) Comments on adequacy of the internal control system of the Company.
 - 3) Comments on compliance with law governing securities and stock exchange, regulations of the stock

exchange or laws applicable to the Company's business.

- 4) Comments on suitability of the auditors.
 - 5) Comments on transactions with possible conflict of interest.
 - 6) Number of meetings of the Audit Committee and participation of each member of the Audit Committee.
 - 7) Comments or observations in whole obtained by the Audit Committee from performance of duties in accordance with the charter.
 - 8) 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.
7. Perform any other duty assigned by the Board of Directors of the Company with approval of the Audit Committee.

2) Executive Committee

As of 31 December 2017, there are 6 members in Executive Committee

Name List	Position
1. Dr. Pongrak Jindasombatchareon	Chairman of the Executive Committee
2. Gen. Chaowarit Prapajit	Executive Director
3. Dr. Denchai Akaradechachai	Executive Director
4. Mrs. Kanokwan Wannabut	Executive Director
5. Ms. Phatcharada Jutaprateep	Executive Director
6. Mr. Suwit Wannasirisook	Executive Director

Resigned Executive committees in 2017

7. Mr. Kitipat Chollavuthi	Executive Director
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- Mr. Kitipat Chollavuthi* - resigned from the company's board, sub board and Chief Executive Officer on 31st July 2017.
- Dr. Pongrak Jindasombatchareon* - appointed company's board by the shareholder meeting 2017 on 28th April 2017.
- appointed Vice President by the board meeting session 12/2017 on 13th September 2017.
- Gen. Chaowarit Prapajit* - Resigned from the company's Vice President from the board meeting 12/2017 on 13th September 2017.
- appointed President by the board meeting session 12/2560 on 13th September 2017.
- Ms. Phatcharada Jutaprateep* - change the last name in 2018
- Dr. Denchai Akaradechachai* - appointed Director by the board meeting session 9/2560 on 12th July 2017.
- Mr. Suwit Wannasirisook* - appointed Director by the board meeting session 9/2560 on 12th July 2017.

3) Investment Committee

As of 31 December 2017, there are 3 members in Investment Committee

Name List	Position
1. Dr. Pongrak Jindasombatchareon	Chairman of the Investment Committee
2. Gen. Chaowarit Prapajit	Investment Director
3. Mr. Suwit Wannasirisook	Investment Director

4) CSR Committee

As of 31 December 2017, there are 3 members in CSR Committee

Name List	Position
1. Gen. Chaowarit Prapajit	Chairman of the CSR Committee
2. Mrs. Kanokwan Wannabut	CSR Director
3. Ms. Phatcharada Jutaprateep	CSR Director

Resigned CSR committees in 2017

4. Mr. Kitipat Chollavuthi	CSR Director
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Mr. Kitipat Chollavuthi resigned from the company's board, sub board and Chief Executive Officer on 31st July 2017.

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 willingness 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 shareholders 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 directos or the sharedholders. 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.

1. 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.
2. Possession of the resourcefulness and experience in the management of mega-size organization .
3. 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.
4. 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.
5. 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.
6. 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.

Thailuxe 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 1992 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 1992 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 companies in 2017 was EY Office Limited. The auditors name are as follow:

- | | |
|-------------------------------|-----------------------|
| 1. Miss Waraporn Prapasirikul | Audit License No.4579 |
| 2. Miss Sirirat Sricharoensup | Audit License No.5419 |
| 3. Mr. Preecha Arunnara | Audit License No.5800 |

Remunerations for the Auditor in 2015, 2016 and 2017 consisted of the audit fee and other expenses amounted to 1,119,521 Baht., 1,472,392 Baht. And 3,451,824 Baht.

Compensation to subsidiaries' and associated companies' auditors in 2017 per the below.

Name of company	Baht	Yen	Hkd
Thai Deemeter Co., Ltd. (T Luxe Global business)	120,000	-	-
TLuxe Power Co., Ltd.	150,000	-	-
TLuxe Investment Co., Ltd. (Mauritius)	-	-	-
TLuxe Holding Co., Ltd. (Hong Kong)	70,000	-	20,000
Geothermal Power A company Limited	-	-	19,000
Geothermal Power B company Limited	-	-	19,000
PPSN Co., Ltd. (Japan)	462,839	1,605,000	-
Otomeyama Co., Ltd. (Japan)	209,024	630,000	-
Sumo Power Co., Ltd.	462,839	1,327,500	-
S Power Co., Ltd.	209,024	630,000	-
SNS Co., Ltd.	209,024	630,000	-
M Luxe Energy Co., Ltd.	209,024	630,000	-
Fino Binary Power Plant Ltd.	70,500	742,500	-
NIS Binary Power Plant Ltd.	70,500	697,500	-
Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison	70,500	697,500	-
Dual Energy Binary-Power Plant No.1 Ltd.	70,500	697,500	-
Lena Power Station No.1 Ltd.	70,500	742,500	-
P Green Energy Ltd.	-	-	-
	2,454,272	9,030,000	58,000

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 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

Thailuxe 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.

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

Thailuxe 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.

Thailuxe 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 80th 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. Participations in Community and Social Developments

We have still firmly been determined to carry on operations as the organization with Corporate Social Responsibility (CSR) and stand ready to provide supports and promotions to give rise to the developments to comprehensively cover the 3 aspects: namely; Governance Social and Environment (GSE) by adhering to the Principle of “Sufficiency Economy” of His Majesty King Bhumibol Adulyadej, Rama IX, which will bring our Company to possess the strength and sustainable self-reliability. In this respect, we have focally placed the emphasis on raising the quality of life of people in the society, particularly, children and youths in remotely rural areas who have no opportunity or lacked financial supports in various fields to be able to cumulatively continue to reach the community and in strengthening the economic stability in the future as well as creating good image to the organization which, in this respect, many Projects for Sociality of Thai Luxe Enterprises Public Co., Ltd., have continuously been operated and that, meanwhile, a total number of 7 Projects as follows have concretely been carried on :

National level CSR Projects (3 Projects)

1. School Fishery Project, 9/2017,
2. Project on Sufficiency Cumulative Continuation to Fishery of Thai Border Patrol Police School, 2017,
3. Thai Luxe Graduates Project, 12/2017.

Community or Local Level CSR Projects (4 Project)

1. Glad Children and Kind Adult Project,
2. Project on Sharing Smiles to Elder Persons,
3. Accident Reduction Campaign Project,
4. Conservation Planting, Mind Binding for Ecosystem Project,

by comprehensively covering all 3 aspects (Governance Social and Environment: GSE) as follows :

(1) Economic Aspect

1. School Fishery Project.

The School Fishery Project is the Project which the Company has continuously carried on for 9 years since 2009 until the current year of 2017, by providing supports on aquatic animal feeds and advices on techniques in raising method in accordance with “Thai Luxe Way” to schools in remotely rural lacking financial supports in carrying out Agricultural Project for Lunch where the operations have already been carried out for more than 100 schools in all Regions throughout Thailand with the supports on aquatic animal feeds valuing at 30,000 Baht per school.

In 2017, the Project operations were carried out for schools under Office of the Basic Education Commission (OBEC) throughout Thailand in total number of 9 schools accounting for the number of pupils and teachers participating in the Project of over 1,425 persons with 8 clients and

distributing agents throughout the country participating in. The Project was excellently responsive by the Project participants.

As a result of the implementation of such School Fishery Project, it made us know that there were a great number of schools that lacked financial support and were in need of it, especially, Border Patrol Police Schools in the remote areas along the Thai border seams. Henceforth, that became to be the background of the Project on Sufficiency Cumulative Continuation to Fishery of Thai Border Patrol Police School.

2. Project on Sufficiency Cumulative Continuation to Fishery of Thai Border Patrol Police School: By humbly adopting the Principle of “Sufficiency Economy” of His Majesty KingBhumibol Adulyadej, Rama IX, and cumulative continuation of royal initiative of Her Royal Highness Princess Maha Chakri Sirindhorn who initiated the “Agricultural Project for Lunch” in leading the Company Project operations, 2017 was therefore our steps into the 9th year of operations on the School Fishery Project and 30th year anniversary of our Company which was the background of our concept to implement the “Project on Sufficiency Cumulative Continuation to Fishery of Thai Border Patrol Police School”. In this connection, the school fishery activities would be organized for a total number of 207 Border Patrol Police (BPP) Schools throughout the country which in 2017, the Company had already completed the Project operations for 23 schools.

On 8 Jun 2017, an entourage of the Executives of Thai Luxe Enterprises Public Co., Ltd., together with officials of the organizations under Department of Fisheries led by Mr. Adisorn Phromthep, Department of Fisheries Director-General, and officers of Thai Border Patrol Police Headquarters, were granted an audience with Her Royal Highness Princess Maha Chakri Sirindhorn at Chaipattana Building, Chitrlada Royal Palace, Suan Dusit, to present her with the aquatic animal feeds for use in carrying out the operations of the “Project on Sufficiency Cumulative Continuation to Fishery of Thai Border Patrol Police School.”

These 2 Projects not only is a promotion on the cultures of aquatic animals in order to enable the school children to have good foods from fish productivity which consists of quality nutrients that can be used in cooking for consumptions, but also a part to enhance learning, teaching and creating the occupations as well as being the Project operations in integration in conjunction with both the government and private sectors in which Thai Luxe Enterprises Co., Ltd., is the key party providing support on aquatic animal feeds including advices on techniques on the animal cultures in accordance with “Thai Luxe Way” by the Company’s Expert Team to Border Patrol Police (BPP) Schools participating in the Project throughout the country. The participating schools will be supported with the aquatic animal breeds and production factors from Department of Fisheries, Ministry of Agriculture and Cooperatives, which will eventually leadto the consistent and

continuous operations of all 3 organizations in the same direction, thus, resulting in the rising of the developments on the quality of life of youths, enhancements of good health from protein acquired from fish productivity and can be used for food cooking as well as creating occupations for school children to generate incomes during their school days and their occupations can be cumulatively continued; sufficiency economy can be created in accordance with Royal Initiative as well as cumulative continuation to the surrounding communities, supplementing and circulating incomes in the locality as well as sustainably and perpetually building knowledge body.

(2) Social Aspect

3. Thai Luxe Graduates Project;

Throughout the period of 12 years from 2006 up to the present on the “Thai Luxe Graduates Project” operations, we have provided supports by giving scholarships to intelligent and good conduct pupils/students but lacking financial supports including financial supports for educational institutes likewise in all Regions throughout the country as well as scholarships to pupils/ educational institutes in the communities, children, clients of farmers and children of the Company’s employees in number of over 2,000 scholarships with the value of the scholarships in primary-secondary educational level at 1,000, 2,000 and 5,000 Baht per scholarship and higher educational level at 10,000 Baht per scholarship.

In 2017, the Company carried out the Project operations on the presentations of the scholarships to 104 intelligent and good conduct pupils but lacking financial supports, throughout the country, and another 8 scholarships to students of our neighboring country; Laos People Democratic Republic, because we are aware of the importance of the youth’s educations who will in the future be the pivotal force in the country’s developments all along with the developments on the quality of life of the children as well as being firmly determined to instill the values in the youths to perceive the value and importance of the education, to be competent and to receive educational opportunity in order that they can become the main and important driving force of the country and the force to create strong and blissful community which is deemed to be the foundation in enhancing people to be knowledgeable and competent in order to carry out the occupations, sustainably build up stability for own self and societies.

Apart from the 3 main Projects of national level aforesaid, we have other community level projects which are

4. Glad Children and Kind Adult Project

Which is activity organized to make relationship in the community by focally placing the emphasis on the children and youths in the locality by organizing the activity on the occasion of the National Children Day of every year in the community located near the main production base of the

Company which are in the Provinces of Petchaburi, Songkhla and Samut Songkhram, in the forms of organizing the event of recreations, giving away gifts/prizes and treating and feasting the event participants.

In 2017, we organized the activity on the National Children Day under the banner of Glad Children and Kind Adult Project for schools in the areas located near the aquatic animal feed manufacturing factory offices in all 3 Provinces: namely; Petchaburi, Songkhla and Samut Songkhram, in total number of 6 schools and 1 Sub-District Administration Organization.

Because we have placed the importance on children and youths who are the country's important human resources in carrying out the developments of the country for progress and stability, all children and youths should therefore be attentively cared of from their families, receive training on morality and ethics, should be developed, physically and mentally, encouraged to spend their times constructively, to be trained to be responsible persons, to firmly adhere to honesty, to have loving kindness, generosity and dedication. In addition, awareness should be built on all children to be good children of the family, of the community and of the country.

5. Project on Sharing Smiles to Elder Persons

It is the activity organized to make relationship in the community in the same way, but, emphasis is placed on elder persons in the locality which, in this respect, the event will be organized on the occasion of the National Elder Day of every year in the areas located near the main manufacturing bases in all 3 Provinces: namely; Petchaburi, Songkhla and Samut Songkhram, in the forms of organizing the event of recreations, giving away gifts/prizes and treating and feasting all elder persons participating in the event.

In 2017, we organized the activity on the National Elder Day under the banner of the Project on Sharing Smiles to Elder Persons by participating in the project in conjunction with Department of Elder Health Promotion in the areas of Nong Chumpol Sub-District, Petchaburi Province and Elder Person Group of Khuannieng District, Songkhla Province, with the total number of 330 elder persons in the locality and state sector organizations taking part in the Project.

Such Project tended to hold the activities to enable elder persons to meet one another every month to things together which would consequently result them to be cared of on the aspects of emotions and mentality and to have good social interactions, lifelong and better quality of life.

6. Accident Reduction Campaign Project

It is the activity organized to reduce accidents during the important festivals such as New Year's Holidays, Songkran Water Festival Holidays by coordinating with the Local Government

Organizations, Local Highway Police in the area near the Company's main production base such in Petchaburi, Songkhla and Samut Songkhram. The operations would be in the form of giving away the gifts (car sunsheds) in the area of Highway Police Booth or Public Service Rest Area and organizations within the Company in order to instill consciousness in personnel within the organizations and people in general using roads to be aware of driving safety which will have the effect both on themselves and other people.

(3) Environmental Aspect

7. Conservation Planting, Mind Binding for Ecosystem Project

It is the Project on the co-ordinations of the staff in the Local Government Organizations including the surrounding communities in conserving natural resources and environments by reforestations and releasing aquatic animal breeds to the needy ecosystem which the Company has continuously organized every year on rotation basis to each place according to the geographic suitability in order to instill the consciousness in personnel in the organizations including the people and organizations participating in the event to be aware of the conservations of the natural resources and ecosystem as well as the use of them in sufficiency manner and knowing the value of them and keeping them with us for a perpetually long time.

On the revival of aquatic animals back to the ecosystem, collaborations on the releases of the aquatic animal offspring to water sources, reforestations in order to maintain the natural abundances of the ecosystem and increase food chains to be richer are taken place. The event not only is the creation of good relationships through joint activity but also the Project to make personnel in the organizations, government sector organizations and people in general have the consciousness on environmental conservations enormously long until the next generations of our children.



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. Laddawan Kanchanaput 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 Transactions

The transactions between the company, subsidiaries and persons that may have some discrepancies in 2017:

The company and its subsidiaries had transactions between each other by the general business practices and fair trading terms as the following :

The transactions between the company with subsidiaries

Relevant person/entity	Relationship	Nature of transaction	Type of transaction	Amount (Baht)	Necessity and feasibility
				As of 31st December 2017	
1.1 Tluxe Global Business Co., Ltd. (former Thai Demeter Co., Ltd.)	Tluxe Global Business Co., Ltd. is a subsidiary of the company in which the company holds 100% of the paid capital.	The company sells raw materials to Tluxe Global Business Co., Ltd.	* Revenue from the raw materials.	99,990.00	The company sells raw materials as the normal business, the prices are determined by the market prices.
1.2 Tluxe Power Co., Ltd	Tluxe Power Co., Ltd. is a subsidiary of the company in which the company holds 100% of the paid capital.	The company provided loans for Tluxe Power Co., Ltd.	* Interest income * Interest received * Loans * Other receivables	9,999,522.00 14,321,561.87 166,658,700.00 286,450.00	Interest rate 6.0%
1.3 PPSN Co., Ltd.	PPSN Co., Ltd. is a subsidiary of the company in which the company holds 100% of the paid capital.	The company provided loans for PPSN Co., Ltd	* Interest income * Interest received * Loans * Other receivables	34,570,149.13 53,968,628.71 598,786,772.48 1,711,062.00	Interest rates 2.5%, 6.5%, 8.0%
1.4 Sumo Power Co., Ltd.	Sumo Power Co., Ltd. is a subsidiary of the company in which the company holds 100% of the paid capital.	The company provided loans for Sumo Power Co., Ltd.	* Interest income * Interest received	6,698,289.60 7,285,586.87 83,728,620.00	Interest rate 8.0%

Relevant person/entity	Relationship	Nature of transaction	Type of transaction	Amount (Baht)	Necessity and feasibility
				As of 31st December 2017	
1.5 Geothermal Power A Co., Ltd.	Geothermal Power A Co., Ltd. is a subsidiary of the company in which the company holds 100% of the paid capital.	The company provides loans for Geothermal Power A Co., Ltd.	* Interest income * Interest received * Loans	10,806,126.94 10,806,126.95 557,619,000.00	Interest rates 6.5%
1.6 Geothermal Power B Co., Ltd.	1.6 Geothermal Power B Co., Ltd. Geothermal Power B Co., Ltd. is a subsidiary of the company in which the company holds 100% of the paid capital.	The company provided loans for Geothermal Power B Co., Ltd.	* Interest income * Interest received * Loans	6,761,752.15 6,761,752.15 375,939,000.00	Interest rates 6.5%
1.7 P Green Energy Co., Ltd.	P Green Energy Co., Ltd. is a subsidiary of the company in which the company holds 100% of the paid capital.	The company provided loans for P Green Energy Co., Ltd.	* Interest income * Interest received * Loans	27,219.54 27,219.54 3,809,700.00	Interest rates 6.5%

The Connected Transactions

Relevant person/entity	Relationship	Nature of transaction	Type of transaction	Amount (Baht)	Necessity and feasibility
				As of 31st December 2017	
1.1 Asia Capital group Plc.	The company invested in the common stock of Asia Capital group Plc. at the rate of 14% of the registered capital.	The company invested in B/E.	* Interest income	17,725,621.76	Interest rates 5-6.5%
1.2 Nutrix Plc.	The company jointly director with Nutrix Plc.	The company sale of good and purchase of raw material with Nutrix Plc.	*Sale revenue *Purchase raw materials *Trade receivables *Trade payables and other payables *Consultant fee	213,034,112.79 77,289,432.86 11,729,779.56 4,250,222.73 2,149,097.14	Interest rates 6.5%

The transactions between the company with associated

Relevant person/entity	Relationship	Nature of transaction	Type of transaction	Amount (Baht)	Necessity and feasibility
				As of 31st December 2017	
1.1 M-Luxe Energy Co., Ltd.	M-Luxe Energy Co., Ltd. is an associated of the company. in which the company holds 25% of the paid capital.	The subsidiary company provides loans for M-Luxe Energy Co., Ltd.	* Interest income * Interest received * Loans	2,179,201.78 2,505,828.16 72,451,500.00	Interest rates 3%

Ratio Analysis

Table showing comparison of key financial ratios for the period 2015-2017

	Consolidated			Company only		
	2015	2016	2017	2015	2016	2017
Liquidity ratio						
Current ratio (times)	1.93	3.62	0.56	1.74	3.64	0.59
Quick ratio (times)	1.41	3.27	0.43	1.19	3.28	0.45
Receivable turnover (times)	10.91	9.65	10.31	12.74	10.46	10.29
Average collection period (days)	33.01	37.30	35.13	28.25	34.40	34.97
Account payable turnover (times)	8.81	9.42	9.13	9.88	10.47	9.08
Average payment period (days)	40.85	38.23	39.44	36.45	34.37	39.63
Cash cycle (days)	74.80	80.55	76.97	70.26	79.28	77.59
Inventory turnover period (times)	4.36	4.42	6.91	4.59	4.54	6.80
Holding period (days)	82.64	81.49	52.09	78.45	79.25	52.90
Asset turnover ratio (times)	0.73	0.42	0.46	0.75	0.42	0.44
Profitability ratio						
Gross profit margin (%)	10.82	14.31	16.50	10.81	14.31	16.33
Net profit margin (%)	(2.67)	15.37	(13.69)	(1.45)	15.10	(5.91)
Efficiency ratio						
Return on assets (%)	(1.93)	6.51	(6.35)	(1.08)	6.36	(2.57)
Return on equity (%)	(2.80)	12.77	(18.09)	(1.52)	12.38	(6.73)
Financial ratio						
Debt to Equity ratio (times)	0.45	0.96	1.85	0.40	0.95	1.61
Interest Coverage ratio (times)	(2.98)	5.84	(1.34)	(1.86)	5.66	0.02
Dividend ratio (%)	-	-	-	-	-	-
Other ratio						
Average earning (losses) per share (baht)	(0.08)	0.41	(0.44)	(0.04)	0.40	(0.19)
Basic earning (losses) per share (baht)	(0.08)	0.41	(0.44)	(0.04)	0.40	(0.19)
Net book value per share	2.83	3.23	2.45	2.84	3.25	2.79

Analysis and the Management's discussion

For the year ending 31 December 2017

In 2017, Thai Luxe Enterprise PCL (“Company”) and subsidiaries generated revenues of 1,874.86 million baht, a decline of 365.32 million baht or 16.31% compared to the prior year. Such revenues are contributed by aquatic animal feed business and pet food totaling 1,790.85 million baht, 31.47 million baht from selling geothermal electricity in Japan and from subsidiaries which proportionately rose by 19.31% and 201.44% respectively, compared to the prior year. Other income amounted to 52.54 million baht. Note that the company and subsidiaries suffered losses of 249.57 million baht, declining by 207.43 compared to the prior year. The main reasons are the recognition of certain items in compliance with the accounting principles, as follows :

- 1.1) Loss from impairment on machine 15 million baht, it has separated to loss from impairment on the companies machine 12 million baht because this machine has stopped to operate the obsolete product that the market hasn't demanded more than 5 years, the Company practice follow the accounting standard (“Impairment on assets”), as the result of the practice follow the accounting standard is the benefit in future has less than carrying amount for 3 million baht, because the calculation of recoverable amount for machine and equipment that use in operate the power plant in subsidiaries has less than carrying amount of assets, therefore the Company consider to record the impairment follow the accounting standard.
- 1.2) Losses from impairment on business acquisition not yet allocated totaling 25 million baht. in consolidated financial statement. The impairment recognition when the recoverable amount of assets less than carrying value, the carrying value mean fair value deduct cost of assets sold or value in use. Whichever is higher. For the assess the value in use, the Company and subsidiaries estimate the future free cash flow from assets and discounted to present value which company use the best assessment model of high standard assessor. Which effected to the free cash flow that company will receive in the future related to the risk assessment in fair value, so it has deducted the free cash flow for protecting to liquidity risk because the Company hasn't the public company. The free cash flow will decrease for relating the risk, so it has the loss on impairment.

Unit : million baht

Impairment amount of geothermal electricity plants involving 4 companies	Total
Value in use before adjustment	713
Less : Non listed discount factor 15%	(106)
Value in use after adjustment	607
Add : Other adjustment	4
Value in use	611
Carrying amount	636
Impairment	(25)

- 1.3) Moreover, such impact caused the expected return to be lower than the accounting value of the loans extended to the subsidiaries in Japan. In this connection, the accounting guidelines prescribed that consideration must be given to the impairment of such loans totaling 119 million baht in the Profit & Loss statement of the standalone financials as of 31 December 2017 below :

Unit : million baht

Calculation of impairment value of loans in the standalone financials	Total
Future cash flow	1,609
Total investment (Loan + interest)	1,980
Impairment	(371)
Set up at 31/12/16	252
Set up at 31/12/17	119

- 1.4) Foreign Exchange losses totaling 61 million baht from loans to subsidiaries in Japan to invest in the geothermal electricity generation plants denominated in Yen causing difference in foreign exchange rates during the transaction date and the account closing date. Such losses are contingent in nature and not yet realized.
- 1.5) The Company has the expenses for scouring the company that has power plant in Japan amount 98 million baht (320 million yen) which recorded in other expenses of profit and loss, the expenses for sourcing the Company that has power plant in Japan cannot record in assets of power plant, so it must record in income statement.

Explanations and analysis of financial position and performance in 2017

Performance

Revenue	2015		2016		2017	
	THB mio.	%	THB mio.	%	THB mio.	%
Revenues from sales of animal feed	1,674.60	98.35%	1,501.29	67.02%	1,790.85	95.52%
Revenues from sales of processed frozen food	-	-	-	-	-	-
Revenues from hatchery farms	-	-	-	-	-	-
Revenues from sales of electricity	-	-	10.00	0.45%	31.48	1.68%
Others	-	-	-	-	-	-
Total revenues	1,674.60	98.35%	1,511.29	67.46%	1,822.33	97.20%
Interest income	12.55	0.74%	39.43	1.76%	26.20	1.40%
Profits from investment in securities	-	-	649.04	28.97%	4.82	0.26%
Profits from gain on disposal investment of subsidiary	-	-	11.11	0.50%	-	-
Profits from gain on disposal investment of associate companies	-	-	21.00	0.94%	-	-
Other income	15.46	0.91%	8.31	0.37%	21.52	1.15%
Total income	1,702.61	100.00%	2,240.18	100.00%	1,874.86	100.00%

Sales

In 2015, 2016 and 2017, the group generated sales of 1,674.60 million baht, 1,511.29 million baht and 1,822.33 million baht respectively from aquatic animal feed, pet food, hatchery farms and electricity power transmission business. However, the main income is derived from aquatic animal feed.

In 2017, the company's sales contributed by aquatic animal feed business and pet food totaled 1,790.85 million baht, up 19.31% compared to the prior year. Revenues from sales of aquatic animal feed, pet food and hatchery farms in 2017 increased due to the successful eradication of EMS disease or Early Mortality Syndrome by improving farm conditions and efficient management of shrimp farming resulting in the lessening of damage caused by the disease and drove sales of shrimp feed up by 77.82% compared to the prior year. The shrimp farming industry has tendency to grow further due to the continuing strong global demand.

The shrimp farming industry in Thailand in 2017 generated 300,000 tons of shrimps, close to the figure in 2016 due to the variation in weather, excessive rainfall, flooding in several areas, nevertheless, the approach to

solving the EMS disease by improving farm conditions and enhance the efficiency of shrimp farming alleviate the severity of the disease leading to higher yield per shrimp pond. It is estimated that shrimp production in Thailand in 2017 totaled 300,000 tons which is close to the production in 2016 and slightly lower than expectation due to the variation in weather conditions, nevertheless, in 2017 the shrimp farmers are deemed to have been successful in raising shrimps with higher yield per rai from developing and improving the farming systems to alleviate the EMS disease. The global shrimp production is estimated at 2.768 million tons, up 5%, year on year. Export of shrimps during January to October 2017 stood at 167,418 tons valued at 56,105 million baht, up 4.03% by volume and 2.98% by value when compared to the same period in 2016.

The outlook for shrimp farming industry in 2018, despite the farmers having adopted new farming techniques, is still plagued with certain diseases e.g. white feces syndrome and white spot syndrome. Nevertheless, it is expected that in 2018 the situation should improve, due to various factors including circumstances on the diseases and weather conditions, that favor higher shrimp production. It is anticipated that, in 2018, the shrimp output should reach 330,000 tons, up 10% from 2017 with export value of 60 billion baht, up 10% as well. Shrimp price in 2017, on average, is about the same as in 2016 and it is hoped that in 2018 the price will remain stable helping the farmers to continue raising shrimps. Given that Thailand shrimp production is not expected to increase by much, the same for global production, the outlook for shrimp farming industry in 2018 should be positive i.e. the farmers can survive, people will continue to consume shrimps as the price is still reasonable and the global demand remain strong.

During the first half of 2017, fish farming industry experienced oversupply of fish meat resulting in low fish price forcing fish farmers to reduce farming area coupled with facing severe flooding in southern Thailand, impact from the clarity of the Harbor Department's Shipping Act further led to the slowdown of fish farming as farmers wait to assess the situation. During the 3rd and 4th quarter, the overall situation started to improve as the fish feed manufacturers view that the 2nd quarter was the lowest point. Subsequently, the oversupply issue abated and fish farmers began to raise new fish, water level in natural habitat started rising which is suitable for raising fish resulting in price competition and quality of fish meal returning to normalcy. Nevertheless, the amount of feeding is still being controlled to prevent another bout of fish oversupply in the market. As for the outlook in 2018, fish farming will continue to remain stable in view of maintaining a balance between fish supply and demand for fish meat in the market, market penetration of small fish feed producers, some contract manufacturers using low quality raw material, stringent bank lending criteria, all these factors shall contribute to highly competitive market situation. Natural factors such as lack of rainfall or flooding will be the variables that affect farming output and usage of fish feed. Fish farming in 2018 will be affected by the following fish farming business models:

- Comprehensive business model starting from selling juvenile fish to farmers, buying adult fish from farmers at guaranteed price.
- Farms with mid to large farming areas and having own fish market.
- Small farms where farmers will form partnership in raising fish with companies or mid-size to large-size farms who enjoy comprehensive business model.

The company has a policy to maintain or increase market share by upholding high product standards to match the requirements in different markets, providing advices and technical assistance to farmers e.g. fish hatchery techniques and help them find new markets to sell their fish. All these efforts should help to support fish price so fish farming industry can survive in the long run and become a sustainable business.

As regards geothermal electricity generating business, the company sells electricity generated via geothermal process. Revenues are derived from subsidiaries such as PPSN Company Limited, SUMO Power Company Limited, SNS Power Company Limited, Fino Binary Power Plant Limited Liability Company, Lena Power Station No. 1 Limited Liability Company, Dual Energy Binary – Power Plant No. 1 Limited Liability Company, NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liasion Company. In 2017 total revenues amounted to 31.47 million baht or 1.72% of the combined sales of the company. Presently, there are 23 geothermal electricity generating units and revenue recognition 15 units.

The status of electricity generating business as of March 2017, the company invested in 1 geothermal electricity generating project which is operated by SNS Power Company Limited.

On 30 August 2017, the company entered into share purchase agreement and control authority in Fino Binary Power Plant Limited Liability Company (FINO) (Japanese juristic entity) which operates 2 geothermal electricity generating plants.

On 7 September 2017, the company entered into share purchase agreement and control authority in 3 companies such as Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company (BEPPU) (Japanese juristic entity), NIS Binary Power Plant Limited Liability Company (NIS) (Japanese juristic entity), Dual Energy Binary – Power Plant No. 1 Limited Liability Company (DUAL) (Japanese juristic entity). Such companies each has 2 geothermal electricity generating projects, altogether totaling 6 projects, all are 100 % owned by the company.

And on 9 September 2017, the company entered into share purchase agreement and control authority in Lena Power Station No. 1 Limited Liability Company. Each of the above companies owns 2 geothermal electricity generating projects. The companies are 100% owned by the company.

On 13 November 2017, two geothermal electricity generating projects under PPSN Company Limited began selling electricity commercially so altogether three such projects are now in commercial operations under PPSN.

On 2 October 2017, the company invested 100% in the ownership of P Green Energy Company Limited with the objective to provide advisory, management, planning relating to business undertaking.

In 2017, the company made advance payment to invest in 7 wind turbine projects totaling 67.31 million baht. At the present, the company is organizing subsidiary shareholding structure.

In addition, in December 2017, the company approved an investment budget to invest in 9 additional electricity generating projects. However, if no financial institution comes forward with financial support, the company may suspend such investment in order not to build up excessive debt. It is presently negotiating with a financial institution on this matter.

Income from investment in securities

In 2015, the company invested in the common shares of Asia Capital Group PCL, a related company whose shares are registered in the SET's MAI. Such investment represents 14% of Asia Capital Group PCL's paid-up capital. Initially, the company has no intention to jointly participate in managing the company or exercise its influence. Such investment was intended mainly for sale. On 24 June 2015, the board meeting approved to change the status of such investment from for sale to for trading. The company adjusted the investment value using fair market value as of the date of the status change. Subsequently, in the first quarter 2017, the company again changed the investment status from for trading to for sale for longer term investment horizon and changed other investment in all non-related companies from for trading to for sale starting from 1 January 2017 onwards.

Other income

The group has other income in 2015, 2016 and 2017 of 15.46 million baht, 8.31 million baht and 21.52 million baht respectively, consisting of rental of cold storage, sale of raw material, supplies and other income from subsidiaries etc.

Cost of goods sold and gross profits

The main cost of goods sold are raw materials for producing aquatic animal feed e.g. fish meal, soy bean husk, flour, octopus liver etc. The group buys such raw materials locally and from overseas. In 2015, 2016 and 2017 the group has cost of goods sold of 1,493.39 million baht, 1,295.06 million baht and 1,521.68 million baht respectively. The growth in cost of goods sold is in line with sales growth. Nevertheless, during 2015, 2016 and 2017 the group has the ratio of cost of goods sold to sales of 89.18%, 85.69% and 83.50% respectively resulting in the increase in gross margins i.e. 10.82%, 14.31% and 16.50% respectively. This is attributable to advance planning in production and raw material purchase coupled with constant improvement in operational efficiency.

Selling and administration expense

The group has selling and administration expense in 2015, 2016 and 2017 of 197.72 million baht, 208.81 million baht and 292.54 million baht with the ratio of selling and administrative expense to sales of 11.81%, 13.82% and 16.05% respectively. The main components of selling and administrative expense are wages, marketing promotion expense and traveling expense.

Net profits (losses)

The group suffered losses in 2015 of 44.63 million baht, profits of 232.32 million baht in 2016 and losses of 249.56 million baht in 2017 or net profit margin of -2.62%, 10.37% and 13.31% respectively.

Financial position

Total assets

Total assets of standalone company during 2015-2017 were 2,241.13 million baht, 3,564.81 million baht and 4,111.48 million baht respectively whereas for the consolidated financials during 2015-2017 were 2,309.42 million baht, 3,569.31 million baht and 3,929.54 million baht respectively. The main components of the group assets shown as percentage of total assets are as follows :

Assets	% of total assets		
	End of 2015	End of 2016	End of 2017
Cash and cash equivalents	4.70	2.05	1.23
Short-term investment	25.74	49.73	10.65
Trade and Other receivables	6.51	5.32	4.93
Inventory	15.75	6.23	5.54
Current assets	57.91	63.93	23.11
property, plant and equipment	37.87	25.46	38.03
Fixed assets	42.09	36.07	76.89

The components of the group's assets has changed as the ratio of current assets, which consist of cash and cash equivalents, trade debtors and other debtors, inventory, to total assets increased during 2015-2016 i.e. 57.91% and 63.93% respectively and declined in 2017 to 23.11%.

Meanwhile, the ratio of fixed assets, consisting of land & building & machinery, to total assets during 2015-2016 are 42.09% and 36.07% and surged to 76.89% in 2017.

Trade and other receivables

The main trade receivables are aquatic hatchery farmers locally and overseas and sales representatives upcountry. Trade and other receivables in the standalone financials during 2015-2017 totaled 126.26 million baht, 213.85 million bath and 281.58 million baht respectively or as percentage of total assets equaled 5.63%, 6.00% and 6.85% respectively. For the consolidated financials, during 2015-2017, the figures are 150.27 million baht, 189.73 million baht and 193.79 million baht respectively or 6.51%, 5.32% and 4.71% as percentage of total assets.

	End of 2015		End of 2016		End of 2017	
	Mio. baht	%	Mio. baht	%	Mio. baht	%
Trade receivables	-	-	-	-	-	-
Not yet due	115.24	74.67	139.41	82.88	151.76	73.21
Overdue	-	-	-	-	-	-
Not more than 3 months	33.76	21.87	23.50	13.97	29.45	14.20
3-6 months	1.00	0.65	1.24	0.74	17.77	8.57
6-12 months	2.40	1.56	2.71	1.61	8.08	3.90
More than 12 months	1.94	1.26	1.35	0.80	0.23	0.11
Total	154.34	10.00	168.21	100.00	207.29	100.00
Deduct: Provision for bad debt	(4.74)	(3.07)	(4.68)	(2.78)	(17.20)	(8.30)
Total trade receivables - net	149.60	96.93	163.53	97.22	190.09	91.70
Other debtors	0.68	0.44	26.20	15.58	3.69	1.78
Total trade receivables and other debtors	150.28	97.37	189.73	112.79	193.79	93.49

Inventory

As at end of 2015-2017, the group has net inventory of 363.76 million baht, 222.53 million baht and 217.86 million baht or expressed as a percentage of total assets of 15.75%, 6.23% and 5.54% respectively. The main components are raw material at 43.17% to 60.10% and finished goods at 16.75% to 20.70% of group inventory as at end of 2017.

	End of 2015		End of 2016		End of 2017	
	Mio. baht	%	Mio. baht	%	Mio. baht	%
Finished products	64.66	16.75	49.40	20.70	42.01	18.13
Work in process	5.66	1.47	0.00	0.00	-	0.00
Raw material	232.02	60.10	103.01	43.17	124.42	53.69
Raw material in transit	39.29	10.18	40.84	17.12	18.75	8.09
Packaging & supplies	17.12	4.43	16.08	6.74	17.22	7.43
Spare parts	27.28	7.07	29.26	12.26	29.36	12.67
Total	386.03	100.00	238.59	100.00	231.76	100.00
Deduct: Impairment provision	(22.27)	(5.77)	(16.06)	(6.73)	(13.90)	(6.00)
Net inventory	363.76	94.23	222.53	93.27	217.86	94.00

As at end of 2015-2017, the group set up provision for impairment of 22.27 million baht, 16.06 million baht and 13.90 million baht respectively. Such provisions cover raw material, packaging and supplies and machinery spare parts.

Investment in subsidiaries

TLuxe Global Business Co., Ltd. (previously known as Thai Demeter Co., Ltd.)

On 18 November 2009, the company registered a new subsidiary, namely, Thai Demeter Co., Ltd. to sell raw material for producing animal feed. The company has registered capital of 3 million baht (300,000 common shares at 10 baht par value). The company holds 100% of the subsidiary with paid-up capital of 100 million baht. The subsidiary has already registered the paid-up shares with the Ministry of Commerce.

TLuxePower Co., Ltd

On 18 February 2016, the company registered and established a 100% owned subsidiary, namely, TLuxe Power Co., Ltd. to invest in the energy business with registered and paid-up capital of 100 million baht (10 million common shares at 10 baht par value). The subsidiary has already registered the paid-up shares with the Ministry of Commerce.

Fluxe Investments Co., Ltd. (Owned by Fluxe Power Co., Ltd.)

On 12 April 2016, Fluxe Power Co., Ltd. registered and established a 100% owned subsidiary based in Mauritius, namely, Fluxe Investment Co., Ltd., to invest in the energy business with registered and paid-up capital of USD 10,000 (100 common shares at USD 100 par value).

Fluxe Holding Co., Ltd (Owned by Fluxe Investment Co., Ltd.)

On 25 April 2016, Fluxe Investment Co. Ltd. registered and established a 100% owned subsidiary based in Hong Kong Special Administrative Zone, namely, Fluxe Holding Co., Ltd. to invest in the energy business with registered and paid-up capital of UDS 10,000 (0.3 million baht) (100 shares at USD 100 par value).

**Geothermal Power A Company Limited and Geothermal Power B Company Limited
(owned by Fluxe Investment Co., Ltd.)**

On 8 August 2017, Fluxe Investments Co., Ltd. registered and established a 100% owned subsidiary based in Hong Kong Special Administrative Zone, namely, Geothermal Power A Company Limited and Geothermal Power B Company Limited to invest in the energy business with registered and paid-up capital of USD 10,000 (100 common shares at USD 100 par value).

PPSN Co., Ltd. (owned by Geothermal Power B Company Limited)

On 11 May 2016, the company invested in the common shares of PPSN Co., Ltd. which operates geothermal electricity generating business in Japan totaling 280 million yen (90 million baht) and in June 2016, the company transferred all of the shares in PPSN Co., Ltd. to Fluxe Holding Co., Ltd., a 100% owned subsidiary, for the sum of 90 million baht. As such, the company considers that PPSN Co., Ltd. is a group subsidiary since 11 May 2016 onwards. On 27 June 2017, the company's board meeting approved the investment in the geothermal electricity generating project in Japan by acquiring 4 companies in Japan (each one has 2 units of geothermal electricity generating business) i.e. Fino Binary Power Plant Limited Liability Company, NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company and Dual Energy Binary – Power Plant No. 1 Limited Liability Company with total project cost of 2,200 million yen (675 million baht).

On 2 August 2017, the company's board meeting approved the investment in the geothermal electricity generating project in Lena Power Station No. 1 Limited Liability Company. Which operates 2 geothermal electricity generating plants in Japan. And 28 August 2017, Geothermal Power A Company Limited to signed the share purchase agreement to buy the shares and paid share payment total project cost of 530 million yen (160 million baht).

Laster on 28 August 2017, the company signed the share purchase agreement to buy the shares of Fino Binary Power Plant Limited Liability Company. and on 4 September 2017, the company signed the share purchase agreement to buy the shares of NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company and Dual Energy Binary – Power Plant No. 1 Limited Liability Company. The company has the authority to control these companies on 30 August 2017 and 7 September 2017. As such, it is considered that these companies are subsidiaries of the group from the above dates onwards.

In September 2017, the company restructured the shareholding structure of the 4 new subsidiaries using Geothermal Power A Company Limited to invest in Fino Binary Power Plant Limited Liability Company and NIS Binary Power Plant Limited Liability Company and Geothermal Power B Company Limited to invest in the shares of Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company and Dual Energy Binary – Power Plant No. 1 Limited Liability Company making the above companies subsidiaries of the group since August 2017 and September 2017.

The company invested in the common shares of the 5 Subsidiaries i.e. Fino Binary Power Plant Limited Liability Company, NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company and Dual Energy Binary – Power Plant No. 1 Limited Liability Company and Lena Power Station No. 1 Limited Liability Company. the company incurred investment cost of 98 million baht (320 million yen) which is recorded as other expenses in the Profit & Loss statements for the year ending 31 December 2017.

Revenues and profits of the above 5 subsidiaries Subsidiaries i.e. Fino Binary Power Plant Limited Liability Company, NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company and Dual Energy Binary – Power Plant No. 1 Limited Liability Company and Lena Power Station No. 1 Limited Liability Company. After being acquiring, are reflected in the Profit & Loss Statements for the year ending 31 December 2017 totaling 10 million baht and 2 million baht respectively.

At present, the company is in the process of assessing the fair market value of the assets and liabilities as of the date of the acquisition to allocate the cost of such acquisition. Such exercise involves estimating the value of certain non-tangible assets as well as tangible assets which will take about 12 months from the acquisition date per the reporting standards no. 3 (revised 2016). During this time, the company shall revise retroactively the projections done as of the date of the acquisition and recognize additional assets, liabilities and adjusted the profit/loss figure to reflect the additional information taking into account the facts and the environment on the date of the acquisition. The company recorded the difference in the cost of investment in subsidiaries which is higher than the net value of these companies in the consolidated financial statements under the heading “cost of business acquisition not yet allocated”.

On 20 October 2017, the company adjusted the shareholding structure of the group as follows :

- (1) Tluxe Holding Limited purchased the common shares of Beppu Beppu Tsurumi Onsen Geothermal Power Station No. 1 Liaison Company from Geothermal Power B Company Limited for the sum of USD 5.7 million.
- (2) Geothermal Power B Company Limited purchased all the 120,000 common shares of PPSN Company Limited from Tluxe Holdings Limited for the sum of USD 2.6 million.
- (3) Geothermal Power B Company Limited purchased all the 50 common shares of SNS Power Company Limited from SUMO Power Company Limited for the sum of 0.5 million yen.

SUMO Power Co., Ltd. (owned by Tluxe Holding Co., Ltd.)

In September 2016, Tluxe Holding Limited, a subsidiary of the company, invested in the common shares of Sumo Power Company Limited which operates geothermal electricity generating business in Japan for the sum of 495 million yen (165 million baht). The financial statements of Sumo Power Co., Ltd. are thus consolidated with the company since the company has the management control on 6 September 2016.

In March 2017, the company made a change in the group shareholding structure using Sumo Power Company Limited to purchase the common shares of Otomeyama Energy Company Limited from PPSN Company Limited totaling 50 shares at 10,000 yen per share for the sum of 500,000 yen.

On 31 December 2017, Sumo Power Company Limited owns 1 already operated geothermal electricity generating plant while the remaining 8 units are in the process but have not signed agreement with any customer. There is no significant progress on this subsidiary since the end of last year.

Otomeyama Energy Company Limited (owned by Sumo Power Co., Ltd.)

On 23 September 2016, PPSN Company Limited registered and established a 100% owned subsidiary in Japan, namely, Otomeyama Energy Company Limited, to invest in geothermal electricity generating business in Japan with registered and paid-up capital of 500,000 yen (50 common shares at 10,000 yen per share).

S-Power Company Limited (owned by Sumo Power Co., Ltd.)

On 23 September 2016, Sumo Power Company Limited registered and established a 100% owned subsidiary in Japan, namely, S-Power Company Limited to invest in geothermal electricity generating business in Japan with registered and paid-up capital of 500,000 yen (50 common shares at 10,000 yen per share).

SNS Power Company Limited (owned by Geothermal Power B Company Limited)

On 5 October 2016, Sumo Power Company Limited registered and established a 100% owned subsidiary in Japan, namely, SNS Power Company Limited to invest in geothermal electricity generating business in Japan with registered and paid-up capital of 500,000 yen (50 common shares at 10,000 yen per share).

In March 2017, SNS Power Company Limited invested in an already operating electricity generating plant.

Lena Power Station No. 1 Limited Liability Company (owned by Geothermal Power A Company Limited)

On 2 August 2017, the company's board approved the investment in Lena Power Station No.1 Limited Liability Company which operates geothermal electricity generating business in Japan. The company already operates 2 plants and on 28 August 2017, Geothermal Power A Company Limited signed the share purchase agreement and paid for the shares at the sum of 530 million yen (160 million baht)

Geothermal Power A Company Limited has the controlling stake in Lena Power Station No. 1 Limited Liability Company on 9 September 2017. Thus from 9 September 2017 onwards, such company is considered a subsidiary of the group.

P Green Energy Company Limited (owned by Tluxe Holding Co., Ltd.)

On 2 October 2017, Tluxe Holding Co., Ltd., a subsidiary of the company, acquired all common shares of P Green Energy Company Limited of Japan totaling 100 shares at 10,000 yen per share for the sum of 1 million yen from the former directors of the subsidiary. The company operates as advisor, planning and managing business.

Investment in associate companies

On 24 June 2016, the company's Board approved the sale of NPP Food Corporation Co., Ltd. in which the company holds 45% of all common shares to an unrelated company for the total of 45 million baht. The company entered into a sale agreement with the buyer on 15 July 2016 and received payment of up to 50% on the same day. The buyer will pay the balance in 6 instalments with the first one in November 2016 at the interest rate of 5% p.a. By the second quarter of the current year, the company has received full payment for the shares and the company has transferred the balance shares to the buyer.

On 12 September 2016, PPSN Company Co., Ltd., a subsidiary, invested in M-Luxe Energy Company Limited to develop land for geothermal electricity generating plant in Japan with registered capital of 10 million yen (1,000 million common shares at par value of 10,000 yen). The subsidiary holds 25% in M-Luxe.

On 15 September 2017, the company changed the shareholding structure of joint venture companies. Tluxe Power Co., Ltd. bought common shares of M-Luxe Energy Company Limited from PPSN Company Limited totaling 250 shares at 10,000 yen per share for the total sum of 2.5 million yen.

Other long term investments

Other long term investment consist of general investment totaling 3.45 million baht and investment in common shares of companies listed in MAI totaling 855.48 million baht which was reclassified in the first quarter of 2017 i.e. from securities for trading to securities for sale and considered as long term investment.

Long term debtors

The group's long term debtors consist of trade debtors who are overdue for a long time and are being sued in court. As of end of 2017, long term debtors totaled 57.58 million baht or 1.47% of total assets. The company raised provision for doubtful debt taking into consideration the market value of security.

Property, plant and equipment

Property, plant and equipment of the group as at year ending 2015, 2016 and 2017 totaled 874.55 million baht; 908.69 million baht and 1,494.46 million baht respectively or 37.87%, 25.46% and 38.03% of total assets.

In 2017, the company has higher property, plant and equipment compared to 2016 totaling 585.77 million baht due to investment in geothermal electricity generation projects in Japan by acquiring 6 companies and during 2017 recorded impairment of machinery and equipment totaling 15.10 million baht as value of expected return is lower than the book value.

Sources of funds

	% of total assets		
	2015	2016	2017
Bank over drafts and short term loan from financial institutions	7.99	-	10.40
Trust Receipts	3.40	-	-
Trade and other payables	6.68	3.38	4.17
Short term loan from related parties	-	0.04	-
Short term loan from unrelated parties	10.75	-	-
Current portion of long term loan			1.02
Current portion of debenture	-	13.92	25.03
Current portion of liabilities under long - term lease agreement	0.04	0.03	0.05
Other current liabilities	0.12	0.28	0.23
Total current liabilities	29.95	17.65	40.91
Long term loan – net of current portion			15.43
Debentures – net of current portion	-	27.43	6.59
Liabilities under long - term lease agreement, net of current portion	0.06	0.04	0.08
Deferred liabilities tax	-	3.58	1.54
Provision for long term employee benefit	0.47	0.33	0.34
Non - current liabilities	0.53	31.38	23.98
Total liabilities	30.97	49.03	64.89
Shareholder Equity	69.03	50.97	35.11
Debt/Equity (times)	0.45	0.96	1.85

Upon considering the group's sources of fund, it can be seen that presently the majority are sourced from debenture issuance and long term loan from banks or 58.48% of the group's total assets in the consolidated financials. The group's D/E ratio during 2015-2017 stood at 0.45X, 0.96X and 1.85X respectively.

Long term lease

The company entered into long term lease agreement with a leasing company to lease equipment and vehicles for the company's operations based on monthly payment. The average lease period is between 2-4 years and the agreement is irrevocable.

Total liabilities

As at end of 2015, 2016 and 2017, the group has total liabilities of 715.32 million baht, 1,749.96 million baht and 2,550.14 million baht or 30.97%, 49.03% and 64.89% of total assets respectively. The main items of the group's total liabilities are trade payables and other creditors. Such items are the sources of fund for raw material and the group's working capitals. In 2016 and 2017, the increased in total liabilities, apart from trade payables and other creditors, is attributable to the issuance of debenture and borrowings from financial institutions in 2017 respectively.

Shareholder Equity

As at end of 2015, 2016 and 2017, the group has shareholder equity of 1,594.10 million baht, 1,819.35 million baht and 1,379.81 million baht respectively.

At end of 2017, the company and subsidiaries have shareholder equity of 1,379.95 million baht, a decline from 31 December 2016 of 439.53 million baht or a decline of 24.16% due to the losses in the value of securities for sale and the negative earnings in that year.

Liquidity

The Current Ratio during 2015-2017 equaled 1.93X, 3.62X and 0.56X, at the same time, the group has total liabilities at end of 2015, 2016 and 2017 of 715.31 million baht, 1,749.96 million baht and 2,550.14 million baht respectively and Debt/Equity ratio 0.45X, 0.96X and 1.85X respectively.

At end of 2017, the company and subsidiaries has net cash flow from operations of 9.65 million baht, cash outflow for business activities of 837.04 million baht from investment in subsidiaries, land, building and equipment purchase. This is supplemented by cash inflow from borrowings of 803.25 million baht and the net cash increase was 24.91 million baht. All in all, at yearend, the company had cash and cash equivalents of 48.29 million baht.

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 2017, 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 of the consolidated financial statements relating to the going concern of the Group. The consolidated statements of financial position as of 31 December 2017 show that the Group's current liabilities exceed its current assets by Baht 699 million (Baht 660 million for the Company only), and large amounts have been spent on various investments. Moreover, most of the current liabilities are debentures of Baht 986 million that mature in the second and third quarters of 2018 and loans from financial institutions of Baht 409 million and JPY 138 million (Baht 40 million) that mature in the year 2018.

The Company redeemed other investments in bills of exchange amounting to Baht 80 million in February 2018 and is in the process of obtaining additional credit facilities from a financial institution, to be secured by the geothermal power plants in Japan. In addition the Company has started negotiations to obtain additional loan funding and plans to dispose of its available-for-sale investments in order to redeem the debentures and settle its loans and future obligations as they come due. However, currently no loan agreements have been signed and there is still uncertainty.

As discussed in Note 20 to the consolidated financial statements, the Company breached a condition in its short-term loan agreement with a local bank. Currently, the Company is in the process of negotiating with the

bank and the Company's management believes that the bank will eventually grant a waiver of the breach.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. My opinion is not modified in respect of this matter.

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 available-for-sale securities (as at 31 December 2017 amounting to approximately Baht 610 million)

As described in Note 8.1 to the consolidated financial statements, the Company has an investment in the ordinary shares of a related company that is 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 outstanding balance of this investment as at 31 December 2017 is approximately Baht 610 million, and represents 44% of the net asset value of the Group. This is considered as an asset with risk being concentrated in only one related company. The value of the investment depends on the operating results and the future market price of this related company and on Company's decisions regarding the sale of the investment.

2. Investments in the geothermal power plant projects in Japan (as at 31 December 2017 - recorded as various types of assets such as property, plant and equipment, intangible assets, advances payments, and goodwill with a net value of approximately Baht 434 million after deducting impairment provision of Baht 182 million)

As described in Note 12.2 to the 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. Those subsidiaries plan to operate the geothermal power plant projects 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. During the year ended 31 December 2017, those subsidiaries reported operating losses and the Company informed us that the geothermal power plant projects 4 units are currently operational (2016: 2 units) while the remaining 8 units are preparing for operation.

In addition, another subsidiary company, SNS Power Company Limited, has acquired another operating power plant. Investment in these projects has been recorded under various types of assets in the consolidated statement of financial position, with a net value of approximately Baht 434 million after deducting impairment provision of Baht 182 million. The recoverability of these investments depends on the successful completion of these projects and the operating results of the projects in the future.

3. Investments in geothermal power plant projects in Japan (as at 31 December 2017 - recorded as various types of assets such as property, plant and equipment, intangible assets, advances payments, and unallocated costs of business acquisition with a net value of approximately Baht 750 million, after deducting impairment provision of Baht 26 million and expenses of Baht 98 million related to the acquisition of the businesses).

As described in Note 12.2.8 (b) to the consolidated financial statements, in August 2017 and September 2017 Geothermal Power A Company Limited and Geothermal Power B Company Limited, the subsidiaries, invested a total of Baht 835 million in geothermal power plant projects by acquiring all shares of five companies which were incorporated in Japan and have 10 power plants, of which 4 are currently operational. At present, the Company is in the process of assessing the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date and this assessment is to be completed within the period of 12 months from the acquisition date allowed under Thai Financial Reporting Standard No. 3 (revised 2016). At the acquisition date, the Company recorded the excess of the acquisition cost of those companies over their book values, amounting to Baht 248 million, as a separate item in the consolidated statement of financial position under non-current assets and the caption of “Unallocated costs of business acquisition” However, at the end of the year, the Company tested 10 geothermal power plants for impairment and recognised impairment loss on unallocated costs of business acquisition amounting to Baht 26 million in profit or loss in the consolidated financial statements for the year 2017. In addition, the Company recognised impairment loss of Baht 119 million on loans to related parties (subsidiaries) in profit or loss in the separate financial statements for the year 2017.

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 no. 3 and Note 12.2.8 (b) to the consolidated financial statements, in August 2017 and September 2017 the subsidiaries of the Group, acquired all of the ordinary shares of 5 companies, which operate geothermal power generation businesses in Japan, with a total investment of Baht 835 million. As at 31 December 2017, the Group provisionally recorded the acquisition using a best estimate of the values of the assets acquired and liabilities assumed, determined by applying the acquisition method. The Group will complete the recording of the acquisition within 2018, and the amount recorded as at 31 December 2017 may change. I have focused on this business acquisition since it is material to the financial statements as a whole and the management needed to exercise substantial judgment to determine the assumptions used as a basis for provisional recognition of the acquisition. Therefore, there is a risk with respect to the recognition and measurement of the assets acquired and liabilities assumed, including the initial difference on the acquisition.

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 assess whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2016) Business combinations. I checked the value of the acquisition against supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include the acquisition-related costs, I evaluated the method and assumptions that the management used in determining the provisionally recognised value of the acquisition and reviewed the disclosures related to the business combination in the notes to consolidated financial statements.

Power plant in Japan, goodwill and loan to related companies

As discussed in the emphasis of matter paragraph regarding investment in geothermal power plants project in Japan and Note 12.2 and Note 18 to consolidated financial statements, the Group has investments in geothermal power plants projects in Japan, comprising 23 power plants with carrying amounts totaling Baht 961 million and, as at 31 December 2017, the Group has goodwill from business combination amounting to Baht 16 million and unallocated costs of business acquisition amounting to Baht 206 million, after deducting impairment provision of Baht 26 million, as presented in the consolidated financial statements. In addition, the Company has loans to related companies (subsidiaries) amounting to Baht 1,516 million after deducting impairment provision of Baht 271 million presented in the separate financial statements. The loans to subsidiaries are for investment in the power plants project in Japan. These transactions are significant to the consolidated and separate financial statements. I have focused my audit on the consideration of the impairment of goodwill, the geothermal power plants project in Japan and loans to related companies (subsidiaries) because the assessment of impairment based on the estimated recoverable amount 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, the geothermal power plants project and loans to related companies (subsidiaries).

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 all power plant projects, 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 preparing 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 value of the projects and reviewed the disclosures made with respect to the impairment assessment for goodwill and unallocated costs of business acquisition.

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.

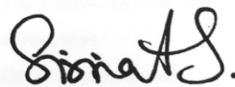
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely 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.

I am responsible for the audit resulting in this independent auditor's report



Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok : 28 February 2018

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 2017.



(ACM. Pitthaporn Glinfueng)
Chairman of the Board of Directors

Financial Statements and Notes to Financial Statements

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 2017, 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 of the consolidated financial statements relating to the going concern of the Group. The consolidated statements of financial position as of 31 December 2017 show that the Group's current liabilities exceed its current assets by Baht 699 million (Baht 660 million for the Company only), and large amounts have been spent on various investments. Moreover, most of the current liabilities are debentures of Baht 986 million that mature in the second and third quarters of 2018 and loans from financial institutions of Baht 409 million and JPY 138 million (Baht 40 million) that mature in the year 2018.

The Company redeemed other investments in bills of exchange amounting to Baht 80 million in February 2018 and is in the process of obtaining additional credit facilities from a financial institution, to be secured by the geothermal power plants in Japan. In addition the Company has started negotiations to obtain additional loan funding and plans to dispose of its available-for-sale investments in order to redeem the debentures and settle its loans and future obligations as they come due. However, currently no loan agreements have been signed and there is still uncertainty.

As discussed in Note 20 to the consolidated financial statements, the Company breached a condition in its short-term loan agreement with a local bank. Currently, the Company is in the process of negotiating with the bank and the Company's management believes that the bank will eventually grant a waiver of the breach.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. My opinion is not modified in respect of this matter.

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 available-for-sale securities (as at 31 December 2017 amounting to approximately Baht 610 million)

As described in Note 8.1 to the consolidated financial statements, the Company has an investment in the ordinary shares of a related company that is 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 outstanding balance of this investment as at 31 December 2017 is approximately Baht 610 million, and represents 44% of the net asset value of the Group. This is considered as an asset with risk being concentrated in only one related company. The value of the investment depends on the operating results and the future market price of this related company and on Company's decisions regarding the sale of the investment.

2. Investments in the geothermal power plant projects in Japan (as at 31 December 2017 - recorded as various types of assets such as property, plant and equipment, intangible assets, advances payments, and goodwill with a net value of approximately Baht 434 million after deducting impairment provision of Baht 182 million)

As described in Note 12.2 to the 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. Those subsidiaries plan to operate the geothermal power plant projects 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. During the year ended 31 December 2017, those subsidiaries reported operating losses and the Company informed us that the geothermal power plant projects 4 units are currently operational (2016: 2 units) while the remaining 8 units are preparing for operation. In addition, another subsidiary company, SNS Power Company Limited, has acquired another operating power plant. Investment in these projects has been recorded under various types of assets in the consolidated statement of financial position, with a net value of approximately Baht 434 million after deducting impairment provision of Baht 182 million. The recoverability of these investments depends on the successful completion of these projects and the operating results of the projects in the future.

3. Investments in geothermal power plant projects in Japan (as at 31 December 2017 - recorded as various types of assets such as property, plant and equipment, intangible assets, advances payments, and unallocated costs of business acquisition with a net value of approximately Baht 750 million, after deducting impairment provision of Baht 26 million and expenses of Baht 98 million related to the acquisition of the businesses).

As described in Note 12.2.8 (b) to the consolidated financial statements, in August 2017 and September 2017 Geothermal Power A Company Limited and Geothermal Power B Company Limited, the subsidiaries, invested a total of Baht 835 million in geothermal power plant projects by acquiring all shares of five companies which were incorporated in Japan and have 10 power plants, of which 4 are currently operational. At present, the Company is in the process of assessing the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date and this assessment is to be completed within the period of 12 months from the acquisition date allowed under Thai Financial Reporting Standard No. 3 (revised 2016). At the acquisition date, the Company recorded the excess of the acquisition cost of those companies over their book values, amounting to Baht 248 million, as a separate item in the consolidated statement of financial position under non-current assets and the caption of “Unallocated costs of business acquisition” However, at the end of the year, the Company tested 10 geothermal power plants for impairment and recognised impairment loss on unallocated costs of business acquisition amounting to Baht 26 million in profit or loss in the consolidated financial statements for the year 2017. In addition, the Company recognised impairment loss of Baht 119 million on loans to related parties (subsidiaries) in profit or loss in the separate financial statements for the year 2017.

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 no. 3 and Note 12.2.8 (b) to the consolidated financial statements, in August 2017 and September 2017 the subsidiaries of the Group, acquired all of the ordinary shares of 5 companies, which operate geothermal power generation businesses in Japan, with a total investment of Baht 835 million. As at 31 December 2017, the Group provisionally recorded the acquisition using a best estimate of the values of the assets acquired and liabilities assumed, determined by applying the acquisition method. The Group will complete the recording of the acquisition within 2018, and the amount recorded as at 31 December 2017 may change. I have focused on this business acquisition since it is material to the financial statements as a whole and the management needed to exercise substantial judgment to determine the assumptions used as a basis for provisional recognition of the acquisition. Therefore, there is a risk with respect to the recognition and measurement of the assets acquired and liabilities assumed, including the initial difference on the acquisition.

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 assess whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2016) Business combinations. I checked the value of the acquisition against supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include the acquisition-related costs, I evaluated the method and assumptions that the management used in determining the provisionally recognised value of the acquisition and reviewed the disclosures related to the business combination in the notes to consolidated financial statements.

Power plant in Japan, goodwill and loan to related companies

As discussed in the emphasis of matter paragraph regarding investment in geothermal power plants project in Japan and Note 12.2 and Note 18 to consolidated financial statements, the Group has investments in geothermal power plants projects in Japan, comprising 23 power plants with carrying amounts totaling Baht 961 million and, as at 31 December 2017, the Group has goodwill from business combination amounting to Baht 16 million and unallocated costs of business acquisition amounting to Baht 206 million, after deducting impairment provision of Baht 26 million, as presented in the consolidated financial statements. In addition, the Company has loans to related companies (subsidiaries) amounting to Baht 1,516 million after deducting impairment provision of Baht 271 million presented in the separate financial statements. The loans to subsidiaries are for investment in the power plants project in Japan. These transactions are significant to the consolidated and separate financial statements. I have focused my audit on the

consideration of the impairment of goodwill, the geothermal power plants project in Japan and loans to related companies (subsidiaries) because the assessment of impairment based on the estimated recoverable amount 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, the geothermal power plants project and loans to related companies (subsidiaries).

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 all power plant projects, 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 preparing 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 value of the projects and reviewed the disclosures made with respect to the impairment assessment for goodwill and unallocated costs of business acquisition.

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.

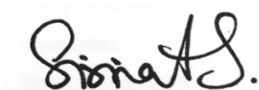
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies 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.

I am responsible for the audit resulting in this independent auditor's report.



Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok: 28 February 2018

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets					
Current assets					
Cash and cash equivalents	7	48,293,144	73,201,823	14,706,837	25,352,874
Current investments	8				
Trading securities		-	1,027,602,807	-	1,027,602,807
Available-for-sale securities		308,185,887	147,306,550	308,185,887	147,306,550
Others		110,500,000	600,170,159	110,500,000	600,170,159
Trade and other receivables	6, 9	193,785,735	189,729,424	281,581,436	213,848,638
Inventories	10	217,856,536	222,534,893	217,856,536	222,534,893
Other current assets		29,656,199	21,414,883	4,558,464	5,717,700
Total current assets		<u>908,277,501</u>	<u>2,281,960,539</u>	<u>937,389,160</u>	<u>2,242,533,621</u>
Non-current assets					
Restricted bank deposits	11	7,795,693	7,724,545	7,795,693	7,724,545
Investments in subsidiaries	12	-	-	2,999,980	2,999,980
Investment in associate	13	-	531,647	-	-
Other long-term investments	14	858,930,463	5,449,590	858,930,463	5,449,590
Long-term receivables	9	-	-	-	-
Loans to related parties	6	72,451,500	61,590,100	1,515,741,792	539,359,740
Investment properties	15	10,375,601	10,375,601	10,375,601	10,375,601
Property, plant and equipment	16	1,494,455,343	908,688,178	663,222,561	701,879,376
Intangible assets	17	123,466,901	75,093,179	10,436,770	8,252,052
Deferred tax assets	28	39,778,083	43,129,444	34,789,025	37,456,194
Goodwill	18	16,258,117	19,082,209	-	-
Unallocated costs of business acquisition	12.2.8	205,856,070	-	-	-
Advances payment	19	181,845,408	144,641,330	65,053,590	3,600,000
Other non-current assets		10,463,846	11,041,552	4,753,845	5,182,547
Total non-current assets		<u>3,021,677,025</u>	<u>1,287,347,375</u>	<u>3,174,099,320</u>	<u>1,322,279,625</u>
Total assets		<u>3,929,954,526</u>	<u>3,569,307,914</u>	<u>4,111,488,480</u>	<u>3,564,813,246</u>

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	408,761,483	-	408,761,483	-
Trade and other payables	6, 21	163,937,528	120,749,437	156,786,127	115,167,978
Short-term loans from related party	6	-	1,539,753	-	-
Current portion of long-term loan	22	40,184,664	-	40,184,664	-
Current portion of debentures	23	983,829,656	496,717,568	983,829,656	496,717,568
Current portion of liabilities under long-term lease agreements	24	1,867,001	918,525	1,867,001	918,525
Income tax payable		2,856,172	116,221	1,846,749	-
Other current liabilities		6,274,934	10,015,248	4,186,916	2,848,173
Total current liabilities		1,607,711,438	630,056,752	1,597,462,596	615,652,244
Non-current liabilities					
Long-term loan - net of current portion	22	606,493,347	-	606,493,347	-
Debentures - net of current portion	23	258,981,251	979,062,132	258,981,251	979,062,132
Liabilities under long-term lease agreements, net of current portion	24	3,057,258	1,491,372	3,057,258	1,491,372
Deferred tax liabilities	28	60,353,509	127,677,459	59,288,137	126,465,983
Provision for long-term employee benefits	25	13,545,242	11,674,288	13,545,242	11,674,288
Total non-current liabilities		942,430,607	1,119,905,251	941,365,235	1,118,693,775
Total liabilities		2,550,142,045	1,749,962,003	2,538,827,831	1,734,346,019

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
568,451,520 ordinary shares of Baht 1 each		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	26	56,845,152	56,845,152	56,845,152	56,845,152
Unappropriated		424,258,522	673,823,682	573,266,420	679,034,993
Other components of shareholders' equity		(194,945,591)	(4,977,321)	(151,105,321)	932,684
Total shareholders' equity		1,379,812,481	1,819,345,911	1,572,660,649	1,830,467,227
Total liabilities and shareholders' equity		3,929,954,526	3,569,307,914	4,111,488,480	3,564,813,246

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

..... Director

Thai Luxe Enterprises Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		1,822,329,930	1,511,287,889	1,790,732,106	1,500,846,772
Gain on investments in securities		4,818,750	649,045,278	4,818,750	649,045,278
Interest income		26,201,527	39,433,118	92,822,746	56,949,044
Gain on disposal of investments in subsidiary		-	11,106,503	-	-
Gain on disposal of investments in associate		-	21,003,504	-	-
Gain on exchange		-	-	-	6,311,008
Other income		21,515,264	8,305,517	15,876,760	11,213,387
Total revenues		1,874,865,471	2,240,181,809	1,904,250,362	2,224,365,489
Expenses					
Cost of sales		1,521,676,035	1,295,059,325	1,498,393,566	1,286,143,727
Selling expenses		73,876,477	47,523,322	73,875,787	47,523,322
Administrative expenses		218,667,668	161,287,338	182,010,149	146,962,706
Loss on impairment of loan to related parties	6	-	-	118,800,000	152,000,000
Loss on impairment of investments in subsidiaries	12	-	-	-	104,388,734
Loss on impairment of assets	16	15,098,926	71,100,000	12,072,255	71,100,000
Loss on impairment of goodwill	18	-	201,000,000	-	-
Loss on impairment of unallocated costs of business acquisition	12.2.8	25,577,947	-	-	-
Loss on exchange		61,560,185	19,116,677	16,867,159	-
Other expenses	12.2	98,052,877	-	-	-
Total expenses		2,014,510,115	1,795,086,662	1,902,018,916	1,808,118,489
Profit (loss) before share of loss from investments in associates, finance cost and income tax expenses		(139,644,644)	445,095,147	2,231,446	416,247,000
Share of loss from investments in associates	13.2	(613,502)	(15,445,802)	-	-
Profit (loss) before finance cost and income tax expenses		(140,258,146)	429,649,345	2,231,446	416,247,000
Finance cost		(104,974,071)	(73,613,315)	(104,970,215)	(73,556,445)
Profit (loss) before income tax expenses		(245,232,217)	356,036,030	(102,738,769)	342,690,555
Income tax expenses	28	(4,332,943)	(116,319,185)	(3,029,804)	(116,050,789)
Profit (loss) from continued operation for the year		(249,565,160)	239,716,845	(105,768,573)	226,639,766
Discontinued operation					
Loss from discontinued operation for the year	12.1.1	-	(7,402,697)	-	-
Profit (loss) for the year		(249,565,160)	232,314,148	(105,768,573)	226,639,766

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements				
in foreign currency	(37,930,265)	(5,910,005)	-	-
Gain (loss) on changes in value of available-for-sale investments				
- net of income tax	(152,038,005)	6,212,238	(152,038,005)	6,212,238
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods - net of income tax	(189,968,270)	302,233	(152,038,005)	6,212,238
<i>Other comprehensive income not to be reclassified</i>				
<i>to profit or loss in subsequent periods</i>				
Actuarial gain - net of income tax	-	416,283	-	416,283
Other comprehensive income not to be reclassified				
to profit or loss in subsequent periods - net of income tax	-	416,283	-	416,283
Other comprehensive income for the year	(189,968,270)	718,516	(152,038,005)	6,628,521
Total comprehensive income for the year	(439,533,430)	233,032,664	(257,806,578)	233,268,287
Profit (loss) attributable to:				
Equity holders of the Company				
Profit (loss) from continued operation	(249,565,160)	239,716,845	(105,768,573)	226,639,766
Loss from discontinued operation	-	(2,739,868)	-	-
	(249,565,160)	236,976,977	(105,768,573)	226,639,766
Non-controlling interests of the subsidiaries				
Loss from discontinued operation	-	(4,662,829)		
	-	(4,662,829)		
	(249,565,160)	232,314,148		
Total comprehensive income attributable to:				
Equity holders of the Company				
Profit (loss) from continued operation	(439,533,430)	240,435,361	(257,806,578)	233,268,287
Loss from discontinued operation	-	(2,739,868)	-	-
	(439,533,430)	237,695,493	(257,806,578)	233,268,287
Non-controlling interests of the subsidiaries				
Loss from discontinued operation	-	(4,662,829)		
	-	(4,662,829)		
	(439,533,430)	233,032,664		
Earnings per share	30			
Basic profit (loss) per share				
Profit (loss) attributable to equity holders of the Company	(0.44)	0.42	(0.19)	0.40
Earnings per share from continued operation	30			
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the Company	(0.44)	0.43	(0.19)	0.40

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 2017

	Consolidated financial statements														(Unit: Baht)
	Equity attributable to owners of the Company														
	Issued and fully paid-up share capital	Share premium - ordinary shares	Capital reserve for share-based payment transactions	Retained earnings		Capital reserve for share-based payment transactions	Other comprehensive income			Other components of shareholders' equity					
				Appropriated	Unappropriated		Exchange differences on translation of financial statements in foreign currency	Surplus (deficit) on changes in value of available-for-sale investments	Surplus on changes in the ownership interests in a subsidiary	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
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	-	6,212,238	-	302,233	718,516	-	718,516	
Total comprehensive income for the year	-	-	-	-	237,393,260	(5,910,005)	6,212,238	-	6,212,238	-	302,233	237,695,493	(4,662,829)	233,032,664	
Subsidiary's share capital increase	-	-	-	-	-	-	-	-	-	-	-	-	11,250,000	11,250,000	
Sale of investments in subsidiary	-	-	-	-	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	
Balance as at 1 January 2017	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	
Loss for the year	-	-	-	-	(249,565,160)	-	-	-	-	-	-	(249,565,160)	-	(249,565,160)	
Other comprehensive income for the year	-	-	-	-	-	(37,930,265)	(152,038,005)	-	(189,968,270)	-	(189,968,270)	(189,968,270)	-	(189,968,270)	
Total comprehensive income for the year	-	-	-	-	(249,565,160)	(37,930,265)	(152,038,005)	-	(189,968,270)	-	(189,968,270)	(439,533,430)	-	(439,533,430)	
Balance as at 31 December 2017	563,050,687	489,124,511	41,479,200	56,845,152	424,258,522	(43,840,270)	(151,105,321)	-	(194,945,591)	-	1,379,812,481	-	-	1,379,812,481	

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 2017

	Separate financial statements							(Unit: Baht)
	Other components of shareholders' equity							
	Other							
	comprehensive income							
	Capital reserve for share-based payment transactions			Surplus (deficit) on changes in value of available-for-sale investments		Total other components of shareholders' equity		
Issued and fully paid-up share capital	Share premium - ordinary shares		Appropriated	Unappropriated			Total shareholders' equity	
Balance as at 1 January 2016	563,050,687	489,124,511	41,479,200	56,845,152	451,978,944	(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	6,628,521	
Total comprehensive income for the year	-	-	-	-	227,056,049	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	1,830,467,227	
Balance as at 1 January 2017	563,050,687	489,124,511	41,479,200	56,845,152	679,034,993	932,684	1,830,467,227	
Loss for the year	-	-	-	-	(105,768,573)	-	(105,768,573)	
Other comprehensive income for the year	-	-	-	-	-	(152,038,005)	(152,038,005)	
Total comprehensive income for the year	-	-	-	-	(105,768,573)	(152,038,005)	(257,806,578)	
Balance as at 31 December 2017	563,050,687	489,124,511	41,479,200	56,845,152	573,266,420	(151,105,321)	1,572,660,649	

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit (loss) before tax from continued operation	(245,232,217)	356,036,030	(102,738,769)	342,690,555
Add: Loss before tax from discontinued operation	-	(7,453,348)	-	-
Profit (loss) before tax	(245,232,217)	348,582,682	(102,738,769)	342,690,555
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	102,273,563	102,058,708	78,561,768	91,833,660
Amortisation of deferred arrangement fee for bill of exchanges	-	1,001,707	-	1,001,707
Amortisation of deferred arrangement fees for loans and debentures	9,039,116	7,538,309	9,039,116	7,538,309
Bad debts	2,701,274	2,564,507	2,701,274	2,564,507
Allowance for doubtful accounts (reversal)	14,875,177	(1,122,329)	14,875,177	(1,122,329)
Reversal of reduce cost of inventories to net realisable value	(2,154,018)	(4,851,832)	(2,154,018)	(4,950,171)
Write-off on inventories	972,201	-	972,201	-
Unrealised gain on revaluation of trading securities	-	(643,042,983)	-	(643,042,983)
Gain on sales of trading securities	-	(2,334,377)	-	(2,334,377)
Gain on sales of available-for-sale securities	(4,818,750)	(3,658,703)	(4,818,750)	(3,658,703)
Write-off on withholding tax	671,108	-	671,108	-
Write-off on fixed assets	-	44,079	-	44,079
Loss (gain) on sales of equipment	(2,305,621)	159,201	(1,740,854)	173,219
Loss on impairment of loans to related parties	-	-	118,800,000	152,000,000
Loss on impairment of investments in subsidiaries	-	-	-	104,388,734
Loss on impairment of assets	15,098,926	71,100,000	12,072,255	71,100,000
Loss on impairment of goodwill	-	201,000,000	-	-
Loss on impairment of unallocated costs of business acquisition	25,577,947	-	-	-
Gain on disposal of investment in subsidiary	-	(11,106,503)	-	-
Fee for acquisition subsidiaries	97,938,000	-	-	-
Gain on disposal of investment in associate	-	(21,003,504)	-	-
Share of loss from investments in associates	613,502	15,445,802	-	-
Provision for long-term employee benefits	1,870,954	2,951,747	1,870,954	2,796,829
Dividend income from investments in securities	(122,188)	(119,240)	(122,188)	(119,240)
Unrealised on exchange loss (gain)	50,591,010	25,521,556	7,150,373	(6,816,928)
Interest income	(26,201,527)	(39,463,199)	(92,822,746)	(56,949,044)
Interest expenses	93,927,065	65,639,620	93,923,209	64,528,447
Profit from operating activities before changes in operating assets and liabilities	135,315,522	116,905,248	136,240,110	121,666,271

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Operating assets (increase) decrease				
Trade and other receivables/long-term receivables	(43,802,429)	(44,063,388)	(43,069,861)	(40,457,461)
Inventories	5,860,174	124,614,069	5,860,174	126,161,474
Other current assets	9,692,481	3,642,111	1,159,236	4,751,311
Other non-current assets	(93,402)	(3,730,740)	(242,406)	(4,684,141)
Operating liabilities increase (decrease)				
Trade and other payables	28,356,755	(37,269,313)	37,108,617	(27,412,101)
Other current liabilities	(4,421,573)	8,297,430	1,338,743	814,126
Other non-current liabilities	-	(561,690)	-	(561,690)
Cash flows from operating activities	130,907,528	167,833,727	138,394,613	180,277,789
Cash paid for interest expenses	(93,247,647)	(41,772,419)	(93,201,453)	(42,465,034)
Cash paid for income tax	(28,005,912)	(735,068)	(27,706,779)	(629,542)
Net cash flows from operating activities	9,653,969	125,326,240	17,486,381	137,183,213
Cash flows from investing activities				
Increase in restricted bank deposits	(71,148)	(72,337)	(71,148)	(72,337)
Purchases of investments - trading securities	-	(54,527,408)	-	(54,527,408)
Cash receipt from sales of trading securities	-	36,796,661	-	36,796,661
Purchases of investments - available-for-sale securities	(2,474,371,333)	(2,503,263,818)	(2,474,371,333)	(2,503,263,818)
Cash receipt from sales of available-for-sale securities	2,300,407,722	2,220,124,558	2,300,407,722	2,220,124,558
Increase in other current investments	(110,602,995)	(1,057,000,000)	(110,602,995)	(1,057,000,000)
Decrease in other current investments	601,327,397	841,106,655	601,327,397	677,000,000
Increase in loans to related parties	(15,541,400)	(61,590,100)	(1,095,182,052)	(470,539,460)
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)	-	(119,887,200)
Fee for acquisition subsidiaries (Note 12.2.8)	(97,938,000)	-	-	-
Acquisition of investments in subsidiaries (Note 12.2)	(760,604,880)	(253,064,561)	-	(100,000,000)
Acquisition of investment in associate	-	(23,269,876)	-	(22,500,000)
Cash received from disposal of investment in subsidiary	10,867,072	23,507,778	10,867,072	23,507,778
Cash received from disposal of investment in associate	14,121,858	30,878,142	14,121,858	30,878,142
Cash receipt from redeem held-to-maturity securities	2,000,000	-	2,000,000	-
Acquisition of property, plant and equipment	(163,348,669)	(83,069,769)	(42,951,923)	(28,437,035)
Proceed from sales of equipment	2,344,548	848,290	2,344,548	834,271
Cash paid to settle payables from asset purchase	(65,638,668)	-	(446,907)	-
Acquisition of intangible assets	(5,214,054)	(833,798)	(3,462,813)	(737,498)
Advance for acquisition of power plant	-	(76,063,774)	-	-
Advance for acquisition of assets	(92,447,814)	(3,600,000)	(61,453,590)	(3,600,000)
Advance for acquisition of intangible assets	(5,416,466)	(64,977,556)	-	-
Dividend receipt from investments in securities	122,188	119,240	122,188	119,240
Interest income	22,964,795	31,892,829	24,429,275	27,709,592
Net cash flows used in investing activities	(837,039,847)	(1,115,946,044)	(832,922,701)	(1,183,594,514)

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from financing activities				
Increase in short-term loans from financial institutions	558,200,000	-	558,200,000	-
Repayment of short-term loans from financial institutions	(150,000,000)	(139,639,774)	(150,000,000)	(150,000,000)
Decrease in accounts payable - trust receipts	-	(78,482,500)	-	(78,482,500)
Decrease in short-term loan from related party	(1,539,753)	-	-	-
Decrease in short-term loans from unrelated parties	-	(255,433,180)	-	(255,109,906)
Cash receipt from long-term loan	639,605,797	-	639,605,797	-
Cash receipt from debentures	258,586,325	1,663,852,206	258,586,325	1,663,852,206
Repayment of debentures	(500,000,000)	(200,000,000)	(500,000,000)	(200,000,000)
Repayment of liabilities under long-term lease agreements	(1,601,839)	(1,099,112)	(1,601,839)	(1,099,113)
Net cash flows from financing activities	803,250,530	989,197,640	804,790,283	979,160,687
Decrease in translation adjustments	(773,331)	(19,964,460)	-	-
Net decrease in cash and cash equivalents	(24,908,679)	(21,386,624)	(10,646,037)	(67,250,614)
Cash and cash equivalents at beginning of year	73,201,823	108,492,622	25,352,874	92,603,488
Cash and cash equivalents at end of period from discontinued operation	-	(13,904,175)	-	-
Cash and cash equivalents at end of year	48,293,144	73,201,823	14,706,837	25,352,874
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Reclassification of current investments in trading securities				
to available-for-sale securities	1,027,602,807	-	1,027,602,807	-
Reclassification of current investments in available-for-sale securities				
to trading securities	-	270,599,000	-	270,599,000
Movement in balances of short-term loan to unrelated party				
due to acquisition of investment in subsidiary	-	220,820,280	-	220,820,280
Acquisition of investment in subsidiary for which paid in advance	-	-	-	13,750,000
Acquisition of power plants for which paid in advance	76,141,598	-	-	-
Acquisition of intangible assets for which paid in advance	46,029,137	-	-	-
Acquisition of assets that have not yet been paid	4,408,884	446,907	4,408,884	446,907
Assets acquired under long-term lease agreements	3,942,000	1,115,300	3,942,000	1,115,300

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 2017

1. General information

1.1 Corporate 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.

1.2 Fundamental accounting assumptions

As of 31 December 2017, the Group’s current liabilities exceed its current assets by Baht 699 million (Baht 660 million for the Company only), and large amounts have been spent on various investments. Moreover, most of the current liabilities are debentures of Baht 986 million that mature in the second and third quarters of 2018 and loans from financial institutions of Baht 409 million and JPY 138 million (Baht 40 million) that mature in the year 2018. The Group’s management has redeemed other investments in bills of exchange amounting to Baht 80 million in February 2018 and is in the process of obtaining additional credit facilities from a financial institution secured by the geothermal power plants in Japan. In addition the Company has started negotiations to obtain additional loan funding and had a plan to dispose of its available-for-sale investments in order to redeem the debentures and settle its loans and future obligations as they come due. However, currently no loan agreement have been signed yet. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. However, the Group’s management are confident that the Group will be able to obtain sufficient additional funds for its operations and to settle future obligations as they come due. The Group’s management therefore believe that the Group will be able to continue as a going concern. Therefore, the financial statements have been prepared under the going concern basis, with assets and liabilities recorded on the basis that the Group will be able to realize its assets and meet its obligations in the ordinary course of business.

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 11 October 2016, 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>2017</u>	<u>2016</u>
			Percent	Percent
Subsidiaries directly held by the Company				
Pluxe Global Business Co., Ltd.	Distribution of raw material for animal feed	Thailand	100	100
Pluxe Power Co., Ltd	Invest in energy business	Thailand	100	100
Subsidiary held through Pluxe Power Limited				
Pluxe Investments Limited	Invest in energy business	Republic of Mauritius	100	100
Subsidiaries held through Pluxe Investments Limited				
Pluxe Holdings Limited	Invest in energy business	Hong Kong Special Administrative Region	100	100
Geothermal Power A Co., Ltd.	Invest in energy business	Hong Kong Special Administrative Region	100	-
Geothermal Power B Co., Ltd.	Invest in energy business	Hong Kong Special Administrative Region	100	-
Subsidiaries held through Pluxe Holdings Limited				
PPSN Co., Ltd.	Geothermal power generation business	Japan	-	100
Sumo Power Co., Ltd.	Geothermal power generation business	Japan	100	100
Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company	Geothermal power generation business	Japan	100	-
P Green Energy Co., Ltd.	The business consulting and management	Japan	100	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u>	<u>2016</u>
			Percent	Percent
Subsidiaries held through				
Geothermal Power A Co., Ltd.				
Fino Binary Power Plant LLC.	Geothermal power generation business	Japan	100	-
NIS Binary Power Plant LLC.	Geothermal power generation business	Japan	100	-
Lena Power Station No.1 LLC.	Geothermal power generation business	Japan	100	-
Subsidiaries held through				
Geothermal Power B Co., Ltd.				
PPSN Co., Ltd.	Geothermal power generation business	Japan	100	-
SNS Power Co., Ltd.	Geothermal power generation business	Japan	100	-
Dual Energy Binary - Power Plant No.1 LLC.	Geothermal power generation business	Japan	100	-
Subsidiary held through				
PPSN Co., Ltd.				
Otomeyama Energy Co., Ltd.	Geothermal power generation business	Japan	-	100
Subsidiaries held through				
Sumo Power Co., Ltd				
Otomeyama Energy Co., Ltd.	Geothermal power generation business	Japan	100	-
S-Power Co., Ltd.	Geothermal power generation business	Japan	100	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 its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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 trading securities 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, 20 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

No amortisation is provided on software under installation.

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

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:

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.

Allowance for impairment of loans

In determining allowance for impairment of loans, the management needs to make judgements and estimates based upon analysis of factors such as the financial position of each debtor, the ability of debtors to make repayment given their operating results, the collection history of the debtors and the prevailing economic conditions.

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.

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

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

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of raw materials	-	-	-	1	Average cost plus margin at least 6%
Rental income	-	-	-	3	Contract prices
Interest income	-	-	69	20	3 - 8 percent per annum
<u>Transactions with associated company</u>					
Interest income	2	-	-	-	3 percent per annum
<u>Transactions with related party</u>					
Sales of goods	213	-	213	-	Cost plus contract rate
Interest income	18	22	18	22	5 - 7 percent per annum
Purchase of raw materials	77	-	77	-	Market prices
Consulting fee	2	-	2	-	Contract rate

The balances of the accounts as at 31 December 2017 and 2016 between Company and its related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other current investments - related party (Note 8)</u>				
Related party (common shareholders and the Company is a shareholder)	-	450,000	-	450,000
Total other current investments - related party	-	450,000	-	450,000
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	95,186	26,434
Associate	3,406	605	-	-
Related party (common director)	16	-	-	-
Related party (common director and shareholders)	11,730	-	11,730	-
Related party (common shareholders and the Company is a shareholder)	-	571	-	571
Related parties (director of subsidiaries)	-	1	-	-
Total trade and other receivables - related parties	15,152	1,177	106,916	27,005
<u>Trade and other payables - related parties (Note 21)</u>				
Related party (common director)	5	47	-	-
Related party (common director and shareholders)	4,250	-	4,250	-
Related parties (director of subsidiaries)	1,179	979	-	-
Total trade and other payables - related parties	5,434	1,026	4,250	-

Loans to related parties

As at 31 December 2017, the balance of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Loans to related party	Related by	Balance as at			Balance as at
		1 January	Increase during	Translation	31 December
		2017	the year	adjustment	2017
M-Luxe Energy Co., Ltd	Associate	61,590	15,541	(4,679)	72,452
Total		61,590	15,541	(4,679)	72,452

The loans to related party carried interest rate at 3 percent per annum and are payable in August 2018 and March 2020. However, the Company has no plans to call the loans to associate within August 2018, therefore, classified such loans as non-current assets in the financial statements.

(Unit: Thousand Baht)

		Separate financial statements			
Loans to related parties	Related by	Balance as at		Decrease	Balance as at
		1 January	Increase	during the	31 December
		2017	during the year	year	2017
Thluxe Power Co., Ltd.	Subsidiary	166,659	-	-	166,659
PPSN Co., Ltd.	Subsidiary	440,972	502,868	(345,054)	598,786
Sumo Power Co., Ltd.	Subsidiary	83,729	-	-	83,729
Geothermal Power A Co., Ltd.	Subsidiary	-	557,619	-	557,619
Geothermal Power B Co., Ltd.	Subsidiary	-	375,939	-	375,939
P Green Energy Co., Ltd	Subsidiary	-	3,810	-	3,810
Total		691,360	1,440,236	(345,054)	1,786,542
Less: Allowance for impairment		(152,000)	(118,800)	-	(270,800)
Long-term loan to related parties - net		539,360	1,321,436	(345,054)	1,515,742

The loans to subsidiaries are loans used for investing in the geothermal power plant 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.

As described in the Note 12.2.8 to the consolidated financial statements, during the current year, the Company assessed the recoverable amount of such geothermal power plant 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 impairment on loans amounting to Baht 119 million (2016: Baht 152 million) in profit and loss in the separate financial statements for the year ended 31 December 2017.

Short-term loans from related party

As at 31 December 2017, the balance of loans between the Company and a related party and the movement are as follows:

(Unit: Thousand Baht)

Loans from related party	Related by	Consolidated financial statements		
		Balance as at 1 January 2017	Decrease during the period	Balance as at 31 December 2017
Dual Energy Co., Ltd.	Common director	1,540	(1,540)	-
Total		1,540	(1,540)	-

Directors and management's benefits

During the years ended 31 December 2017 and 2016, 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	19	16	14	12
Post-employment benefits	1	1	1	1
Total	20	17	15	13

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

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	141	351	105	347
Bank deposits	48,152	72,851	14,602	25,006
Total	48,293	73,202	14,707	25,353

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.0 and 0.5 percent per annum (2016: between 0.0 and 0.5 percent per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Investments in trading securities - fair value	-	1,027,603
Investments in available-for-sale securities, cost	307,522	146,142
Add: Gain on changes in value of investments	664	1,165
Investments in available-for-sale securities, fair value	308,186	147,307
Others	110,500	600,170
Total	418,686	1,775,080

- 8.1 In 2015, the Company invested in ordinary shares of ASIA Capital Group Public Company Limited, a related company listed on the Market for Alternative Investment (MAI). The investment in these shares represents approximately 14 percent of that company's paid-up share capital, and some shareholders of the Company are also shareholders of this company. The Company has no intention to take part in the management of this company and has no influence over it. The investment was therefore presented as investments in available-for-sale securities. Later, on 24 June 2016, a meeting of the Board of Directors passed a resolution to reclassify the current investment from available-for-sale securities to trading securities and adjust the investment to its fair value as at the reclassification date.

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.

During the first quarter of the year 2017, the Company decided to reclassify this current investment back to available-for-sale securities, and considered this investment to be long-term investments, effective from 1 January 2017 because during the period of nearly one year after the reclassification of this investment, the volume of these shares traded by the Company was low and infrequent and assessment showed a lack of evidence to support the reclassification of this investment as trading securities. The Company recognised an unrealised loss on revaluation of the investment during the year ended 31 December 2017 (net of the effect of the issue of warrants by that company in the second quarter of the current year) of approximately Baht 192 million in shareholders' equity, directly through other comprehensive income, based on the difference between the latest bid price of the shares as of 30 December 2016 which was Baht 21.7 per share and the latest bid price of the shares as of the end of the year 2017 which was Baht 14.1 per share. As at 31 December 2017, the investment was presented at its fair value of Baht 610 million as disclosed in the Note 14 to the consolidated financial statements.

In addition, during the first quarter of the year 2017, the Company decided to reclassify its investments in ordinary shares of unrelated companies from trading securities to available-for-sale securities, which are considered to be long-term investments, effective from 1 January 2017. The Company recognised the unrealised loss on the revaluation of investments during the year ended 31 December 2017 of approximately Baht 12 million (net of the effect of the issue of warrants by that company in the first quarter and third quarter of the current year) in shareholders' equity by recording them directly through other comprehensive income based on the difference between the latest bid price of the shares of these companies as of 30 December 2016 and as of the end of the year of 2017. As at 31 December 2017, the fair values of these investments amounted to Baht 75 million as disclosed in the Note 14 to the consolidated financial statements.

- 8.2 As at 31 December 2016, other current investments are bills of exchange totaling Baht 450 million that were issued by ASIA Capital Group Public Company Limited, a related company carrying interest at rates of 5.4 and 5.9 percent per annum and unsecured. In the first quarter of the year 2017, the related company made payment of Baht 120 million to the Company on

the maturity date and the Company made additional investment of Baht 30 million in a bill of exchange issued by this related company. During the year 2017, the terms of these bills of exchange were extended a number of times. Partial settlement of the bills of exchange of Baht 165 million was received in the third quarter of the year 2017 and full settlement of the balance was received by the Company in the fourth quarter of the year 2017.

In addition, the Company had investments in bills of exchange issued by other companies, with outstanding balances totaling Baht 150 million as of 31 December 2016. The Company received partial settlement of Baht 70 million during the first quarter of the year 2017, while the maturity dates of the remaining Baht 80 million have been extended a number of times. In addition, during the fourth quarter of year 2017, the Company invested Baht 30 million in a bill of exchange issued by another company, and as a result, the outstanding balance of bills of exchange as at 31 December 2017 was Baht 110 million with the carrying interest at rates of 5.4 and 6.3 percent per annum. The bills of exchange are unsecured. During the first quarter of the year 2018, partial settlement of the bills of exchange of Baht 80 million was received.

The Company decided to extend the maturity dates of these bills of exchange because the Company wants to manage its liquidity and is determining the uses of funds in accordance with its geothermal power generation project. The Company has assessed the creditworthiness of the issuers of these bills of exchange and believes that the bills of exchange will be settled in the future, without any default.

- 8.3 During the year 2017, the Company sold available-for-sale securities with book values totaling Baht 2,144 million (2016: Baht 2,200 million) and recognised (after tax) gains on the sales amounting to Baht 2 million (2016: Baht 3 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 0.5 million (2016: Baht 0.6 million).

9. Trade and other receivables/long-term receivables

9.1 Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related party</u>				
Aged on the basis of due dates				
Not yet due	11,730	-	11,730	-
Total trade receivables - related party	11,730	-	11,730	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	140,033	139,406	136,064	137,698
Past due				
Up to 3 months	29,445	23,505	29,445	23,505
3 - 6 months	17,770	1,244	17,770	1,244
6 - 12 months	8,082	2,710	8,082	2,710
Over 12 months	228	1,347	228	1,347
Total	195,558	168,212	191,589	166,504
Less: Allowance for doubtful debts	(17,195)	(4,679)	(17,195)	(4,679)
Total trade receivables - unrelated parties, net	178,363	163,533	174,394	161,825
Total trade receivables - net	190,093	163,533	186,124	161,825
<u>Other receivables</u>				
Account receivable from disposal of investments	-	24,989	-	24,989
Amounts due from related parties	916	161	1,997	2,108
Amounts due from unrelated parties	140	-	140	-
Interest receivable - related parties	2,506	1,016	93,189	24,897
Interest receivable - unrelated parties	131	30	131	30
Total other receivables	3,693	26,196	95,457	52,024
Total trade and other receivables - net	193,786	189,729	281,581	213,849

9.2 Long-term receivables

These represent the balance of long outstanding debts amounting to Baht 58 million (2016: Baht 55 million) due from various trade debtors against whom the Company has taken legal actions. As at 31 December 2017, the Company has set up an allowance for doubtful accounts amounting to Baht 58 million (2016: Baht 55 million) in its accounts by taking into consideration the auction price and the value of the related collaterals.

10. Inventories

(Unit: Thousand Baht)

	Consolidated/Separate financial statements					
			Reduce cost to net			
	Cost		realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	42,006	49,397	(2,893)	(4,400)	39,113	44,997
Raw materials	124,423	103,007	(118)	(1,583)	124,305	101,424
Raw materials in transit	18,750	40,844	-	-	18,750	40,844
Packing materials and supplies	17,215	16,083	(2,248)	(3,448)	14,967	12,635
Spare parts	29,363	29,258	(8,641)	(6,623)	20,722	22,635
Total	231,757	238,589	(13,900)	(16,054)	217,857	222,535

During the current year, the Company reversed the write-down of cost of inventories by Baht 2 million, this was reduced the amount of inventories recognised as cost of sales (2016: Baht 5 million).

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

(Unit: Thousand Baht)

Carrying amounts

based on cost

method - net

Company's name	Paid-up capital		Shareholding		Cost		Provision for impairment		Carrying amounts	
			Percentage				of investments		based on cost	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)						
Subsidiaries directly held by the Company										
Tluxe Global Business Co., Ltd.	3,000	3,000	100	100	3,000	3,000	-	-	3,000	3,000
Tluxe Power Co., Ltd.	100,000	100,000	100	100	100,000	100,000	(100,000)	(100,000)	-	-
Investments in subsidiaries directly held by the Company - net					103,000	103,000	(100,000)	(100,000)	3,000	3,000
Subsidiary held through Tluxe Power Limited										
Tluxe Investments Limited	10*	10*	100	100	-	-	-	-	-	-
Subsidiary held through Tluxe Investments Limited										
Tluxe Holdings Limited	10*	10*	100	100	-	-	-	-	-	-
Geothermal Power A Co., Ltd.	10*	-	100	-	-	-	-	-	-	-
Geothermal Power B Co., Ltd.	10*	-	100	-	-	-	-	-	-	-
Subsidiaries held through Tluxe Holdings Limited										
PPSN Co., Ltd.	-	12,000**	-	100	-	-	-	-	-	-
Sumo Power Co., Ltd.	1,000**	1,000**	100	100	-	-	-	-	-	-
Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company	10**	-	100	-	-	-	-	-	-	-
P Green Energy Co., Ltd.	1,000**	-	100	-	-	-	-	-	-	-
Subsidiaries held through Geothermal Power A Co., Ltd.										
Fino Binary Power Plant LLC.	10**	-	100	-	-	-	-	-	-	-
NIS Binary Power Plant LLC.	10**	-	100	-	-	-	-	-	-	-
Lena Power Station No.1 LLC.	5,000**	-	100	-	-	-	-	-	-	-
Subsidiaries held through Geothermal Power B Co., Ltd.										
PPSN Co., Ltd.	12,000**	-	100	-	-	-	-	-	-	-
SNS Power Co., Ltd.	500**	-	100	-	-	-	-	-	-	-
Dual Energy Binary - Power Plant No.1 LLC.	100**	-	100	-	-	-	-	-	-	-
Subsidiary held through PPSN Co., Ltd.										
Otomeyama Energy Co., Ltd.	-	500**	-	100	-	-	-	-	-	-
Subsidiaries held through Sumo Power Co., Ltd.										
Otomeyama Energy Co., Ltd.	500**	-	100	-	-	-	-	-	-	-
S-Power Co., Ltd.	500**	500**	100	100	-	-	-	-	-	-
SNS Power Co., Ltd.	-	500**	-	100	-	-	-	-	-	-
Total investments in subsidiaries - net					103,000	103,000	(100,000)	(100,000)	3,000	3,000

* Unit: Thousand US dollar

** Unit: Thousand Yen

12.1 Subsidiaries directly held by the Company

12.1.1 Nippon Food Products Company Limited

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 to an unrelated company. The value of the transaction was 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 was 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 would transfer the remaining ordinary shares upon receipt of payment per the contract. During the second quarter of the current year, the buyer made payment in full, and the Company had already transferred the remaining shares to the buyer.

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

	(Unit: Thousand Baht)
	Consolidated financial statements
	For the year ended
	31 December 2016
Revenue from sales and services	145,153
Other revenues	680
Cost of sales and services	(134,697)
Selling expenses	(3,285)
Administrative expenses	(14,244)
Finance cost	(1,060)
Income tax revenue	50
Loss from discontinued operation for the year	(7,403)

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.

In year 2016, 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 year 2016.

12.2 Subsidiaries indirectly held by the Company

12.2.1 Tluxe Investments 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 energy business. 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

On 25 April 2016, Tluxe Investments Limited acquired 100 shares of Tluxe Holdings Limited which was incorporated in Hong Kong Special Administrative Region, to invest in energy business, 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

- (a) On 11 May 2016, the Company acquired all ordinary shares of PPSN Company Limited, which is engaged in geothermal power generation business in Japan, amounting to approximately JPY 280 million (Baht 90 million). In June 2016, the Company sold the total ordinary shares of PPSN Company Limited to Tluxe Holdings Limited, a subsidiary, amounting to Baht 90 million. Therefore, the Company deems that PPSN Company Limited is a subsidiary of the group company since 11 May 2016 onwards.

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)
Fair values of the net assets as at the acquisition date	(9,497)
Goodwill	99,043
Cost of acquisition of investments in subsidiaries	89,546
Less: Cash and cash equivalents of subsidiaries	(91)
Net cash paid for acquisition of investments in subsidiaries	89,455

As at 31 December 2017, three units of power plant under PPSN Company Limited were already operational (2016: operational 1 unit).

- (b) On 27 June 2017, a meeting of the Company's Board of Directors passed a resolution to approve investments in the geothermal power generation business in Japan, with a total project value of JPY 2,200 million (Baht 675 million), through the acquisition of four companies which were incorporated in Japan (each company has 2 units of power plant), i.e. Fino Binary Power Plant Limited Liability Company, NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company and Dual Energy Binary - Power Plant No.1 Limited Liability Company. On 28 June 2017, PPSN Company Limited signed an investment proposal letter with a seller and on 3 July 2017, paid a deposit equal to 20% of the total project cost, amounting to JPY 440 million (Baht 134 million).

Subsequently, on 28 August 2017, the Company signed a share purchase agreement to acquire shares of Fino Binary Power Plant Limited Liability Company and on 4 September 2017, the Company signed share purchase agreements to acquire shares of NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company and Dual Energy Binary - Power Plant No.1 Limited Liability Company, made the remaining payments for the ordinary shares of these companies, amounting to JPY 1,760 million (Baht 541 million) and refund the deposits amounting to JPY 440 million (Baht 134 million) to PPSN Company Limited.

The Company assumed control over these companies on 30 August 2017 and 7 September 2017. Therefore, the Company has treated these companies as subsidiaries of the Group since those dates.

Subsequently, on 30 September 2017, the Company restructured its shareholding by selling all of its shares in Fino Binary Power Plant Limited Liability Company and NIS Binary Power Plant Limited Liability Company to Geothermal Power A Company Limited, at a price of Baht 375.9 million, and selling all of its shares in Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company and Dual Energy Binary - Power Plant No.1 Limited Liability Company to Geothermal Power B Company Limited at a price of Baht 375.9 million.

12.2.4 Sumo Power Company Limited

In September 2016, Tluxe Holdings Limited, a subsidiary, invested in ordinary shares of Sumo Power Company Limited, which is engaged in geothermal power generation business in Japan, amounting to approximately JPY 495 million (Baht 165 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)
Fair values of the net assets as at the acquisition date	43,334
Goodwill	121,039
Cost of acquisition of investments in subsidiaries	164,373
Less: Cash and cash equivalents of subsidiaries	(764)
Net cash paid for acquisition of investments in subsidiaries	163,609

In March 2017, the Company restructured its shareholding in the Group by Sumo Power Company Limited acquired all 50 ordinary shares of Otomeyama Energy Company Limited from PPSN Company Limited at a price of JPY 10,000 per share, or for a total of JPY 500,000.

As at 31 December 2016, one unit of power plant under Sumo Power Company Limited was already operated and the other 8 units of power plants are under the operating preparation process and power purchase agreements have not yet been made with customer. The subsidiary has no significant progress in the geothermal power plant project further from the end of prior year.

12.2.5 Otomeyama Energy 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 generation 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

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 generation 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 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 generation 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.

In March 2017, SNS Power Company Limited had invested in the purchase of one operational power plant.

12.2.8 Geothermal Power A Company Limited and Geothermal Power B Company Limited

- (a) On 8 August 2017, Tluxe Investments Limited registered the incorporation of the subsidiaries in Hong Kong Special Administrative Region, name of Geothermal Power A Company Limited and Geothermal Power B Company Limited, to invest in energy business with a registered share capital of USD 10,000 (100 ordinary shares with a par value of USD 100 each). Tluxe Investments Limited holds a 100 percent interest in these companies.
- (b) On 2 August 2017, a meeting of the Board of Directors of the Company passed a resolution to approve investment in Lena Power Station No.1 Limited Liability Company, which is engaged in geothermal power generation business in Japan, 2 units of power plant under this company, and on 28 August 2017 Geothermal Power A Company Limited signed a share purchase agreement to acquire shares of this company and made payment approximately JPY 530 million (Baht 160 million) for the shares.

Geothermal Power A Company Limited assumed control over such company on 9 September 2017. Therefore, the Company has treated this company as a subsidiary of the Group since that date.

In addition, as described in Note 12.2.3 (b) to the consolidated financial statements, in September 2017, the Company restructured its shareholding in the four new subsidiaries, whereby Geothermal Power A Company Limited was to invest in shares of Fino Binary Power Plant Limited Liability Company and NIS Binary Power Plant Limited Liability Company and Geothermal Power B Company Limited was to invest in shares of Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company and Dual Energy Binary - Power Plant No.1 Limited Liability Company. These companies have been the Group's subsidiaries since August 2017 and September 2017.

The estimated carrying amounts of net assets acquired from those companies as at the Company gained controlling authority are as follows:

	(Unit: Thousand Baht)					
	Fino Binary Power Plant Limited Liability Company	NIS Binary Power Plant Limited Liability Company	Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company	Dual Energy Binary - Power Plant No.1 Limited Liability Company	Lena Power Station No.1 Limited Liability Company	
	As at 30 August 2017	As at 7 September 2017	As at 7 September 2017	As at 7 September 2017	As at 9 September 2017	Total
Cash and cash equivalents	11,972	20,990	20,953	20,987	1	74,903
Other current assets	748	1,023	1,022	1,013	9,194	13,000
Property, plant and equipment	95,874	98,407	98,407	98,407	100,913	492,008
Intangible assets	10,887	-	-	-	-	10,887
Other non-current assets	-	18,224	18,224	18,224	18,348	73,020
Trade and other payables	(9,306)	(19,025)	(19,025)	(19,025)	-	(66,381)
Other current liabilities	(4,068)	(1,978)	(1,928)	(1,947)	(39)	(9,960)
Net asset value	106,107	117,641	117,653	117,659	128,417	587,477
Add: The difference between the cost of business combination and the book value of the subsidiaries' equity	61,950	51,385	51,373	51,367	32,067	248,142
Less: Cash and cash equivalents of subsidiaries	(11,972)	(20,990)	(20,953)	(20,987)	(1)	(74,903)
Net cash payment for acquisition of investment in subsidiaries	156,085	148,036	148,073	148,039	160,483	760,716

The Company incurred expenses related to the acquisition of all shares of the 5 subsidiaries mentioned above totaling approximately JPY 320 million (Baht 98 million), which were recorded under other expenses in profit or loss for the year ended 31 December 2017.

Revenues and profit of the 5 subsidiaries since the acquisition date, which were included in the consolidated statements of comprehensive income for the year ended 31 December 2017, amounted to Baht 10 million and Baht 2 million, respectively.

At present, the Company are in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date to allocate costs of the business acquisition to such identifiable items. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. It is to be completed within the period of 12 months from the acquisition date allowed under Financial Reporting Standard 3 (revised 2016). During the measurement period, the Company will retrospectively adjust the provisional amounts recognised at the acquisition date, to recognise additional assets or liabilities, and adjust earnings to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The Company therefore recorded the excess of the acquisition cost of those companies over their book value as a separate item in the consolidated statement of financial position under the caption of “Unallocated costs of business acquisition”.

During the year 2017, the Company and its subsidiaries tested all geothermal power plant projects in Japan for impairment, by comparing the carrying amounts and recoverable amounts of the CGUs. The Company and its subsidiaries determined the recoverable amounts of the CGUs on a value-in-use basis, by preparing projections of the cash flows that are expected to be generated from each group of assets in the future, with reference to financial projections approved by the management, under the key assumption that the power purchase agreements of the power plant projects would cover a period of 15 years. Other key assumptions of the value in use calculation can be summarised as follows:

	(Unit: Kilowatt per hour)
Energy capacity	83 - 100
	(Unit: Percent per annum)
Growth rates	0.1, 1.2
Pre-tax discount rates	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.

Based on the impairment review of the assets above, the Company and its subsidiaries recognised allowance for impairment loss on the geothermal power plant projects amounting to Baht 29 million in profit or loss in the consolidated financial statements for the year ended 31 December 2017. This consisted of allowance for impairment loss amounting to Baht 26 million on new geothermal power plant projects that were purchased during the year 2017, and for which the costs of business acquisition are in the process of being allocated, which is recorded as impairment loss on unallocated costs of business acquisition, and allowance for impairment loss of Baht 3 million on power plant, machinery and equipment, as disclosed in the Note 16 to the consolidated financial statements.

The net book value of unallocated costs of business acquisition as at 31 December 2017 are presented below.

	(Unit: Thousand Baht)					
	Fino Binary Power	NIS Binary Power	Beppu Tsurumi	Dual Energy	Lena Power	
	Plant Limited	Plant Limited	Onsen Geothermal	Binary - Power	Station No.1	
	Liability Company	Liability Company	Power Station No.1	Plant No.1 Limited	Limited Liability	
	Liability Company	Liability Company	Liaison Company	Liability Company	Company	Total
Unallocated costs of business acquisition	57,771	47,143	47,133	47,126	31,896	231,069
Less: Allowance for impairment loss	(17,678)	(2,318)	(2,029)	(3,188)	-	(25,213)
Unallocated costs of business acquisition - net	40,093	44,825	45,104	43,938	31,896	205,856

The reconciliation of the net book value of unallocated costs of business acquisition for the years 2017 is presented below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Net book value at beginning of year	-
Increased from acquisition of investments in subsidiaries	248,142
Impairment loss	(25,578)
Exchange difference translation adjustment	(16,708)
Net book value at end of year	205,856

As at 31 December 2017, four power plant under Fino Binary Power Plant Limited Liability Company and Lena Power Station No.1 Limited Liability Company were already operational.

- (c) On 20 October 2017, the Company restructured its shareholding in the Group as follows:
- 1) Tluxe Holdings Limited acquired all share of Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company from Geothermal Power B Company Limited for a total of USD 5.7 million.
 - 2) Geothermal Power B Company Limited acquired all 120,000 ordinary shares of PPSN Company Limited from Tluxe Holdings Limited for a total of USD 2.6 million.
 - 3) Geothermal Power B Company Limited acquired all 50 ordinary shares of SNS Power Company Limited from Sumo Power Company Limited for a total of JPY 0.5 million.

12.2.9 P Green Energy Company Limited

On 2 October 2017, Tluxe Holdings Limited acquired all 100 ordinary shares of P Green Energy Company Limited, which was incorporated in Japan, at a price of JPY 10,000 per share, or for a total of JPY 1 million from a director of the subsidiaries in Japan. This Company is engaged in the business consulting and management. Therefore, the Company has treated this company as a subsidiary of the Group since that date.

Fair values of the identifiable assets acquired and liabilities assumed from P Green Energy Company Limited as at the acquisition date (2 October 2017) were summarised below.

	(Unit: Thousand Baht)
Cash and cash equivalents	296
Other payables	(97)
Other liabilities	(14)
Net assets value	185
Less: Cash and cash equivalents of the subsidiary	(296)
Net cash received from investment in subsidiary	(111)

The Company assessed the fair value of the assets acquired and liabilities assumed at the acquisition date, and concluded that the fair value did not differ from the net book value. The Company recorded the difference between the cash payment made to acquire the investment in P Green Energy Company Limited and the net book value of P Green Energy Company Limited as other expenses in profit and loss for the year ended 31 December 2017.

12.3 Dividend income

During the years ended 31 December 2017 and 2016, no dividends was received from the investments in subsidiaries.

13. Investment in associate

13.1 Details of associate:

(Unit: Thousand Baht)								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated		Separate	
					financial statements		financial statements	
					Carrying amounts based		Cost	
			2017	2016	2017	2016	2017	2016
			(%)	(%)				
M-Luxe Energy Co., Ltd.	The land development to construct geothermal power plant	Japan	25	25	-	532	-	-
Total					-	532	-	-

- (a) 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 was 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 was 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. During the second quarter of the current year the Company was received in full, and the Company has already transferred the remaining shares to the buyer.
- (b) 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 and dividend received

During the year, the Company recognised share of loss from investment in associated company amounting to Baht 0.6 million in the consolidated financial statement (2016: Baht 15 million). The associated company did not pay dividends during the years 2017 and 2016.

13.3 Summarised financial information about material associate

Summarised information about financial position

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	2,765	3,093
Other current assets	6	18
Property	66,076	61,590
Other payables	(3,545)	(975)
Short-term loans from related party	(57,961)	(61,590)
Income tax payable	(21)	(5)
Other current liabilities	-	(4)
Long-term loans from related party	(14,490)	-
Net assets	(7,170)	2,127
Shareholding percentage (%)	25	25
Proportion based on equity method in assets - net	(1,792)	532
Unrecognised share of losses	1,792	-
Carrying amounts of associate based on equity method	-	532

Summarised information about comprehensive income

(Unit: Thousand Baht)		
For the year ended 31 December		
	<u>2017</u>	<u>2016</u>
Loss for the year	(9,578)	(1,010)
Other comprehensive income	(13)	(295)
Total comprehensive income	(9,591)	(1,305)

13.4 Aggregate amount of share of comprehensive income from other associate

(Unit: Million Baht)		
For the year ended 31 December		
	<u>2017</u>	<u>2016</u>
Share of comprehensive income:		-
Post-tax loss from discontinued operations	-	(15)
Total comprehensive income	-	(15)

13.5 Investment in associate with capital deficit

The Company recognised share of losses from investment in 1 associates, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

(Unit: Million Baht)				
Unrecognised share of losses				
Associate company	Share of losses during the years		Cumulative share of losses up to 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
M-Luxe Energy Co., Ltd.	2	-	3	-
Total	2	-	3	-

14. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Held-to-maturity debt securities	-	2,000
Investments in available-for-sale securities, cost	1,045,004	-
Less: Loss on changes in value of investments	(189,524)	-
Investments in available-for-sale securities, fair value	855,480	-
Other investments, cost	5,000	5,000
Less: Provision for impairment of investment	(1,550)	(1,550)
Other investments, net	3,450	3,450
Total	858,930	5,450

- 14.1 During the first quarter of the year 2017, the Company reclassified the investment in ordinary shares of ASIA Capital Group Public Company Limited, a related company, and the investments in ordinary shares of unrelated companies from current investments - trading securities to available-for-sale securities and treated them as long-term investments, as mentioned in Note 8.1 to the consolidated financial statements.
- 14.2 The Company pledged some of the ordinary shares of ASIA Capital Group Public Company Limited as collateral against short-term credit facilities granted by a financial institution as mentioned in Note 20 to the consolidated financial statements.
- 14.3 During the year ended 31 December 2017, the Company sold available-for-sale securities with book value totaling Baht 152 million (2016: nil) and recognised (after tax) gain on the sale amounting to Bath 1 million (2016: nil).

15. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Land not being used in operation/ land for rent	Office building for rent	Total
31 December 2017:			
Cost	10,928	38,417	49,345
<u>Less</u> Accumulated depreciation	-	(38,417)	(38,417)
<u>Less</u> Allowance for impairment loss	(552)	-	(552)
Net book value	10,376	-	10,376
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 loss	(552)	-	(552)
Net book value	10,376	-	10,376

The reconciliations of the net book value of investment properties for the years 2017 and 2016 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	10,376	3,365	10,376	11,244
Depreciation charged	-	-	-	(868)
Transfer from land and building for rent to investment properties	-	7,011	-	-
Net book value at end of year	<u>10,376</u>	<u>10,376</u>	<u>10,376</u>	<u>10,376</u>

During the year 2016, the Company has reclassified the Company's land and building that are rented by the Nippon Food Products Company Limited as investment properties due to the disposal of its investment in subsidiary company.

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial	
	statements	
	<u>2017</u>	<u>2016</u>
Land not being used in operation/land for rent	32,793	32,793
Office building for rent	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

	Consolidated financial statements						(Unit: Thousand Baht)
	Land and land improvement	Buildings and building improvement	Power plant, machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Cost:							
1 January 2016	119,400	617,361	1,069,976	57,435	34,001	6,079	1,904,252
Additions	14,749	3,727	9,327	3,666	1,553	50,343	83,365
Disposals/write-off	-	(1,828)	(7,145)	(1,037)	(1,985)	-	(11,995)
Increased from acquisition of investments in subsidiaries	12,931	-	-	909	-	162,474	176,314
Transfers	-	2,844	138,883	363	-	(142,090)	-
Building and equipment of subsidiary disposed during the year	-	(16,089)	(69,948)	(9,161)	(3,487)	(194)	(98,879)
Reclassified land and building for rent to 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	567,598	1,134,118	52,132	30,082	72,406	1,994,963
Additions	609	2,030	95,204	5,775	6,649	137,603	247,870
Disposals	-	-	(2,240)	(1,023)	(7,339)	-	(10,602)
Increased from acquisition of investments in subsidiaries							
(Note 12.2.8 (b))	30,391	-	99,857	-	-	371,795	502,043
Transfers	-	26,042	204,748	733	-	(231,523)	-
Exchange difference on translation adjustment	(2,972)	(4)	(26,570)	(51)	-	(15,778)	(45,375)
31 December 2017	166,655	595,666	1,505,117	57,566	29,392	334,503	2,688,899

	Consolidated financial statements						(Unit: Thousand Baht)
	Land and land improvement	Buildings and building improvement	Power plant, machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Accumulated depreciation:							
1 January 2016	-	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	-	-	-	41	-	-	41
Building and equipment of subsidiary disposed during the year	-	(9,933)	(43,065)	(7,488)	(2,669)	-	(63,155)
Reclassified land and building for rent to investment properties	-	(38,417)	-	-	-	-	(38,417)
Exchange difference on translation adjustment	-	-	(1,187)	(15)	-	-	(1,202)
31 December 2016	-	264,784	677,376	42,480	26,268	-	1,010,908
Depreciation for the year	-	25,415	63,810	4,134	1,835	-	95,194
Depreciation on disposals	-	-	(2,202)	(1,022)	(7,339)	-	(10,563)
Increased from acquisition of investments in subsidiaries	-	-	10,036	-	-	-	10,036
(Note 12.2.8 (b))	-	-	(1,449)	(19)	-	-	(1,468)
Exchange difference on translation adjustment	-	-	-	-	-	-	-
31 December 2017	-	290,199	747,571	45,573	20,764	-	1,104,107

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Buildings and building improvement	Power plant, machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress
						Total
Allowance for impairment loss:						
1 January 2016	209	2,300	1,758	-	-	4,267
Increase during year	-	-	71,100	-	-	71,100
31 December 2016	209	2,300	72,858	-	-	75,367
Increase during year	1,635	169	13,295	-	-	15,099
Exchange difference on translation adjustment	-	-	(129)	-	-	(129)
31 December 2017	1,844	2,469	86,024	-	-	90,337
Net book value:						
31 December 2016	138,418	300,514	383,884	9,652	3,814	908,688
31 December 2017	164,811	302,998	671,522	11,993	8,628	1,494,455
Depreciation for the year						
2016 (Baht 83 million included in manufacturing cost, and the balance in administrative expenses)						99,154
2017 (Baht 80 million included in manufacturing cost, and the balance in administrative expenses)						95,194

(Unit: Thousand Baht)

	Separate financial statements					
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress
						Total
Cost:						
1 January 2016	112,389	565,290	1,002,850	48,876	31,369	5,627
Additions	62	2,047	6,505	3,365	1,553	16,467
Disposals/write-off	-	(1,828)	(7,145)	(1,037)	(1,740)	-
Transfers	-	2,089	14,116	-	-	(16,205)
31 December 2016	112,451	567,598	1,016,326	51,204	31,182	5,889
Additions	286	1,447	3,325	5,645	6,649	33,951
Disposals/write-off	-	-	(2,240)	(1,023)	(8,439)	-
Transfers	-	26,042	10,175	733	-	(36,950)
31 December 2017	112,737	595,087	1,027,586	56,559	29,392	2,890
Accumulated depreciation:						
1 January 2016	-	241,778	620,742	39,173	26,627	-
Depreciation for the year	-	24,772	59,052	4,065	1,893	-
Depreciation on disposals/write-off	-	(1,766)	(6,167)	(1,025)	(1,740)	-
31 December 2016	-	264,784	673,627	42,213	26,780	-
Depreciation for the year	-	25,395	46,097	3,933	1,858	-
Depreciation on disposals/write-off	-	-	(2,201)	(1,023)	(7,874)	-
31 December 2017	-	290,179	717,523	45,123	20,764	-
						1,073,589

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Allowance for impairment loss:							
1 January 2016	209	2,300	1,758	-	-	-	4,267
Increase during year	-	-	71,100	-	-	-	71,100
31 December 2016	209	2,300	72,858	-	-	-	75,367
Increase during year	1,635	169	10,268	-	-	-	12,072
31 December 2017	1,844	2,469	83,126	-	-	-	87,439
Net book value:							
31 December 2016	112,242	300,514	269,841	8,991	4,402	5,889	701,879
31 December 2017	110,893	302,439	226,937	11,436	8,628	2,890	663,222
Depreciation for the year							
2016 (Baht 75 million included in manufacturing cost, and the balance in administrative expenses)							89,782
2017 (Baht 63 million included in manufacturing cost, and the balance in administrative expenses)							77,283

During the year 2017, the Company recognised losses on impairment of property, plant and equipment amounting to Baht 12 million in profit or loss in the separate financial statements for the year ended 31 December 2017 (2016: Baht 71 million) because the recoverable amount of assets was lower than their carrying amount.

In addition, as described in Note 12.2.8 to the consolidated financial statements, the subsidiary evaluated the impairment of power plant, machinery and equipment for the geothermal power generation in Japan and noted that the recoverable amount of the assets was lower than the carrying amount therefore the subsidiary recognised loss on impairment of power plant, machinery and equipment amounting to Baht 3 million in profit or loss in the consolidated financial statements for the year ended 31 December 2017.

As at 31 December 2017, the Company had equipment and motor vehicles with net book values of Baht 7 million (2016: Baht 3 million), which were acquired under financial lease agreements.

As at 31 December 2017, certain items of buildings and equipment of the Company 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 667 million (2016: Baht 594 million).

The Company have pledge of land, buildings and equipment with net book values approximately Baht 363 million as collateral against credit facilities received from financial institutions as disclosed in the Note 22 to the consolidated financial statements.

As at 31 December 2017, property, plant and equipment included land, machinery and construction in progress of 23 geothermal power plant in Japan with net book values totaling Baht 763 million (net of impairment loss amounting to Baht 3 million) and construction in progress of 7 wind power plants with net book values totaling Baht 67 million.

17. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

Consolidated financial statements												
2017						2016						
	Computer software	Patent	Hot spring rights	Power purchase agreement right	Software under installation	Total	Computer software	Patent	Hot spring rights	Power purchase agreement right	Software under installation	Total
Cost	18,302	470	74,504	45,905	1,609	140,790	16,400	470	19,955	48,779	48	85,652
<u>Less</u> Accumulated amortisation	(9,178)	(246)	(3,460)	(3,945)	-	(16,829)	(7,950)	(187)	(776)	(1,152)	-	(10,065)
<u>Less</u> Allowance for impairment	(494)	-	-	-	-	(494)	(494)	-	-	-	-	(494)
Net book value	8,630	224	71,044	41,960	1,609	123,467	7,956	283	19,179	47,627	48	75,093

(Unit: Thousand Baht)

	Separate financial statements							
	2017				2016			
	Computer software	Patent	Software under installation	Total	Computer software	Patent	Software under installation	Total
Cost	18,259	470	1,609	20,338	16,357	470	48	16,875
<u>Less Accumulated amortisation</u>	(9,161)	(246)	-	(9,407)	(7,942)	(187)	-	(8,129)
<u>Less Allowance for impairment</u>	(494)	-	-	(494)	(494)	-	-	(494)
Net book value	8,604	224	1,609	10,437	7,921	283	48	8,252

The reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	75,093	8,918	8,252	8,697
Acquisition	51,243	833	3,463	737
Increased from acquisition of investments				
in subsidiaries (Note 12.2.8 (b))	10,887	73,200	-	-
Decreased from disposal of investments				
in subsidiaries	-	(213)	-	-
Amortisation	(7,107)	(2,904)	(1,278)	(1,182)
Exchange difference translation adjustment	(6,649)	(4,741)	-	-
Net book value at end of year	<u>123,467</u>	<u>75,093</u>	<u>10,437</u>	<u>8,252</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 Company Limited	Sumo Power Company Limited	Total
As at 31 December 2017			
Goodwill	89,695	105,634	195,329
Less: Allowance for impairment loss	(88,623)	(90,448)	(179,071)
Goodwill - net	<u>1,072</u>	<u>15,186</u>	<u>16,258</u>
As at 31 December 2016			
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 reconciliation of the net book value of goodwill for the years 2017 and 2016 are presented below.

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		2017	2016
Net book value at beginning of year		19,082	-
Increased from acquisition of investments in subsidiaries		-	220,082
Impairment loss		-	(201,000)
Exchange difference translation adjustment		(2,824)	-
Net book value at end of year		16,258	19,082

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 power purchase agreements. On this basis, in year 2017, it was determined that the recoverable amount of the CGUs is more than net carrying amount. (2016: recognised allowance for impairment loss on goodwill amounting to Baht 201 million in profit or loss in the consolidated financial statements for year 2016).

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

		(Unit: Kilowatt per hour)	
		2017	2016
Energy capacity		83 - 100	105
		(Unit: Percent per annum)	
		2017	2016
Growth rates		0.1, 1.2	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	
	2017	2016	2017	2016
Advance payment for construction of geothermal power plants	29,850	76,064	-	-
Advance payment for construction of wind power plants	-	7,699	-	-
Advance payment for Hot spring rights	86,942	57,278	-	-
Advance payment for assets	65,053	3,600	65,053	3,600
Total	181,845	144,641	65,053	3,600

On 13 December 2017, a meeting of the Board of Directors of the Company passed a resolution to approve investment in 9 units of geothermal power plant in Japan, with a total project value of JPY 2,700 million (Baht 786 million). As at 31 December 2017, Sumo Power Company Limited, a subsidiary, has paid a deposit of JPY 103 million (Baht 30 million) for 2 units of power plant.

20. Short-term loan from financial institutions

	(Unit: Thousand Baht)			
	Interest rate	Maturity date	Consolidated/Separate financial statements	
	(% per annum)		2017	2016
Promissory note	4.8	8 February 2018	180,000	-
Short-term loan	5.8	5 September 2018	228,761	-
Total			408,761	-

Short-term loan amounting to Baht 229 million are secured by the pledge of ordinary shares of ASIA Capital Group Public Company Limited with a value of not less than 1.2 times the credit facility, as mentioned in Note 14.2 to the consolidated financial statements.

The loan agreements contain several covenants which, among other things, require the Company to maintain a debt-to-equity ratio. As at 31 December 2017, the Company was unable to maintain the debt-to-equity ratio stipulated in the loan agreement, which constitutes a breach of the agreement. As a result, the bank may demand payment of the loan immediately and charge interest on the defaulted loan principal at the default rate.

Currently, the Company's management is in process of negotiating with the bank to provide a waiver from compliance with the agreement and the Company's management believes that this event will not have a significant impact on the Company because the bank lender will grant the waiver.

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related party	3,980	-	3,980	-
Trade payables - unrelated parties	87,010	75,719	87,010	73,966
Other payables - related parties	1,179	979	-	-
Other payables - unrelated parties	13,675	9,862	8,239	7,265
Other payables for purchases of assets	4,409	447	4,409	447
Accrued interest - related party	5	47	-	-
Accrued interest - unrelated parties	12,384	11,834	12,381	11,834
Accrued expenses - related party	270	-	270	-
Accrued expenses - unrelated parties	41,025	21,861	40,497	21,656
Total trade and other payables	<u>163,937</u>	<u>120,749</u>	<u>156,786</u>	<u>115,168</u>

22. Long-term loan

		(Unit: Thousand Baht)	
		Consolidated/Separate financial	
		statements	
Interest rate	Maturity date	2017	2016
(% per annum)			
JPY LIBOR (3 months)	Repayable in monthly installments commencing from		
plus 3%	the fourth month after the loan is drawn down (November		
	2017), with 35 installments of JPY 14.5 million each and		
	the balance payable in the thirty-sixth installment	646,678	-
Total		646,678	
Less: Portion due within one year		(40,185)	-
Long-term loan - net of current portion		<u>606,493</u>	<u>-</u>

In accordance with the conditions specified in the agreement, this loan amounting to JPY 2,205 million (Baht 647 million) is secured by the pledge of land and buildings of the Company and the Company has to mortgage property of the geothermal power plant projects in Japan, pledge power purchases agreements and shares of the companies that own the geothermal power plant projects, pledge or transfer the rights in the electricity revenue accounts of 4 of the companies, which consist of 8 power plants.

The loan agreements contain several covenants which, among other things, require the Company to maintain a debt-to-equity ratio.

23. Debentures

(Unit: Thousand Baht)		
Consolidated/Separate financial statements		
	<u>2017</u>	<u>2016</u>
Debentures	1,246,700	1,486,200
Less: Deferred arrangement fee for debentures	(3,889)	(10,420)
Debentures - net of arrangement fee	1,242,811	1,475,780
Less: Portion due within one year	(983,830)	(496,718)
Debentures - net of current portion	<u>258,981</u>	<u>979,062</u>

Movements in the debentures account during the year ended 31 December 2017 are summarised below:

(Unit: Thousand Baht)		
Consolidated/Separate financial statements		
	<u>2017</u>	<u>2016</u>
Balance as at 1 January	1,475,780	-
Issuance of debentures	260,500	1,686,200
Deferred arrangement fee for debentures	(1,914)	(17,778)
Amortisation of deferred arrangement fee for debentures	8,445	7,358
Redemption of debentures	(500,000)	(200,000)
Balance as at 31 December	<u>1,242,811</u>	<u>1,475,780</u>

As at 31 December 2017, the balance of the debentures issued by the Company is Baht 1,247 million (2016: Baht 1,486 million), consists of registered, unsubordinated and unsecured debentures, which do not have a debenture holders' representative. Such debentures were offered to investors by private placement. The debentures pay interest every 3 months. Significant details are as follows:

Issue date	Units	Par value per unit (Baht)	Total value (Million Baht)	Interest rate (% per annum)	Maturity date
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
26 July 2017	260,500	1,000	261	6.3	26 July 2019

The conditions regarding the rights and obligations of the debenture issuer stipulate certain covenants, pertaining to matters such as the maintenance of debt-to-equity ratio.

24. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated/	
	Separate financial statements	
	<u>2017</u>	<u>2016</u>
Liabilities under finance lease agreements	5,133	2,630
Less : Deferred interest expenses	(209)	(220)
Total	4,924	2,410
Less : Portion due within one year	(1,867)	(918)
Liabilities under finance lease agreements - net of current portion	<u>3,057</u>	<u>1,492</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	
	2017	2016	2017	2016	2017	2016
Future minimum lease payments	2	1	3	1	5	2
Deferred interest expenses	-	-	-	-	-	-
Present value of future minimum lease payments	2	1	3	1	5	2

25. 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		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	11,674	10,874	11,674	9,959
Included in profit or loss:				
Current service cost	1,958	1,930	1,958	1,787
Interest cost	304	251	304	240
Actuarial loss	-	296	-	296
Past service costs and gains or losses on settlement	806	474	806	474
Included in other comprehensive income:				
Actuarial gain arising from				
Financial assumptions changes	-	(153)	-	(153)
Experience adjustments	-	(367)	-	(367)
Decrease from disposal of investments				
in subsidiary	-	(1,069)	-	-
Benefits paid during the year	(1,197)	(562)	(1,197)	(562)
Provision for long-term employee benefits at end of year	13,545	11,674	13,545	11,674

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales	1,092	854	1,092	785
Selling and administrative expenses	1,976	2,097	1,976	2,012
Total expenses recognised in profit or loss	3,068	2,951	3,068	2,797

The Company expect to pay Baht 0.4 million of long-term employee benefits during the next year (2016: Baht 0.6 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2016: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated/Separate financial statements	
	2017	2016
	(% per annum)	(% per annum)
Discount rate	2.7	2.7
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 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated/		Separate financial statements	
	2017		2016	
	Increase	Decrease	Increase	Decrease
Discount rate (Increase/decrease 1%)	(761)	835	(699)	773
Salary increase rate (Increase/decrease 1%)	840	(774)	697	(643)
Turnover rate (Increase/decrease 20%)	(1,406)	1,821	(1,084)	1,392

26. 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.

27. Expenses by nature

Significant expenses classified by nature are as follow:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	158,607	168,472	153,107	134,721
Depreciation	95,194	100,096	77,283	90,650
Amortisation	7,107	2,904	1,278	1,182
Raw materials and consumables used	1,241,341	1,083,259	1,241,341	1,083,259
Changes in inventories of finished goods and work in process	7,391	20,920	7,391	7,799

28. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	30,569	65	29,554	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(26,236)	116,203	(26,524)	116,051
Add: Deferred tax revenues of discontinued operation	-	51	-	-
Total deferred tax	(26,236)	116,254	(26,524)	116,051
Income tax expense reported in the statement of comprehensive income	4,333	116,319	3,030	116,051

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Deferred tax on (gain) loss from the change in value of available-for-sale investments	37,987	(1,553)
Deferred tax on actuarial gain	-	(104)
	37,987	(1,657)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit gain (loss) before tax	(245,232)	356,036	(102,739)	342,691
Applicable tax rate (percent)	20	20	20	20
Accounting profit (loss) before tax multiplied by income tax rate	(49,046)	71,207	(20,548)	68,538
The difference in the tax rates of the subsidiaries abroad	(571)	(4,323)	-	-
Gain from sales of investments in subsidiary and associate	-	(6,422)	-	-
Share of loss from investments in associate	123	3,089	-	-
Utilisation of previously unrecognised deferred tax assets on tax loss	(201)	-	(201)	-
Allowance for impairment loss of goodwill	-	40,200	-	-
Allowance for impairment loss of unallocated costs of business acquisition	5,116	-	-	-
Expenses related to acquisition subsidiaries	19,611	-	-	-
Temporary differences and tax loss for the year which unrecognised to deferred tax assets	12,497	8,877	23,760	50,400
Effects of:				
Utilisation of previously unrecognised deferred tax assets on impairment of investments in subsidiary	-	(3,732)	-	(3,732)
Non-deductible expenses	16,777	5,699	915	1,362
Additional expense deductions allowed	(896)	(517)	(896)	(517)
Others	923	2,241	-	-
Total	16,804	3,691	19	(2,887)
Income tax expenses reported in the statement of comprehensive income	4,333	116,319	3,030	116,051

The tax rates enacted at the end of the reporting period of the subsidiaries in overseas countries is 16.5% - 33.8% (2016: 27.4%)

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	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	14,955	11,980	14,955	11,980
Allowance for diminution in value of inventories	2,780	3,211	2,780	3,211
Allowance for impairment on plant and equipment	14,345	14,237	14,345	14,237
Fair value of equipment through business combination	4,989	5,673	-	-
Provision for long-term employee benefits	2,709	2,335	2,709	2,335
Unused tax loss	-	5,693	-	5,693
Total	39,778	43,129	34,789	37,456
Deferred tax liabilities				
Unrealised gain from revaluation of trading securities	-	124,149	-	124,149
Unrealised gain from revaluation of available-for-sale securities	58,107	233	58,107	233
Intangible assets acquired through business combination	1,066	1,211	-	-
Deferred arrangement fees for loans and debentures	1,181	2,084	1,181	2,084
Total	60,354	127,677	59,288	126,466

As at 31 December 2017, the subsidiaries have tax deductible temporary differences unused tax losses totaling JPY 396 million (2016: JPY 118 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 of the subsidiaries amounting to JPY 199 million will expire by 2026.

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 in invested in the installation of facilities in addition to normal depreciation.

The Company's operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u> <u>2016</u>
Sales					
Domestic sales	342,056	287,300	1,448,150	1,213,547	1,790,206 1,500,847
export sales	-	-	526	-	526 -
Total sales	<u>342,056</u>	<u>287,300</u>	<u>1,448,676</u>	<u>1,213,547</u>	<u>1,790,732</u> <u>1,500,847</u>

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Earnings per share				
Profit (loss) for the year attributable to equity holders of the Company (Thousand Baht)	(249,565)	236,977	(105,769)	226,640
Weighted average number of ordinary shares (Thousand shares)	563,051	563,051	563,051	563,051
Earnings (loss) per share (Baht)	(0.44)	0.42	(0.19)	0.40
Earnings per share from continued operation				
Profit (loss) for the year attributable to equity holders of the Company (Thousand Baht)	(249,565)	239,717	(105,769)	226,640
Weighted average number of ordinary shares (Thousand shares)	563,051	563,051	563,051	563,051
Earnings (loss) per share (Baht)	(0.44)	0.43	(0.19)	0.40

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 services and have three reportable segments as follows:

1. Aquatic animal feed segment
2. Pets food segment
3. 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 2017 and 2016, respectively.

(Unit: Million Baht)

	Domestic				Overseas							
	Aquatic animal feed		Pets food		Manufacturing and distributing frozen food		Production and distribution of electricity		Total segments		Eliminations	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from external customers	1,577	1,380	213	121	-	-	32	10	1,822	1,511	-	-
Total revenue	1,577	1,380	213	121	-	-	32	10	1,822	1,511	-	-
Results												
Segment profit (loss)	35	18	1	2	-	-	(28)	(12)	8	8	-	-
Gain on investments in securities											8	8
Gain on disposal of investment in subsidiary											5	649
Gain on disposal of investment in associate											-	11
Interest income											-	21
Other expenses											26	39
Loss on impairment of assets											(138)	(11)
Loss on impairment of goodwill											(15)	(71)
Loss on unallocated costs of business acquisition											-	(201)
Share of loss from investments in associates											(26)	-
Finance cost											(1)	(15)
Profit (loss) before income tax expenses											(105)	(74)
Income tax expenses											(246)	(356)
Profit (loss) from continued operation for the year											(4)	(117)
Loss from discontinued operation for the year					-	(7)					(250)	(239)
Profit (loss) for the year											-	(7)
											(250)	232

Geographic information

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

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Thailand	1,790,732	1,500,929
Japan	31,598	10,359
Total	<u>1,822,330</u>	<u>1,511,288</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>2017</u>	<u>2016</u>
Thailand	753,842	737,739
Japan	1,288,879	437,164
Total	<u>2,042,721</u>	<u>1,174,903</u>

Major customers

For the years 2017 and 2016, 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 2017 amounting to approximately Baht 2 million (2016: Baht 2 million) were recognised as expenses.

33. Commitments and contingent liabilities

33.1 Power purchase agreements

As at 31 December 2017, 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 Hot springs service agreement

As at 31 December 2017, the overseas subsidiaries have commitments in respect of power plant hot springs service agreements made with an unrelated company, amounting to approximately JPY 0.4 million per month per power plant for periods of 15 years from the commercial operation dates.

In November 2017 and January 2018, the subsidiaries entered into a memorandum of understanding with an unrelated company to waive hot springs service charges, in accordance with the conditions specified in the agreement.

33.3 Power plant operation and maintenance agreement

As at 31 December 2017, an overseas subsidiary has commitments in respect of power plant operation and maintenance agreements made with an unrelated company, amounting to approximately JPY 0.1 million per month per power plant for periods of 5 years starting from a project awarded date, which can be extended every 5 years, and has maximum duration of 15 years, under the same conditions.

33.4 Property rights of land agreement

As at 31 December 2017, an overseas subsidiary has commitments in respect of property rights of land agreement with an unrelated company to operate in a project of electricity production from wind power amounting to approximately JPY 0.1 million per month per power plant. The term of this agreement is 21 years starting from an agreement signing date.

33.5 Capital Commitments

As at 31 December 2017, the Company had capital commitments of approximately Baht 7 million (2016: Baht 17 million), relating to acquisition and installation of machinery and equipment. In addition, the overseas subsidiaries had capital commitments of approximately JPY 1,981 million (2016: JPY 1,918 million), relating to the construction of power plant.

33.6 Purchase of raw material commitments

As at 31 December 2017, the Company had purchase commitments of USD 2 million (2016: JPY 9 million) in respect of the purchase of raw materials for aquatic animal feed.

33.7 Lease and services commitments

The Company has entered into several lease agreements in respect of office building space and service agreement and vehicle rental. The terms of the agreements are generally between 1 and 3 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>2017</u>	<u>2016</u>
Payable:		
In up to 1 year	9	7
In over 1 and up to 2 years	-	4

33.8 Long-term property lease commitment

As at 31 December 2017, the Company had space lease contracts commitments of approximately Baht 7.2 million for a one-stop pet service center. The term of the lease is 18 years, starting from the date the possession of assets is delivered. At present, the leased space is under construction and has yet been delivered.

33.9 Guarantees

As at 31 December 2017, the Company were outstanding bank guarantees of approximately Baht 8 million (2016: Baht 8 million), issued by banks on behalf of the Company 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 2017 and 2016, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated/Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial assets measured at fair value								
Held for trade investments								
Equity instruments	-	1,028	-	-	-	-	-	1,028
Available-for-sale investments								
Equity instruments	855	-	-	-	-	-	855	-
Debt instruments*	-	-	308	147	-	-	308	147
Other current investments								
Bill of exchanges	-	-	110	600	-	-	110	600
Financial assets for which fair value are disclosed								
Investment properties	-	-	10	10	55	55	65	65
Financial liabilities for which fair value are disclosed								
Debentures	-	-	1,249	1,476	-	-	1,249	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, restricted bank deposits, loans, short-term loans, trade and other payables, long-term loan, 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 other investments, 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 other current investments, 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, short-term loans, long-term loans, 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 as at 31 December 2017 and 2016 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.

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(Unit: Million Baht)

Separate financial statements												
	Fixed interest rates				Floating interest rate				Non-interest bearing		Total	
	Within 1 year		1 - 5 years		Over 5 years		2017		2016		2017	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Financial Assets												
Cash and cash equivalents	-	-	-	-	-	-	14	24	1	1	15	25
Current investments												
Trading securities	-	-	-	-	-	-	-	-	-	1,028	-	-
Available-for-sale securities	-	-	-	-	-	-	-	-	308	147	308	147
Others	110	600	-	-	-	-	-	-	-	-	110	600
Trade and other receivables	-	-	-	-	-	-	-	-	281	214	281	214
Restricted bank deposits	8	8	-	-	-	-	-	-	-	-	8	8
Other long-term investments	-	-	-	-	-	-	-	-	859	3	859	5
Long-term loans to related parties	-	-	1,516	539	-	-	-	-	-	-	1,516	539
	118	608	1,516	539	-	-	14	24	1,449	1,393	3,097	2,566
Financial liabilities												
Short-term loans from financial institutions	409	-	-	-	-	-	-	-	-	-	409	-
Trade and other payables	-	-	-	-	-	-	-	-	156	115	156	115
Long-term loan	-	-	-	-	-	-	647	-	-	-	647	-
												(3 months) plus 3%
Debtentures	984	497	259	979	-	-	-	-	-	-	1,243	1,476
Liabilities under long-term lease agreements	2	1	3	1	-	-	-	-	-	-	5	2
	1,395	498	262	980	-	-	647	-	156	115	2,460	1,593
												5.0 - 5.5
												2.7 - 7.1

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 2017 and 2016, the balances of financial liabilities denominated in foreign currencies are summarised below.

Foreign currencies	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Baht per 1 foreign currency unit)	<u>2016</u>
US dollar	-	1	32.68	35.83
Japanese yen	-	3	0.29	0.31

As at 31 December 2016, the Company had foreign exchange contracts outstanding are summarised below.

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

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 2017, the Group's debt-to-equity ratio was 1.85:1 (2016: 0.96:1) and the Company's was 1.61:1 (2016: 0.95:1).

37. Event after the reporting period

On 25 January 2018, a meeting of the Board of Directors of the Company passed a resolution to approve investment in 20 units of wind power in Japan, with a project value of JPY 758 million (Baht 220 million).

38. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised director on 28 February 2018.



Thai Luxe Enterprises PCL

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