

Annual Report 2016

## Oishi 4.0



**OISHI** おいしい  
**G·R·O·U·P**  
PUBLIC COMPANY LIMITED い










# CONTENTS



8	11	13
MESSAGE FROM THE CHAIRMAN	GENERAL INFORMATION	FINANCIAL HIGHLIGHTS
14	21	32
BOARD OF DIRECTORS AND THE EXECUTIVES	BUSINESS POLICY AND OVERVIEW	BUSINESS NATURE
40	44	49
RISK FACTORS	BUSINESS ASSETS	LEGAL DISPUTES
49	53	67
CAPITAL STRUCTURE	MANAGEMENT STRUCTURE	INFORMATION ON THE BOARD OF DIRECTORS AND THE EXECUTIVES
89	92	93
REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVES	SHARE OWNERSHIP OF THE BOARD OF DIRECTORS AND THE EXECUTIVES	HUMAN RESOURCES
96	97	98
INTERNAL CONTROL	INTERNAL INFORMATION USAGE	RELATED PARTIES TRANSACTIONS
109	119	120
FINANCIAL STATUS AND THE COMPANY'S PERFORMANCE	REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCE REPORTING	REPORT OF THE AUDIT COMMITTEE
122	123	141
RISK MANAGEMENT COMMITTEE REPORT	CORPORATE GOVERNANCE AND COMPLIANCE REPORT	CORPORATE SOCIAL RESPONSIBILITY REPORT
157	FINANCIAL STATEMENTS	





## Who said the food and beverage (F&B) business ...

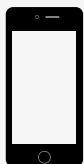
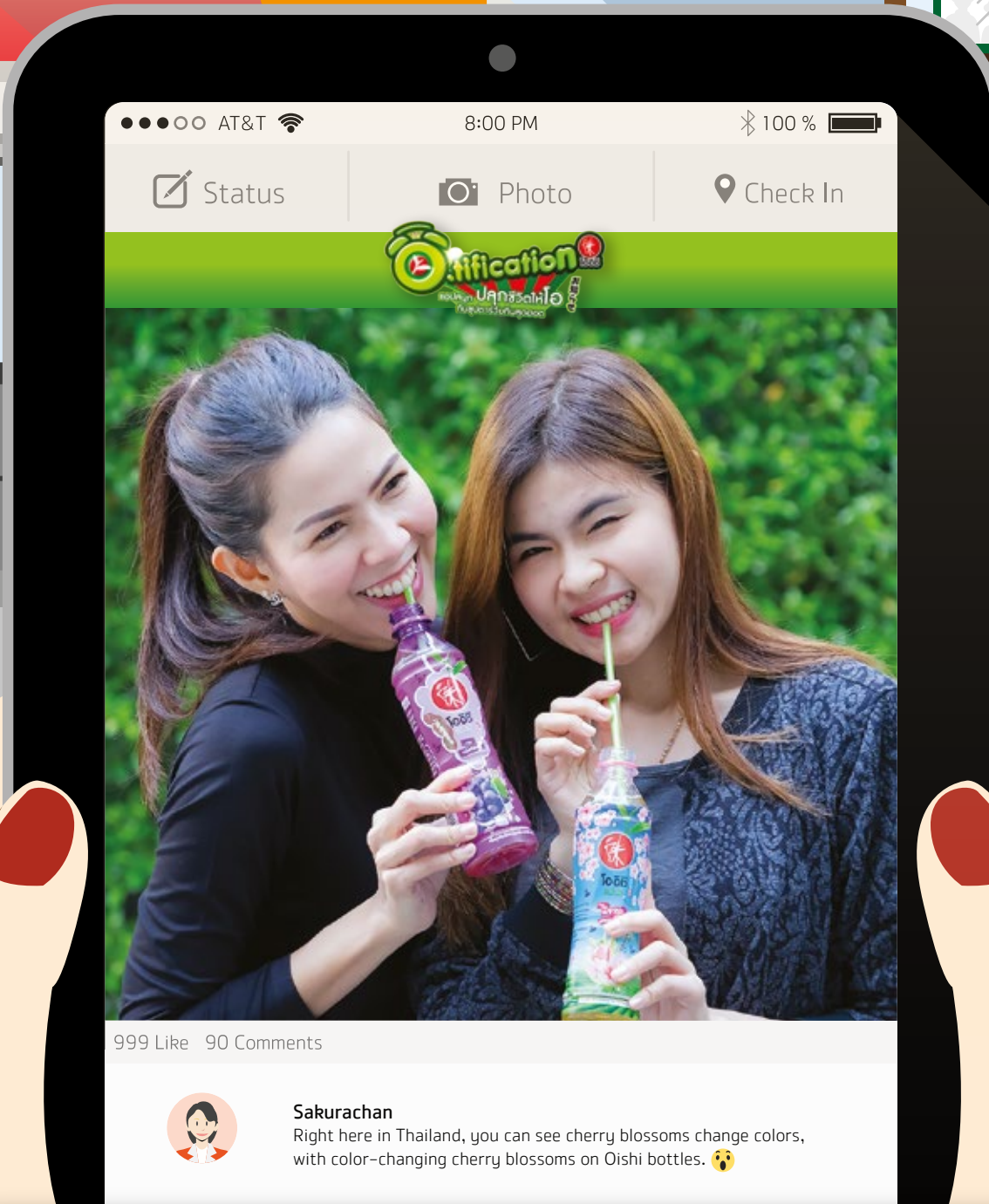
- ... Is saturated and all that's needed is business as usual?
- ... Has nothing left to develop, without the need for innovation?
- ... Has absolutely nothing to do with the digital world?

To disprove these, Oishi Group offers new, more thrilling goods and services together with greater penetration to customers by way of new-age lifestyles and high-tech applications.

Committed to impress Oishi's clientele like never before, for the Thailand 4.0 era we've revisited all aspects of our business ... Thanks to exciting new ingredients, the good old taste now comes alive, while an invisible network draws patrons with similar tastes. What's more, your very customized cuisine will be prepared according to your personal taste.

In other words, in this digital age the F&B business calls for not only cooking prowess, but also brainwork for innovation and vision for better, personalized service ... that is, the Oishi Group way, each and every day!





Underscoring our cool brand with a fun personality via online innovation!  
To effectively communicate with our target group, the Oishi O-tification  
Application brings to O vitality!

## MESSAGE FROM THE CHAIRMAN

In 2016, Thailand's overall economic conditions remained stagnant which adversely affect domestic consumers' spending power. Moreover, competitive landscape in food and beverage business continued to be intense. These factors resulted in challenging operating conditions of the business in this year. Nevertheless, with strong team works, dedications and proactive approach in operating and managing the business by our management team and employees and the execution of our strategic roadmap "Vision 2020", a strategic plan of the Group which has been implemented since 2014 in order to become a strong and sustainable leading F&B company in ASEAN region with 5 core strategies per follow;

1. Growth : drive sustainable growth in revenue and profitability in food and beverage business
2. Diversity: create varieties of product portfolios, segments and price points while leveraging from professional team with diverse experiences, knowledge and expertise within the Group
3. Brands: build strong top of mind brands by maintaining leading market position in Japanese food, green tea and RTD tea in Thailand through innovative products, creative marketing campaigns, customers engagement and strong brand awareness buildings
4. Reach : expand and initiate distribution coverage to access new consumers in various segments both domestic and international while strengthening current existing distribution channels
5. Professionalism: develop and maintain professional team as well as build and support working infrastructure to realize full potentials of the professionals

The execution of the above core strategies has greatly improve our business competitive advantages, strengthen our platforms while leveraging the Group's scale and diversity and drive business directions toward synergetic achievements within the Group resulting in outstanding operating performances in this year.

In additions, the Company continues to build brands strength to sustain market leading position by building brand awareness and executing innovative marketing campaigns to effectively engage targeted customers group. The Company also develops and researches new products including "Oishi Kyoho", first ever innovative RTD tea to include Nata de coco (coconut jelly) in Kyoho grape flavored green tea which received very good feedbacks from consumers and became one of the best-selling new RTD tea products this year. Success from continuous focuses on brands building and researches and developments of new products has resulted in number one market share of the Company in RTD tea market and Pure RTD green tea market with market share of 43% and 45.3% respectively and resulted in the receipt of "Thailand's Most Admired Brand Award 2016" in RTD tea product category from Brand Age magazine. The award was considered from nationwide consumers' opinions in several criteria including corporate image, brand image, distributors and employees, pricings, promotional campaigns and marketing communications. The award has proved us as number one brand in consumers' mind with products that continuously match evolving consumer trends and different needs.

Due to dedications and efforts of our management team and employees and the effective execution of business strategies, in 2016, the Company's net profit was 880 million Baht, an increase of 176 million Baht or 25.1% from previous year. Despite the fact that the comparison of the operating performances is the comparison of 9 months period versus 12 months period from the change in the Company's accounting period from January 1 and ending on December 31 of every year to October 1 and ending on September 30 of every year effective from 2016 onwards, in which 2016 fiscal year was consisted of 9 months, starting from January 1, 2016 and ending on September 30, 2016. In term of sales, the Company's total sales was 10,399 million Baht with net profit margin of 8.5% of total sales revenue increasing from 5.5% of total sales in previous year. As a result of improvement in operating performance in this year, in October 2016, TRIS Rating Co., Ltd. upgraded the Company's rating to A+, increasing by 2 notches from 2015's rating of A-, due to the Company's strong financial positions, robust business fundamentals and position as the leading producer of ready-to-drink (RTD) tea in Thailand with well-recognized brand and well perceived in consumers' mind, in which reflecting the Company's stability in financial profiles and market positions which serve as a strong foundation for future business expansions.

In order to optimize production efficiency and enhancing the Company's long run competitive advantages, the Company has implemented Cold Aseptic Filling Line 4 or CAF 4 at Wang-Muang production facility, Saraburi. Commercial operations are expected to started by December 2016 which will help ensure the Company's business strengths and serve expansions of our beverage brands' presences

On international expansions side, The Company continues to strive for success. To strengthen capital structure of international subsidiaries, share capital of Oishi International Holdings Limited and Oishi F&B (Singapore) Pte. Ltd. have been increased with main objectives to serve capital increase of Oishi Myanmar Limited, an indirect subsidiary in Myanmar to strengthen its working capital and serve as a solid foundations for future business expansion opportunities of food business.

Regarding corporate social responsibilities, the Company continued to grow our identity and continuing supports on CSR activities throughout our business processes and social, environmental aspects with focus areas on supporting educations, sports, nourishment of Thai cultural heritage and build morals to Thai youth.

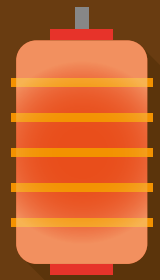
On behalf of the Board of Directors, I would like to assure that management team and all employees are determined and dedicated to sustainably grow food and beverage business while maintain market leading position in both Japanese food and green tea beverage businesses via Thai Beverage Group's production and distribution strengths, which will enable us to continuously expand the businesses domestically and internationally. The results are well proven by our outstanding operating performances in 2016. Please be assured and put your kind trusts and supports to the Company's managements for the prosperity of the Company and shareholders.

-Signature-

(Mr. Prasit Kovilaikool)

Chairman of the Board of Directors





With the latest upcoming, "OISHI Eaterium", the first restaurant in Thailand which define the new terminology of Japanese restaurant concept. It is ready to deliver you with beyond-exciting experience through taste and flavor that will take you to Japanese sensation.



## GENERAL INFORMATION

### The Company Name:

Oishi Group Public Company Limited (the "Company")

### Business Type:

Japanese restaurants and Green Tea beverage under the brands, "Oishi", "Chakulza", "Fruito" and "Kabusecha"

### Company Registration Number:

0107547000150

### Headquarter Location:

No. 57, PARK VENTURES ECOPLEX, 19<sup>th</sup> – 20<sup>th</sup> Floor,  
Wireless Road, Lumpini, Pathumwan, Bangkok 10330

### Homepage:

[www.oishigroup.com](http://www.oishigroup.com)

### Telephone Number:

(02) 785-8888

### Fax Number:

(02) 785-8889

### Registered Capital:

Baht 375,000,000

### Paid-up Capital:

Baht 375,000,000

### Paid-up Common Stock:

187,500,000 ordinary shares, with par value of  
Baht 2 per a share

### Trading Symbol on the Stock Exchange of Thailand:

OISHI for ordinary shares

### Trading Symbol on the Thai Bond Market Association (TBMA):

1. OISHI168A for Debentures No. 1/2013 due 2016,  
redeemed on 8 August 2016.
2. OISHI18DA for Debentures No. 1/2015 due 2018
3. OISHI197A for Debentures No. 1/2016 due 2019

### Other Related Information

-None-

### Reference

#### Share Registrar:

**Thailand Securities Depository Company Limited**

No. 93 Rachadabhisek Road, Dindaeng,  
Dindaeng, Bangkok 10400

Tel. (02) 009-9000

#### Debenture Registrar:

Debentures of Oishi Group Public Company Limited

No. 1/2015 due 2018, and

Debentures of Oishi Group Public Company Limited

No. 1/2016 due 2019

**KrungThai Bank Public Company Limited**

No. 35, Sukhumvit Road, Khlongtoey Nua,  
Wattana, Bangkok 10110

Tel. (02) 298-0821

#### External Auditor:

**KPMG Phoomchai Audit Company Limited**

No. 1 Empire Tower, 50<sup>th</sup> – 51<sup>st</sup> Floor, South Sathorn Road,  
Yannawan, Sathorn, Bangkok 10120

Tel. (02) 677-2000

#### Legal Consultant:

**Weerawong, Chinnavat & Peangpanor Company Limited**

No. 540 Mercury Tower, 22<sup>nd</sup> Floor, Ploenchit Road,  
Lumpini, Pathumwan, Bangkok 10330

Tel. (02) 264-8000

#### Mr. Mahin Kraivixien

Thai Beverage Public Company Limited

No. 14 Vibhavadi-Rungsit Road, Chompol,  
Chatuchak, Bangkok 10900

Tel. (02) 785-5251

#### Investor Relations:

**Ms. Karnjaporn Kittiampanont**

No. 57 PARK VENTURES ECOPLEX, 19<sup>th</sup> Floor,  
Wireless Road, Lumpini, Pathumwan, Bangkok 10330

Tel. (02) 785-8888

E-mail : [investorrelations@oishigroup.com](mailto:investorrelations@oishigroup.com)



Based on the 2015-2016 Thailand's Most Admired Company research involving the restaurant and fastfood group, Oishi tops the Best in Innovation Group.

## FINANCIAL HIGHLIGHTS

### Summary of financial status and Company's performance as at September 30, 2016:

(Baht'000)

	2016 as of September 30, 2016	Consolidated 2015 as of December 31, 2015	2014 as of December 31, 2014
Total assets	9,278,079	9,088,874	9,131,549
Total liabilities	4,669,136	5,005,645	5,497,349
Equities	4,608,943	4,083,229	3,634,200
Sales revenue	10,399,106	12,878,814	12,404,500
Total revenue	10,508,425	12,963,161	12,516,346
Net profit	880,257	703,735	520,760
Net profit attributable to owners of the Company	887,214	712,191	524,935

### Summary of Financial Ratios

	2016 as of September 30, 2016	Consolidated 2015 as of December 31, 2015	2014 as of December 31, 2014
Net profit margin (%)	8.4%	5.4%	4.2%
Return to equities (%)	20.3%	18.2%	14.8%
Return to assets (%)	9.6%	7.7%	6.1%
Debt to equities ratio (times)	0.5	0.8	0.8
Earning per share (Baht)	4.73	3.80	2.80
Dividend per share (Baht)	2.50	2.00	1.60

The Company's has changed the accounting period from January 1 and ending on December 1 of every year to October 1 and ending on September 30 of every year, effective from 2016 onwards, in which the 2016 fiscal year will be starting on January 1, 2016 and ending on September 30, 2016, consisting of 9 months. And from 2017 fiscal year onwards, the accounting period will be consisting of 12 months, starting from October 1 and ending on September 30 of every year.

In 2016, the Company had sales revenue of Baht 10,399 million, 19.3% decreased from the previous year. Total sales revenue was contributed from beverage business of Baht 5,493 million or 12.9% decreased from the previous year, and food business of Baht 4,906 million or 25.3% decreased from the previous year. Main reason was difference accounting period between 9 months versus 12 months, as a resulted of change in the Company's accounting period as mentioned above.

For the same 9 months period, sales revenue of the Company in 2016 increased by 7.9% from the previous year. Sales revenue from food business increased by 16.5%, while sales revenue from food business slightly decreased by 0.4%. Main reasons were as the followings;

1. For beverage business, the successful of brand building strategies and marketing and promotional campaigns, together with positive feedbacks on new products from the customers and sales revenue growth from the Original Equipment Manufacturer (OEM) business helped support the beverage sales revenue to grow by 16.5%, and maintain number one market share in both RTD tea market at 43.0% and pure RTD green tea market at 45.3%, though RTD tea and pure RTD green tea markets declined by 5.7% and 5.4%, respectively.
2. For food business, eventhough the Company opened up 8 new restaurant outlets, the Company closed 7 non-performing outlets (total outlets was 242 as of September 30, 2016, including overseas outlets but excluding franchise outlet), together with temporary closing of the restaurant branches in Major Pinklao, as a result of fired, and the sluggish economic which affect consumer's spending, food sales revenue slightly declined in 2016.

For the same 9 months period, net profit of the Company in 2016 increased by 90.9% from the previous year. This is mainly due to success from brand buildings, effective cost management, both cost of goods sold and selling expenses.

## BOARD OF DIRECTORS AND THE EXECUTIVES

### THE BOARD OF DIRECTORS



---

#### Mr. Prasit Kovilaikool

Chairman of the Board of Directors,  
Independent Director,  
Nomination Committee Member and  
Remuneration Committee Member

##### Education

- LL.B (Second Class Honours),  
Chulalongkorn University
- LL.M., Columbia University,  
New York, USA.
- Doctor of Laws (Honorary Degree),  
Chulalongkorn University
- Doctor of Laws (Honorary Degree),  
Eastern Asia University
- Barrister-at-Law  
The Thai Bar Association



---

#### Mr. Thapana Sirivadhanabhakdi

Vice Chairman of the Board of Directors,  
Chairman of the Executive Committee,  
Nomination Committee Member,  
Remuneration Committee Member and  
Good Corporate Governance Committee  
Member

##### Education

- Bachelor of Business Administration  
(Finance), Boston University, USA.
- Master of Science Administration in  
Finance Economics, Boston University,  
USA.
- Doctor of Philosophy (Honorary Degree),  
Department of General Management,  
Ramkhamhaeng University
- Doctor of Logistic and Supply Chain  
Management (Honorary Degree),  
Suan Dusit Rajabhat University



---

#### Mr. Vikrom Koompirochana

Independent Director,  
Chairman of the Audit Committee,  
Chairman of the Nomination Committee,  
Remuneration Committee Member and  
Good Corporate Governance Committee  
Member

##### Education

- B.A. (History),  
Chulalongkorn University (1966)
- M.A. (History),  
Michigan State University, USA. (1968)
- Ph.D. (History),  
Michigan State University, USA. (1978)
- Honorary Degree in Humanities,  
Schiller International University (2003)



---

**Ms. Potjanee Thanavaranit**

Independent Director,  
Audit Committee Member,  
Chairman of the Remuneration  
Committee and Chairman of the Good  
Corporate Governance Committee

**Education**

- Bachelor Degree in Accounting,  
Chulalongkorn University
- Master of Business  
Administration (MBA.),  
Syracuse University USA.  
(USAID Scholarship)



---

**Mr. Chai Jroongtanapibarn**

Independent Director,  
Audit Committee Member,  
Chairman of the Risk Management  
Committee and Good Corporate  
Governance Committee Member

**Education**

- Bachelor Degree in Accounting,  
Chulalongkorn University
- Master Degree in Accounting,  
Thammasat University



---

**Mr. Ueychai Tantha-Obhas**

Director and  
1<sup>st</sup> Vice Chairman of the Executive  
Committee

**Education**

- B. Sc Accounting,  
St. Louis University, Missouri, USA.
- Master of Business Administration (MBA.),  
Thammasat University

## THE BOARD OF DIRECTORS



---

### Mr. Sithichai Chaikriangkrai

Director,  
2<sup>nd</sup> Vice Chairman of the Executive  
Committee and Remuneration Committee  
Member

#### Education

- Bachelor Degree in Accounting (First Class Honours), Thammasat University
- Mini MBA. (Leadership Management), Kasetsart University
- Diploma in Computer Management, Chulalongkorn University



---

### Mr. Marut Buranasetkul

Director, President,  
Executive Committee Member,  
Risk Management Committee Member  
and Good Corporate Governance  
Committee Member

#### Education

- Bachelor Degree in Computer Science (Applied Statistics in General Business), Chulalongkorn University
- Master Degree in Business Administration (Marketing & General Management), Cleveland State University USA.
- Certificate of Business and Administration Extension School, Harvard University USA.



---

### Mr. Pisanu Vichiensanth

Director, Executive Committee Member  
and Risk Management Committee Member

#### Education

- Bachelor of Food Science, Kasetsart University
- Master Degree in Biotechnology (Second Class Honours), Massey University, New Zealand
- Master Brewer, The Scandinavian School of Brewing, Denmark
- Ph.D., Engineering, Technical University Berlin, West Germany

## THE EXECUTIVES



---

### Mr. Paisarn Aowsathaporn

Executive Vice President,  
Executive Committee Member and  
Risk Management Committee Member

#### Education

- Bachelor Degree in Business Administration, Indiana Institute of Technology, Fort Wayne, Indiana, USA.
- Master Degree in International Business Administration, Johnson & Wales University, Providence, Rhode Island, USA.
- CEDI – Babson Entrepreneurial Leadership Program Babson College, Massachusetts, USA.



---

### Mrs. Jesdakorn Ghosh

Senior Vice President and  
Risk Management Committee Member

#### Education

- BA. Advertising, Thammasat University
- MBA. (Marketing), University of Dallas, Irvin, Texas, USA.



---

### Ms. Tientip Narach

Senior Vice President and  
Risk Management Committee Member

#### Education

- Bachelor of Economics, Monetary Economics and Industrial Economics Thammasat University
- Master Degree in Business Management Administration University of Michigan, USA.

## THE EXECUTIVES



---

**Mrs. Paitoon Siribovornkiat**

Vice President and  
Risk Management Committee Member

**Education**

- BA. Humanities (Psychology), Middlesex University, England
- Post Graduate Certificate in Education, London University, England
- Master Degree in Marketing (MIM), Thammasat University



---

**Mr. Thanee Pornphisutsak**

Vice President and  
Risk Management Committee Member

**Education**

- Bachelor Degree in Food Science and Technology  
Kasetsart University



---

**Mr. Ekbodin Densutham**

Vice President

**Education**

- BBA Major in Marketing Management
- MBA Major in International Business Management
- MA in Economics,  
Major in International Economics  
Wichita State University



## COMPANY SECRETARY AND HEAD OF INTERNAL AUDIT DEPARTMENT<sup>(1)</sup>



---

### **Mrs. Sasinee Hemthanon**

Company Secretary

#### **Education**

- Bachelor Degree in Law  
Chulalongkorn University
- Company Secretary Program (CSP) 2015
- Board Reporting Program (BRP) 2016
- Company Reporting Program (CRP) 2016  
Thai Institute of Directors Association (IOD)



---

### **Ms. Chanatnuth Wongwan**

Internal Audit Director

Secretary of the Audit Committee, Risk Management Committee  
Member and Secretary of Risk Management Committee

#### **Education**

- Bachelor Degree in Accounting  
Dhurakij Bandit University
- Master Degree in Business Administration (Finance & Banking)  
Ramkhamhaeng University
- IIA's Endorsed Internal Auditing Program (EIAP)  
The Institute of Internal Auditors of America with  
Chulalongkorn University
- Certified Professional Internal Auditor of Thailand (CPIAT)  
The Institute of Internal Auditors of Thailand
- Anti-Corruption: The Practical Guide (ACPG 30)  
Thai Institute of Directors (IOD)

#### Remarks

(1) Appointment, Demotion and Rotation of the head of internal audit must be endorsed by the Audit Committee.



Thanks to the combination of innovation with product research and development catering to consumers, tea lovers can hardly wait to try Oishi Kyoho, chewable green tea, which blends fragrant Kyoho grapes with coconut jelly for a super cool phenomenon.

## BUSINESS POLICY AND OVERVIEW

The Board of Directors has set the vision and mission of the Company based on suitability and consistency with the business. They also keep reviewing the vision and mission for the alignment with the change in economic and other circumstances. These appears on the Company's website as details below;

### VISION

"To be the leader and innovator of the Japanese food and beverage business for the quality of life and wellness of the new generation."

### MISSION

1. Maintain the quality of production and service of the restaurant, bakery and health beverage businesses; as well as maintaining the popularity of 'Oishi' products among the customers, and give priority to the standards of the product manufacturing and operation.
2. Select quality raw materials that bring the highest customer's satisfactory, in order to be well recognized in both local and overseas markets.
3. Improve the production process continuously by using modern technology in the production as well as the research and development of products.
4. Increase the effectiveness of the production and the Company's competitiveness, in terms of the price and quality, against the competitors in the local and overseas market. This will help push the Thai economic forward to its growth.

### GROUP LEVEL STRATEGIES AND VISIONS

#### Vision 2020

The Company has been implementing "Vision 2020" strategic roadmap which is a roadmap of ThaiBev Group and the Company ("The Group") to become a strong and sustainable leading Food and Beverage company in ASEAN region. From overall perspective, the Group has evolved into a leading Food and Beverage business group with high potential and strong foundation in terms of revenue growth, size of business, market positions, diversity of products and consumer groups, as well as the distribution coverage across ASEAN region.

In order to become a truly strong and sustainable leading Food and Beverage company in ASEAN region, the Company needs to align vision and strategy within the Group to

strengthen the business and prosper from the existing foundation, to increase efficiency from and harness on combined strengths within the Group as well as to operate its business in the same directions with the Group. Five key strategic imperatives including 1. Growth 2. Diversity 3. Brands 4. Reach 5. Professionalism. These key strategic imperatives are strategies of the Group which will be shaping overall directions and visions of the Group to achieve its target of becoming the sustainable leader of business in ASEAN region. The Company's business operation strategies as follow;

### 5.1 BUSINESS OPERATION STRATEGIES

To perform Japanese restaurant and beverages business under Oishi group of companies, the Company give priority to the business strategy which is a key factor contributing to business success. This could be summarized in 7 perspectives.

#### 5.1.1 Brand strengthening strategy by introducing quality healthy products (Brands)

Since the business was launched, the Company determines clear business principles and practices concerning Japanese restaurants and beverages with quality focus, under the brand "Oishi". Therefore, "Oishi" has been widely recognized among health-lover consumers. In addition, the Company has also focused on brand strengthening to create "Oishi" brand among consumers' heart with creation of new innovation to meet consumers' lifestyle, including innovations related to products, activities, and campaigns, as well as has developed various forms of reaching new generation of consumers to create an image of a state-of-the-art, fun, and widely recognized brand.

#### 5.1.2 Growth strategy (Growth)

The Company focuses on the driving growths in revenue and operating performance for both food and beverage business, including the development of innovations and sales promotion to tap-in the consumer demands.

#### 5.1.3 Diversity strategy (Diversity)

The Company responds consumer's needs by offering variety of products in response to the demands of all consumer groups. Moreover the Company thrives to expand food and beverage business overseas in order to diversify revenue streams and tap into high potentials markets both domestic and international

by capitalizing on professional teams with diverse expertise and experiences willing to collaborate for the achievement of its target.

#### 5.1.4 Benefit management strategy from throughout sales channels (Reach)

The Company's major distributors with full of experiences, together with our marketing team, are chosen to implement marketing strategy. This results in widely distribution of our products to consumers. As for the food business, the Company also implements a strategy to expand new branches around Bangkok and other provinces continuously.

#### 5.1.5 Professionalism build up strategy (Professionalism)

The Company continuously develop its human resources and implementation of the working environment to build up the professionalism teamwork.

#### 5.1.6 Customer analysis strategy and continuous marketing strategy

The target customers of Oishi products cover consumers of all ages and genders who have health conscious and modern lifestyle, with preference in healthy foods and beverages. Japanese foods and beverages can directly satisfy the need of this group of customers. During the past, the Company has continuously implemented marketing and PR strategy of Oishi products among these customers through several media, including TV, radio, and printings. Currently the Company focuses on the new online digital media and alternative media, and gives priority to follow-up the customers' feedbacks to improve our products and services in order to consistently maintain our standard.

#### 5.1.7 Efficient cost management strategy

The Company focuses on the raw material cost management and leveraging its bargaining power against distributors in order to maintain production costs and business outcomes. In addition, the system of production management and delivery through the Central Kitchen, which is foods and beverages production unit for supplying all restaurants under Oishi group of companies, helps the Company to manage purchasing and production costs efficiently, resulting in the proportionate costs saving gained by an increased level of production.

## 5.2 MARKETING STRATEGIES FOR FOOD BUSINESS

### 5.2.1 Marketing strategies for restaurant business

#### 5.2.1.1 Quality and value for money of products and services

For restaurant business, the Company focuses on serving the quality, fresh and safe foods and also value for money in terms of both quantity and price to maximize customer satisfaction. The Company's buffet style restaurants has provided variety menus with unlimited amount to customers at the very reasonable price.

#### 5.2.1.2 Variety of products and service

The Company has 3 target customer groups categorize by foods, services and brands as follows;

1. Oishi Grand, Oishi Buffet and Nikuya target on middle to upper income groups.
2. Shabushi targets on middle-income group.
3. Oishi Ramen and Kakashi target on teenagers and junior office employees and those who require fast service.

#### 5.2.1.3 Menu presentation strategy

The Company's menu strategy is to create diverse and artistic food displayed in the restaurants as the food styling and the menu assortment can attract customers as well as encourage them to try new dishes rather than going for the same menus. This strategy not only boost customer satisfaction, but also be beneficial in controlling the ingredients and raw materials costs as the menu will be selectively changed every three month.

#### 5.2.1.4 Branch expansion strategy to cover targeted areas

The Company has opened and expanded its restaurant branches to cover the targeted areas throughout greater Bangkok and key provinces, particularly in leading department stores, expanding its reach to its target customers.

#### 5.2.1.5 Promotion and advertising strategy

The Company has constantly organized promotional activities to boost sales, fulfill the demand of the customers as well as offer good impression to them. The Company has established member card system to give the subscribers special discount. Furthermore, intensive advertising campaign through radio, broadcast media, online media, social media and billboard has been implemented.

#### 5.2.1.6 Pricing strategy

The Company has different products and services offering at various price ranges in order to fulfill every demand of the target customers including teenagers, students, white collars, family and health-conscious individuals.

### 5.2.2 Marketing strategies for Ready to Cook and Ready to Eat business

#### 5.2.2.1 Quality and value for money of products and services

For ready to cook and ready to eat business, the Company focuses on selecting quality ingredients for the production of quality, fresh and safe foods and also consistently developing and maintaining the quality of products. The consumers, therefore, can truly trust in the quality of the Company's products.

#### 5.2.2.2 Variety of products and service

For ready to cook and ready to eat business, the Company has launched various products and planned for the research and development of new product consistently in response to the consumers' needs and behaviors. At present, the products in ready to cook and ready to eat business are categorized into two segments as follows:

1. Chilled Ready to Eat products
  - 1.1 bread and sandwich products
  - 1.2 chilled gyoza products

The main target group of products under this segment is the city-living people with dynamic lifestyle, for instance, office employees and university students. The major distribution channel is the convenience stores.

2. Frozen Ready to Eat products
  - 2.1 frozen gyoza products
  - 2.2 frozen Japanese foods e.g. Japanese rice with various toppings and ramen

The main target group of products under this segment is the people who has limited time for cooking, for instance, office employees and housewives. The main distribution channels are hypermarket and supermarket.

#### 5.2.2.3 Development of products strategy

The Company uses the research conducted on consumer behavior of the target group as the guideline for developing the type of foods, tastes, and variety of products. Taking into account that the consumers' need are consistently changing, the Company is driven to present variety of products being types, tastes, labeling or packaging. On top of that, it has to be very dynamic in order to truly respond to customer's need.

#### 5.2.2.4 Expanding distribution channel strategy

In addition to the current distribution channels i.e. convenient stores, supermarkets and hypermarkets. The Company also expand new distribution channel e.g. Food Service, overseas distribution, especially South East Asia, and also set up the plans for developing and expanding distribution coverage and launching new projects to expand its market base and increase its opportunity to reach the target consumers.

#### 5.2.2.5 Promotion and advertising strategy

The Company has constantly organized marketing activities via marketing and promotional activities to promote brand recognition in order to achieve its target objectives being the brand recognition, online marketing and point-of-purchase display, as well as the sale promotion in each channel to increase the growth of sales volume.

## 5.3 MARKETING STRATEGIES FOR THE BEVERAGE BUSINESS

### 5.3.1 The quality of products and services

Green tea production process is focused on its production quality commencing from clean and hygienic water filtered through Reverse Osmosis (RO) process, selection of high quality tea leaves and the use of fructose syrup in the product for highest quality and benefits of its products. Moreover, the Company also focuses in customer care and after-sales service in order to respond to the consumers' need and to serve their greatest benefits.

### 5.3.2 Variety of products

Oishi group of companies have variety of products to fit with different consumer needs. It also creates new flavors of green tea under different package designs with unique style for consumer's choices and suitability for each target consumers' preferences. In 2017 the Company has a plan to launch new and product innovation to serve the consumers with new and special experience of consumption whilst maintaining the originality of flavor and distinctiveness with other ready to drink tea in the market.

### 5.3.3 Pricing strategy to expand the customer base

Oishi group of companies is continuing to develop products and innovation in different packaging sizes and various price ranges e.g. 250 ml., 380 ml., 500 ml. and 800 ml. in order to reach new groups of customer and respond all customer's purchasing power thoroughly and continuously.

### 5.3.4 Distribution channel strategy

For the effective reach to target customers, Oishi group of companies have managed the distribution through various channels e.g. 1) through the main distributor, Thai Beverage PCL. and Serm Suk PCL., 2) through Oishi restaurant outlets and 3) through the export. This is also beneficial to the inventory control and management as well as the synergy of distribution through all channels within the group of companies for the maximum benefit.

### 5.3.5 Promotional and Advertising Strategy

The Company has advertised its products in accordance with the plan and systematic promotional and marketing strategy in order to continuously promote the sales. In addition to the use of various media channels i.e. broadcast media, radio, newspaper, magazines, the Company also focuses on new alternative media such

as online advertising and social media network so that the Company's communications can reach all consumers evenly and effectively. Moreover, the sales promotion is conducted throughout the year with all trade partners in the group of companies.

## 5.4 INDUSTRY SITUATION AND COMPETITION

### 5.4.1 Market condition of Japanese food

#### Restaurant Business

At present, Japanese food market has grown dramatically. Several Japanese restaurants have been introduced in Thailand leading to intense competition in the business. Thus, the Company provides various types of restaurant, improves its service, as well as continuously introduces new products in order to respond such intense competition and customer needs.

#### Ready to cook and Ready to eat Business

The growth rate of ready to cook and ready to eat market in 2016 increased steadily around 10% due to the expansion of distribution coverage and the change of consumer behavior. Thus, the Company has to increase its capability in quickly developing the products to serve the consumer needs. In addition, the future marketing plan will still be focusing on the innovation of the Company's products to be different from the competitors. This includes promoting the brand recognition on ready to cook and ready to eat products using the marketing strategy via online media and social media and other media consistently.

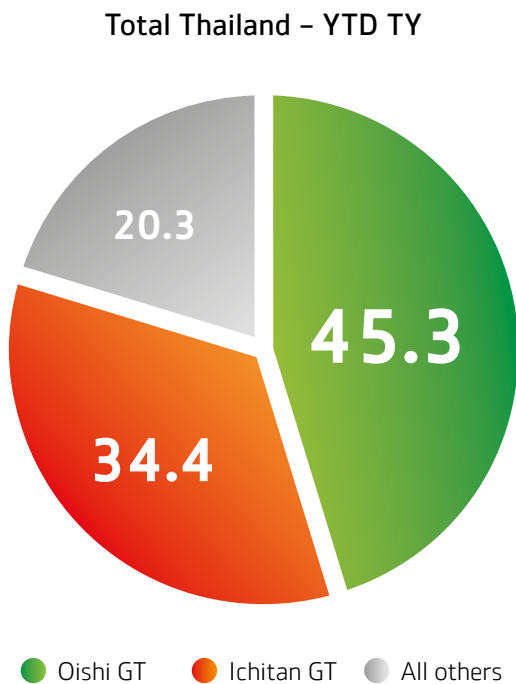
### 5.4.2 Market condition of beverage

Oishi Green Tea's goal and marketing activities in the last year was focused on the branding to be original and different. The Company continued its successful brand proposition under the concept "Mee Oishi Chevit O Jung". In 2016, the Company maintained its success in being the leader of ready to drink tea business by focusing on the creation of product innovation and the launch of marketing activities throughout the year started from the launch of new innovative product "Oishi Green Tea Kyoho Grape Flavor" the chewable green tea at the beginning of the year. The launch of this new product offered the new and exciting experiences in consuming green tea beverage. Followed by the summer promotion activity "The Golden Neko Lucky Draw Campaign" (สัปดาห์โกลเดนเนโกะ) which receives positive feedback from the consumers. At the end of 2016, the Company set up the distribution plan and arranged promotional activities consistently including the winter promotion



and the launch of new product having new innovative package to create new and exciting experience for ready to drink tea business.

The condition of ready to drink green tea market in 2016 still faced intense competition resulted from several factors including pricing, promotional activities, and the decline of consumer spending. This is exhibited in the reduction of ready to drink tea market's growth rate. However, Oishi green tea products was able to grow in the opposite direction of market's growth and maintain its leadership position in the market with the market share of 45.3 % referenced by Nielsen Company (Thailand) Co., LTD.



From the increase of the competition in the industry, the Company focused on researching and developing new products to meet the needs of consumers and created originality of the products to expand its market base into new consumer groups as well as increased its capability and competitive advantage. For instance, the launch of "Oishi Green Tea Kyoho Grape Flavor", the chewable green tea, in which there has been an adjustment in packaging design to create new excitement and attract consumers' attention. There was also an attempt to determine the right sizing and flavors for each individual distribution channel to maximize the sale in each channel.

Moreover, the Company focused on building brand awareness and consumer engagement through various advertising media channels , particularly digital media which is increasingly important these days as current consumers spend more and more time on online and on social media. Oishi Green Tea successfully expanded its facebook fanpage to 3.7 million fans, ranked one of top 3 brands in FMCG with highest number of facebook fans in Thailand.

## 5.5 INVESTMENT PROMOTION CERTIFICATES

Oishi Trading Company Limited ("Oishi Trading"), a subsidiary, has been granted Board of Investment promotion certificates with details as follows:

### 5.5.1 On August 1, 2012, Oishi Trading was granted the investment promotion certificate for fruit and vegetable juice production in sealed bottle for the new factory operated in Saraburi province. Promotion Certificate No. 2569(2)/2012

#### Key privileges are summarized as follows;

- Allowed to recruit foreign technician to the country according to the approved number and period. However they have to work in specified tasks as the BOI board's agreement.
- Tariff exemption for machinery according the BOI board's agreement.
- Corporate income tax exemption is allowed for 8 years since the first day with income flow from business. In the case that there is some loss during the exemption period, Oishi Trading is allowed to choose to deduct for only one year or many years after the allowance period ends within the limit of five years.
- Exemption for dividend tax during eight years of allowance.

#### Important conditions are summarized as follows;

- To expedite training or supporting Thais to operate in place of foreign technicians or experts within designated period.
- Machinery used for the promoted activities must be new machinery.
- Has production capacity of sealed bottle of fruit and vegetable juice at 116 million liters per year (20 hrs/day: 300 days per year).
- A Thai nationality residents must own at least 51% of total registered capital.
- Has to operate to get ISO 9000, or ISO 14000, or equivalent within two years.
- The factory must be constructed in Saraburi province.

**5.5.2 On December 18, 2012 the Board of Investment has issued the investment promotion certificate No. 5039 (2)/ 2013 to Oishi Trading as a measures to revive investment from the flood of year 2011 by issuing a new certificate to replace the two old certificates (the two old certificates No. 1214 (2) /2010 and 1954 (2) /2010. Board of Investment has announced the cancellation on September 24, 2014)**

**Key privileges are summarized as follows;**

- Allowed to recruit foreign technician to the country according to the approved number and period. However they have to work in specified tasks as the BOI board's agreement.
- Tariff exemption for machinery according the BOI board's agreement.
- Corporate income tax exemption is allowed for 8 years since the first day with income flow from business. In the case that there is some loss during the exemption period, Oishi Trading is allowed to choose to deduct for only one year or many years after the allowance period ends within the limit of five years.
- Exemption for dividend tax during eight years of allowance.

**Important conditions are summarized as follows;**

- To expedite training or supporting Thais to operate in place of foreign technicians or experts within designated period.
- Machinery used for the promoted activities must be new machinery.
- Has production capacity of fruit and vegetable juice separated into;  
The sealed Bottle (PET) category around 108 million liters per year  
The sealed Box (UHT) category around 150 million liters per year  
(20 hrs/day: 300 days per year).
- A Thai nationality residents must own at least 51% of total registered capital
- Has to operate to get ISO 9000, or ISO 14000, or equivalent within two years.
- The factory must be constructed within the premises of Navanakorn industrial zone in Pathumthani province.

**5.5.3 On August 6, 2013, Oishi Trading was granted the investment promotion certificate for fruit and vegetable juice production in sealed box for the new factory operated in Saraburi province. Promotion Certificate No. 1158(2)/2014**

**Key privileges are summarized as follows;**

- Allowed to recruit foreign technician to the country according to the approved number and period. However they have to work in specified tasks as the BOI board's agreement.
- Tariff exemption for machinery according the BOI board's agreement.
- Corporate income tax exemption is allowed for 8 years since the first day with income flow from business. In the case that there is some loss during the exemption period, Oishi Trading is allowed to choose to deduct for only one year or many years after the allowance period ends within the limit of five years.
- Exemption for dividend tax during eight years of allowance.

**Important conditions are summarized as follows;**

- To expedite training or supporting Thais to operate in place of foreign technicians or experts within designated period
- Machinery used for the promoted activities must be new machinery.
- Has production capacity of sealed box of fruit and vegetable juice at 150 million liters per year (20 hrs/day: 300 days per year).
- A Thai nationality residents must own at least 51% of total registered capital
- Has to operate to get ISO 9000, or ISO 14000, or equivalent within two years.
- The factory must be constructed in Saraburi province.

**5.5.4 On August 6, 2013, Oishi Trading was granted the investment promotion certificate for fruit and vegetable juice production in sealed box for the factory operated in Navanakorn industrial Zone, Pathumthani province. Promotion Certificate No. 1159(2)/2014**

**Key privileges are summarized as follows;**

- Allowed to recruit foreign technician to the country according to the approved number and period. However they have to work in specified tasks as the BOI board's agreement.



- Tariff exemption for machinery according the BOI board's agreement.
- Corporate income tax exemption is allowed for 8 years since the first day with income flow from business. In the case that there is some loss during the exemption period, Oishi Trading is allowed to choose to deduct for only one year or many years after the allowance period ends within the limit of five years.
- Exemption for dividend tax during eight years of allowance.

**Important conditions are summarized as follows;**

- To expedite training or supporting Thais to operate in place of foreign technicians or experts within designated period
- Machinery used for the promoted activities must be new machinery.
- Has production capacity of sealed box of fruit and vegetable juice at 150 million liters per year (20 hrs/day: 300 days per year).
- A Thai nationality residents must own at least 51% of total registered capital
- Has to operate to get ISO 9000, or ISO 14000, or equivalent within two years.
- The factory must be constructed within the premises of Navanakorn industrial zone in Pathumthani province.

**5.5.5 On August 6, 2013, Oishi Trading Company Limited was granted the investment promotion certificate for fruit and vegetable juice production in sealed bottle for the new factory operated in Saraburi province. Promotion Certificate No.1160 (2)/2014**

**Key privileges are summarized as follows;**

- Allowed to recruit foreign technician to the country according to the approved number and period. However they have to work in specified tasks as the BOI board's agreement.
- Tariff exemption for machinery according the BOI board's agreement.
- Corporate income tax exemption is allowed for 8 years since the first day with income flow from business. In the case that there is some loss during the exemption period, Oishi Trading is allowed to choose to deduct for only one year or many years after the allowance period ends within the limit of five years.

- Exemption for dividend tax during eight years of allowance.

**Important conditions are summarized as follows;**

- To expedite training or supporting Thais to operate in place of foreign technicians or experts within designated period
- Machinery used for the promoted activities must be new machinery.
- Has production capacity of sealed bottle of fruit and vegetable juice at 304 million liters per year (20 hrs/day: 300 days per year).
- A Thai nationality residents must own at least 51% of total registered capital
- Has to operate to get ISO 9000, or ISO 14000, or equivalent within two years.
- The factory must be constructed in Saraburi province.

**5.5.6 On August 6, 2013, Oishi Trading Company Limited was granted the investment promotion certificate for fruit and vegetable juice production in sealed bottle for the factory operated in Navanakorn industrial Zone, Pathumthani province. Promotion Certificate No.1161(2)/2014**

**Key privileges are summarized as follows;**

- Allowed to recruit foreign technician to the country according to the approved number and period. However they have to work in specified tasks as the BOI board's agreement.
- Tariff exemption for machinery according the BOI board's agreement.
- Corporate income tax exemption is allowed for 8 years since the first day with income flow from business. In the case that there is some loss during the exemption period, Oishi Trading is allowed to choose to deduct for only one year or many years after the allowance period ends within the limit of five years.
- Exemption for dividend tax during eight years of allowance.

**Important conditions are summarized as follows;**

- To expedite training or supporting Thais to operate in place of foreign technicians or experts within designated period
- Machinery used for the promoted activities must be new machinery.
- Has production capacity of sealed bottle of fruit and vegetable juice at 188 million liters per year (20 hrs/day: 300 days per year).

- A Thai nationality residents must own at least 51% of total registered capital.
- Has to operate to get ISO 9000, or ISO 14000, or equivalent within two years.
- The factory must be constructed within the premises of Navanakorn industrial zone in Pathumthani province.

## 5.6 PRODUCT AND SERVICE PROCUREMENT

### 5.6.1 Raw Material Procurement

The Company is committed to offer highest quality Japanese food and beverage products to customers. Therefore, the Company highly focuses in raw materials sourcing being from within the country or from oversea. Nevertheless, most of the raw materials are sourced in Thailand. As for the selection of suppliers, the Company set up the strict process of supplier screenings and selections. This includes pre-order quality assurance, suppliers bidding and physical goods checking in order to ensure that raw materials will meet high quality and comply with international standards of production. Delivery timeliness is also another important factor in selecting potential suppliers in order to avoid raw materials shortage. Moreover, the suppliers should show strong potentials to develop their capacity and products to serve and match the Company's changing and growing business accordingly.

In addition to quality aspects, the Company also considers pricings of the raw materials and supplies as these are relevant to the Company's costs. Therefore, procurement process requires verifications, pricing comparisons and orders optimization to create competition among suppliers and increase bargaining power of the Company. Price reviews are also conducted on an on-going basis to make sure that prices of raw materials and supplies are reasonable and align with market conditions.

For quality assurance and standardization purposes, several products are produced and processed at the Company's Central Kitchen. This also help ensures efficient inventory control and management.

For beverage business, not only the raw materials' quality, the Company also considers social responsibilities. Hence, the Company sources high quality tea leaves from domestic farms in order to create jobs and income to local farmers. The Company also executes long-term

contracts with the farmers to control risks from raw material shortage and generate sustainable income to local farmers.

As some raw materials are produced from only few suppliers, the Company continues to search and open for any new suppliers in order to mitigate risks from raw materials shortage. The Company also does not support any suppliers which are involved in all forms of corruptions, human trafficking and violations of human rights.

### 5.6.2 Procurement and Production

Oishi Trading Company Limited, a subsidiary, is considered as the Central Kitchen for Oishi group of companies and responsible for sourcing, purchasing, distributing of raw materials, as well as processing the raw materials, of which quality and standard must be maintained, and delivered to various outlets. The Central Kitchen also produces the Company's bakeries and sushi in order to deliver to all the restaurants in Oishi group of companies. In addition, Oishi Trading Company Limited produces all the beverage products under the brand "Oishi" for Oishi group of companies.

As at December 31, 2016, Oishi Trading Company Limited has 6 production plants as detailed below;

1. Oishi Trading, No. 60/1120 M.19 Navanakorn Industrial Estate Klongluang Phathumthani 12120 (Cold Aseptic Filling in PET)
2. Oishi Trading, No. 60/68 M.19 Navanakorn Industrial Estate Klongluang Phathumthani 12120 (Hot Filling and Drinking Water in PET)
3. Oishi Trading, No. 60/68 M.19 Navanakorn Industrial Estate Klongluang Phathumthani 12120 (Cold Aseptic Filling in paper brick)
4. Oishi Trading, No. 700/635 M.3 Amatanakorn Industrial Estate Bankoa Phanthon Chonburi 20160 ( Hot Filling in PET)
5. Oishi Trading, No. 333 M.1 Salangphan Saraburi (Cold Aseptic Filling in PET)
6. Oishi Trading, No. 283/2 M.3 Nongchak Banbueng Chonburi (Central Kitchen)

#### Production Capacity

The Company and Oishi Trading Company Limited has total production capacity in PET of 780 million bottles per year, factory at Navanakorn Industrial Estate has capacity in Drinking Water of 120 million bottles per year where the Company use for OEM Chang and Crystal Drinking Water for the related company. For the capacity

in UHT Paper Brick is 360 million bricks per year. The Cold Aseptic Filling in paper brick also able to suffice the OEM for dairies products of totaling 156 million bottles per year, under the brand Nestle and Magnolia.

For food business, the Central Kitchen the total capacity for catering is 12,000 tons per year, Chilled Gyoza is 4,000 tons per year and sandwich is 20 million pieces per year.

With the above mentioned capacity, in the year 2016, the Company is well positioned to serve domestic and international demands.

#### **Environmental impact from manufacturing process and wastes**

The Company realizes the importance of environmental conservation thus the environmental procedures has been executed legally and systematically i.e. production wastes, disposed materials from the process or any work-in-process. Ensuring that the efficient treatment system for any wastes are reliable and should not affect the social and environment.

In production line, the Company follows the best practices for environmental impacts by applying clean technology from the very first production process by using energy-saving technology and reduce the packaging materials usage. The Company controls risk factors which could affect the environment and reduce resources usage by saving energy and being complied with ISO 14001 Environmental Management Standard of which all of the Company's beverage plants have already been accredited. Hence, with all the procedures execution, the Company believe firmly that the environmental management was accurate, reliable and comply with the international standard.

Regarding factories' safety, professional third party inspectors are engaged every year to assure safety and inspect production areas e.g. building structures and boilers inspection.

During the past year, the Company complied with all rules, regulations related to environment and safety as well as ISO 14001. Hence, there are no pending litigations related to such topics.

#### **Practice on Efficient Use of Resource**

In 2016, Oishi group of companies enhanced its efficiency in utilizing resources and chemicals in production process to reduce environmental impact as follows:

1. For the production of Cold Aseptic Filling beverage in paper brick, the Company improved the system controlling the drainage of beverage remained in production pipes which reduces more than 50 % of the beverage left in production pipe.

In addition, the Company improved the filling system for production of beverage in paper brick which benefits in the efficient use of resources.

2. For Central Kitchen, the production system for Oishi Gyoza products by reducing the temperature of products before sending into the Chiller which benefits in reducing Nitrogen used in chilling process. This also reduces pollution from the release of wasted Nitrogen. Oishi group of companies also improved its production process by reducing the use of supplies e.g. paper net and sponge net.
3. For the production of Cold Aseptic Filling beverage in PET within the production plant located in Wang-Muang district in Saraburi Province, the Company developed the beverage formula to reduce the use of sweetener in the product, of which its quality is still maintained. Besides the reduction of the resource used, it is also beneficial to the consumers' health.
4. For the production of Cold Aseptic Filling beverage in PET within the production plant located in Navanakorn Industrial Estate, Oishi group of companies used modern technology for the production of products' labels which helps reduce its thickness of 5 micron approximately. This technology is also initiated in the production plant located in Wang-Muang district, Saraburi Province.

Moreover, the modern technology used for beverage-filling process results in the great reduction of plastic used as the initial substance for PET bottles. This can reduce environmental impact and be beneficial to the environment as a whole.

## **5.7 BUSINESS OPERATING LIMITATIONS**

–None–

## OISHI BEVERAGE PRODUCTS



Oishi Green Tea (500 ml.)



Oishi Green Tea (380 ml.)



Oishi Green Tea (800 ml.)



Oishi Green Tea UHT (250 ml.)



Oishi Fruto (380 ml.)



Oishi Kabusecha (500 ml.)



Oishi Green Tea  
Returnable Glass Bottle  
(400 ml.)



Oishi Chakulza (320 ml.)

## JAPANESE RESTAURANTS



## CHILLED AND FROZEN PRODUCTS



Oishi Gyoza Chilled and Frozen (pack 5 pcs.)



Oishi Gyoza Frozen (pack 12 pcs. 50 pcs.)



Oishi Kani



Oishi Sandwich

Oishi Trendy Sandwich



Oishi Trendy Baked Sandwich



Oishi Trendy Roll



Oishi Trendy Ready Meal



Oishi Trendy Ready Meal Appetizer





## BUSINESS NATURE

### 6.1 HISTORY AND SIGNIFICANT DEVELOPMENTS

The history and significant developments are set forth below:

- |   |  |
|---|--|
| <p>1999 • Started Japanese restaurant operation under the brand "Oishi" on 9 September 1999</p> <p>2001 • Started Japanese noodle restaurant under the name "Oishi Ramen"</p> <p>2002 • Started Japanese buffet shabu/kaiten style under the brand "Shabushi"</p> <p>2003 • Operated new Central Kitchen at Navanakorn factory producing food and beverage products to support sales at Oishi restaurants</p> <p style="padding-left: 20px;">• "Oishi Green Tea" was launched</p> <p>2004 • Started trading in SET under the name "OISHI" on 25 August 2004</p> <p style="padding-left: 20px;">• "Oishi Grand" was opened at Siam Discovery</p> <p>2005 • Produced and distributed fruit juice with Amino under the name "Amino OK"</p> <p>2006 • Amatanakorn plant started its operation.</p> <p>2007 • "Oishi Black Tea" was launched</p> <p>2008 • Oishi launched a new RTD product, namely "Coffio".</p> <p style="padding-left: 20px;">• Thai Beverage PCL became Oishi's biggest shareholder</p> <p>2009 • Opened "Kazokutei", the Udon and Soba franchise restaurant from Osaka</p> <p style="padding-left: 20px;">• Amino OK was rebranded as Amino Plus</p> <p>2010 • New green tea flavor 'Goji Berry' was launched.</p> <p style="padding-left: 20px;">• Additional lands were acquired, now the Company owns 61.5 rais</p> <p style="padding-left: 20px;">• The Company received two additional BOI privileges, one for the Cold Aseptic Filling project and another one for the UHT project.</p> <p>2011 • Launched new green tea with juices "Oishi Fruito"</p> <p style="padding-left: 20px;">• Launched first ever sparkling green tea in can "Oishi Chakulza"</p> <p style="padding-left: 20px;">• Opened new restaurant brand "Nikuya", Japanese-style yakiniku buffet</p> <p>2012 • Launched crispy fried seaweed "Onori"</p> <p style="padding-left: 20px;">• New packaging design of green tea UHT with "One Piece" characters</p> | <p style="padding-left: 20px;">• Opened up new restaurant brand "Kakashi" under QSR format (Quick Service Restaurant), serving Japanese rice with various toppings</p> <p style="padding-left: 20px;">• The Company received an additional BOI privilege for Cold Aseptic Filling project 2<sup>nd</sup> line</p> <p style="padding-left: 20px;">• Launched green tea in returnable bottle glass</p> <p>2013 • Cold Aseptic Filling project 2<sup>nd</sup> line at Wang-Muang district, Saraburi province was commercial run in March</p> <p style="padding-left: 20px;">• Opened new Central Kitchen at Banbueang district, Chonburi province</p> <p style="padding-left: 20px;">• Re-launched "Oishi Fruito" with 3 new flavors "Strawberry and Melon", "Lemon and Berry" and "Green apple and White grape"</p> <p style="padding-left: 20px;">• Launched new flavor of Oishi green tea "Lychee"</p> <p style="padding-left: 20px;">• Launched new flavor of sandwich break and fast "Japanese Roast Pork and Cheese"</p> <p style="padding-left: 20px;">• Launched new product of gyoza "Tagoyaki"</p> <p style="padding-left: 20px;">• Received BOI privileges for four projects at Navanakorn Industrial Estate and Wung – Muang district, Saraburi province</p> <p>2014 • Established domestic and international subsidiaries to support expansion plans as follows; Oishi Snack Co., Ltd. in Thailand, Oishi F&amp;B (Singapore) Pte. Ltd. ("OSPL") in Singapore, Oishi Myanmar Limited ("Oishi Myanmar") in the Republic of the Union of Myanmar ("Myanmar")</p> <p style="padding-left: 20px;">• Opened up new Shabushi branch at Yangon and Mandalay in Myanmar</p> <p style="padding-left: 20px;">• Launched new style sandwich, "OISHI Trendy Sandwich" which includes Chicken Ham &amp; Cheese, Tuna Caesar Salad and Alaska Crabsticks &amp; Ebiko flavours for distribution through Lotus Express outlets</p> <p style="padding-left: 20px;">• Launched new premium sugar-free green tea "Oishi Kabusecha"</p> <p style="padding-left: 20px;">• Cold Aseptic Filling project 3<sup>rd</sup> line at Navanakorn Industrial Estate started commercial run in December</p> |
|---|--|

- 2015
- Established Oishi Group Limited Liability Company in the Socialist Republic of Vietnam to support future international expansion opportunities
  - Opened additional Shabushi restaurant in Yangon, Myanmar at Junction Square Shopping Centre
  - Launched new product flavor "Oishi Kabusecha Low Sugar" targeting health conscious consumers who also enjoy premium tea
  - Launched "Oishi Watermelon" as limited edition during summer period only
  - Added new RTD tea SKU size "Oishi Green Tea in 800 ml"
  - Upgraded size and package of "Oishi Fruito" from 350 ml to 380 ml
  - Invited special guest, "Hiroyuki Sakai", the famous Iron Chef from Japan to create special menus for customers at "Oishi Buffet" throughout the year
  - Launched new sandwich products "Oishi Trendy Roll" available in convenient stores channel
  - Launched new flavors of "Oishi Gyoza" including Spicy Seafood, Pork & Basil, Yakimiku Pork
  - Launched new product line of frozen food "Oishi Bento" in different flavors to explore new markets including Spicy Pork with rice, Pork in Japanese sauce and Teriyaki Chicken distributed in hypermarket and supermarket

## 6.2 IMPORTANT EVENTS IN 2016

The Company continues to drive growth and strives to be leading F&B company in ASEAN region. In order to strengthen the capital structure of international subsidiaries, share capital of Oishi International Holdings Limited and Oishi F&B (Singapore) Pte. Ltd. have been increased by HKD 2,300,000 and SGD 380,000 respectively with main objectives to invest in newly issued shares in Oishi Myanmar Limited ("OML"), a subsidiary in Myanmar. The proceeds will strengthen OML's working capital and serve as a solid platform for any future business expansion opportunities of Shabushi restaurant in Myanmar.

In additions, the Company also had important developments in each business segment as follow;

## Food Business

### 1. Restaurant Business

In 2015, the Company has developed and elevated the products and services of the restaurant brands operated by Oishi group of companies. These significant developments include:

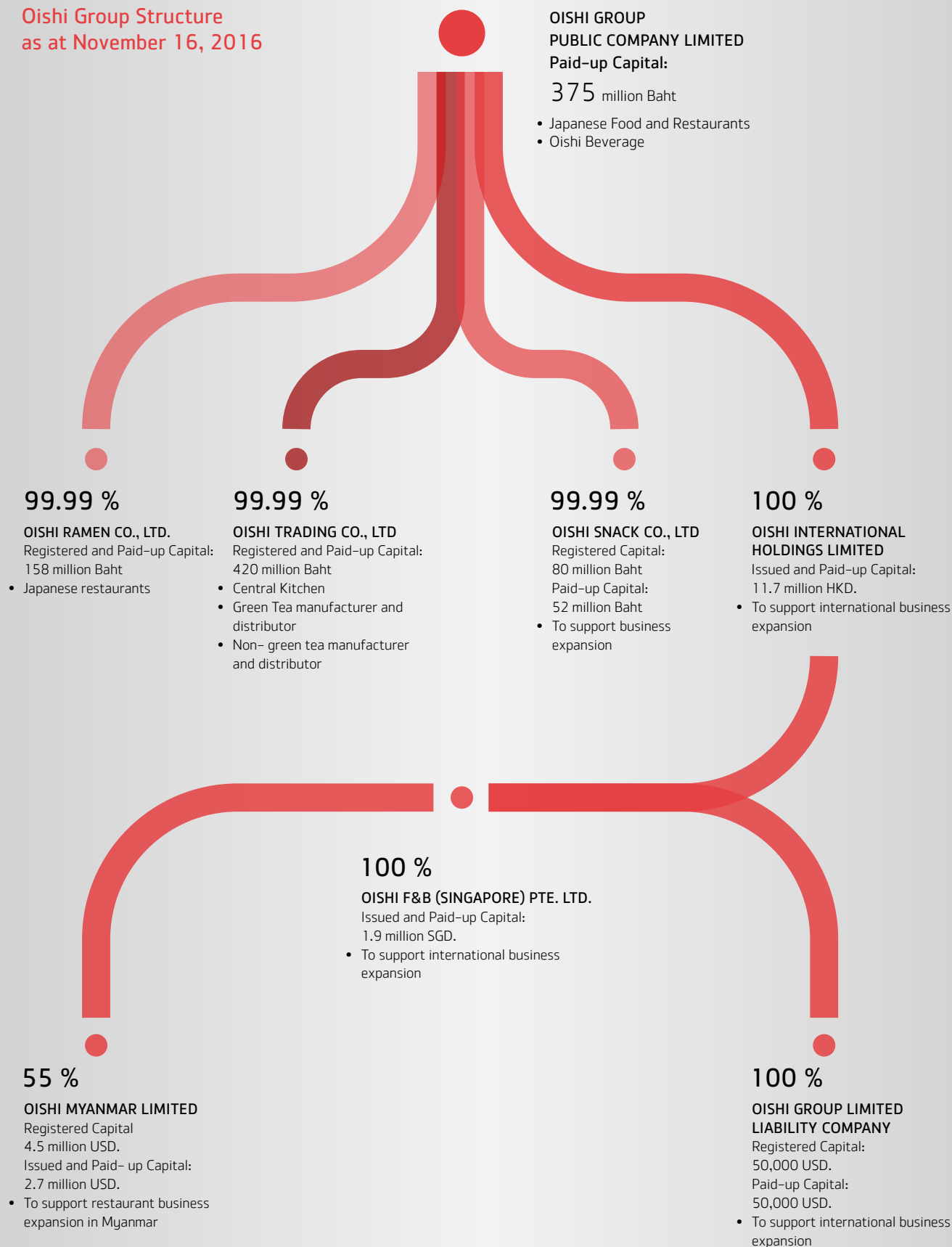
- Organizing of special food festival "Phuket Lobster Festival 2016" by Oishi Grand restaurant during the National Mother Day's festival using the Phuket Lobsters as ingredients in variety dishes served at special prices. Since Phuket Lobsters are very popular ingredients in Phuket province, this campaign got positive feedback from customers. This festival is also beneficial in promoting and advertising Phuket Lobster broadly among consumers.
- Organizing of special food festivals throughout the year by Oishi Buffet restaurants. The consumers could taste various popular Japanese dishes. For instance "Maki Festival" serving Super Maki, the special fusion dish served with all senses of deliciousness and new menu "Cheese Lava Teppanyaki" which is the superb combination of Japanese hot plate dish (Teppanyaki) and cheese.
- Implementing of the plan for the improvement of services in Shabushi restaurants under the concept "Shabushi and So Much More" which focuses on the quality and variety of menus and impressive services.
- Launching of new menu "Nabe" or the Japanese hot pot with the rotation of new dishes every 2 months to create various experiences to the consumers, resulting in very positive consumer feedback.

### 2. Ready to Cook and Ready to Eat Business

In 2016, as the Company's business is manufacturing and distributing food products in Fast-moving consumer goods segment, the continued development of the products is necessary. This includes the improvement of product variety, taste, forms and packaging design. The details of which are as follows:

- Launching new line of sandwich products i.e. hot baked sandwiches. Based on the consumer research, this product line has a potential to grow continuously. The distribution channels for these products are Family Mart, the convenience store having its branches located throughout the country.

## Oishi Group Structure as at November 16, 2016





2. Launching of “Oishi Gyoza Assorted Flavors”, the innovative sell of gyoza consisting of 5 flavors i.e. yakiniku pork, chicken, shrimp, pork and seaweed, and takoyaki pork in one package distributing in 7-Eleven shops throughout the country.
3. Launching of “Oishi Sandwich Plus”, the whole wheat recipe sandwiches having the target group of health conscious consumers in response to the modern clean eating trend.
4. Launching of “Oishi OPAN”, the panda-shaped bread with sauce in the package for the consumers to decorate the panda bread as imagined, having the target group of the children who love painting, distributing in 7-Eleven shops throughout the country.
5. Expanding product line of frozen food i.e. ramen products in response to the consumers’ preference in Japanese-style noodles distributed in hypermarket

### Beverage Business

In 2016, the Company has continually developed and launched new products, including the launch of new flavors and refreshed packaging design to attract teen target, and expanded distribution coverages into new countries as following;

1. Launching of new products “Oishi Green Tea Kyoho Grape Flavor”, the innovative chewable green tea which receives positive feedback from consumers, “Oishi Green Tea Sakura Strawberry Flavor”, distributed in November 2016 with the new packaging innovation that change its color according to the temperature in response to the need of the green tea lover consumers to enjoy the new innovative experience.
2. Expanding the distribution coverages into new countries i.e. France and the United Arab Emirates.

## 6.3 OVERALL BUSINESS OPERATIONS OF THE COMPANY AND ITS SUBSIDIARIES

Business operations of the Company and its subsidiaries consist of two segments

### 6.3.1 Food Business:

#### Restaurant Business: 8 Japanese restaurant brands

##### 1. Oishi Grand (1 store)

A distinctive and luxurious atmosphere of all-day dining buffet at Siam Paragon, 4<sup>th</sup> Floor, serving various and delicate food with a limited time of 2 hours and 30 minutes at the price per head of Baht 895.

##### 2. Oishi Buffet (17 stores)

The all-day dining Japanese food buffet style with a limited time of 1 hour and 45 minutes at the price per head of Baht 569 in Bangkok areas and Baht 589 in provincial areas.

##### 3. Shabushi (126 stores)

###### Domestic 123 stores

The all-day dining Shabu buffet style with the moderate price. The ingredients are served along a conveyor (kaiten). Shabushi offers 2 kinds of Asian favorite foods i.e. Shabu-Shabu and Sushi. The Price per head is Baht 399 in Bangkok areas and Baht 419 or 469 in provincial areas with a limited time of 1 hour and 15 minutes. One store is operating in form of franchise restaurant.

###### Overseas 3 stores

In 2015, the Company’s subsidiary started operating Shabushi restaurants in Myanmar with two branches in Yangon and another branch in Mandalay. Price per head is 15,000 MMK. or equivalent to ~USD. 15.

##### 4. Oishi Ramen (51 stores)

A unique style of ramen and soup localized to suit local taste, offering both Japanese and spicy Thai menus.

##### 5. Oishi Delivery (5 Stores)

Home delivery service (call number 1773) in Bangkok and its vicinity and over 15 provinces nationwide. The service is available during 10 a.m. – 9 p.m. with Baht 40 delivery fee per an order. Credit card is acceptable for customer’s convenience at minimum order of Baht 500.

**6. Nikuya (18 Stores)**

Specialized in Yakniku buffet style with high quality products at the price per head of Baht 519.

**7. Kakashi (24 Stores)**

A quick service restaurant serves Japanese rice with various toppings at an economic price.

**8. Snack Shop (2 Stores)**

A kiosk provides Oishi products including sandwiches, beverages, and frozen foods.

As at September 30, 2016, the Company and its subsidiaries operate total restaurants of up to 244 stores of which 239 domestic stores are operating in Bangkok and key provinces and 3 overseas stores are operating in Myanmar. In addition, another 2 stores are operating in form of franchise restaurants i.e. Shabushi MM Mega Market, Aranyaprathet, Sa Kaeo province, and Nikuya Buriram Castle, Buriram province

**Ready to Cook and Ready to Eat Products**

During the year of 2016, the Company has developed and launched more ready to cook and ready to eat products, both chilled and frozen i.e. sandwiches, gyoza, Japanese rice with various topping and frozen ramen products. This increases the revenue growth from the year 2015 of approximately 7%. In this connection, the Company will continue to develop variety of products in alignment with consumer needs and potential growth of ready to eat products market due to the change of life styles and consumption behavior of consumers who prefer quick and easy meal. The ready to eat products are, therefore, suitable in response to such life styles and consumption behavior.

### 6.3.2 Beverage Business:

The Company and its subsidiaries produce and distribute the following beverage products with various flavors and packaging:

Product	Flavor			PET	RGB	UHT	Can
		800 ml.	500 ml.	380 ml.	400 ml.	250 ml.	320 ml.
Oishi Green Tea	Honey Lemon	•	•	•	•	•	
	Genmai	•	•	•		•	
	Original		•	•		•	
	Strawberry					•	
	Sugar Free			•			
	Lychee	•		•		•	
	Kyoho Grape			•			
	Sakura Strawberry		•	•			
Oishi Kabusecha	No sugar		•				
	Less Sugar		•				
Oishi Black Tea	Black Tea Lemon		•				
Oishi Fruto	Strawberry Melon			•			
	Green Apple White grape			•			
Oishi Chakulza	Honey Lemon						•
Oishi O Herb	Honey – Ginseng			•			
	Lotus root – Red date			•			
	Tamarindo			•			

## 6.4 REVENUE STRUCTURE

### CONSOLIDATED FINANCIAL STATEMENTS

Income by business type	Operated by	2016 (As at September 30, 2016)		2015 (As at December 31, 2015)		2014 (As at December 31, 2014)	
		Million Baht	%	Million Baht	%	Million Baht	%
Beverage Business	The Company and Oishi Trading Co., Ltd.	5,576	53%	6,351	49%	5,877	47%
Food Business	The Company, Oishi Ramen Co., Ltd. and Oishi Myanmar Limited	4,933	47%	6,612	51%	6,639	53%
<b>Total</b>		<b>10,509</b>	<b>100%</b>	<b>12,963</b>	<b>100%</b>	<b>12,516</b>	<b>100%</b>

## 6.5 TARGET CUSTOMERS

### Food Business

#### Restaurant Business:

The Company operated various styles of Japanese restaurants including Japanese food buffet style, Shabu buffet style, Yakiniiku buffet style, Japanese QSR and home delivery covering nearly all target groups of customers. The Company is continuously expanding restaurant outlets in order to further increase areas and consumers coverage.

#### Ready to Cook and Ready to Eat Business:

The chilled products target young generations such as working age consumers, students and housewives who have quick lifestyles. Thus, ready to eat products are the suitable choice for this group of consumers. As for the frozen products, the target consumers are working age consumers and families living in big cities. As the Company's business is in fast-moving consumer goods segment, the Company will continue to develop variety of products in alignment with consumer needs and the growth of ready to cook and ready to eat market.

#### Beverage Business

The Company focuses on developing its products to cover all consumer's genders, ages and serving occasions. For Oishi Green Tea product, the target customers are young generations such as teenagers, college students and working age consumers who are trendy and health conscious.

## 6.6 DISTRIBUTION CHANNELS AND DISTRIBUTORS

### Food Business

#### Restaurant Business:

The Company is a leading Japanese restaurant operator in Thailand with diverse styles of restaurants located nationwide. Currently, the Company is operating over 240 domestic stores covering Bangkok and provincial areas.

#### Ready to Cook and Ready to Eat Business:

In 2016, main distribution channels of chilled and frozen Ready to Cook and Ready to Eat products are the convenience stores, especially 7-Eleven, and supermarkets. In order to increase coverage, the Company has also started distributing Ready to Cook and Ready to Eat products through hotels and restaurants so as to maximize the distribution coverage, domestically and internationally. The Company also starts distributing its frozen Gyoza to other AEC countries e.g. Myanmar.

#### Beverage Business

The Company distributes products through various domestic and international channels in order to maximize distribution coverage. More than 90% of beverage products are distributed through Thai Beverage Public Company Limited and Sermasuk Public Company Limited which are considered to be one of the most efficient distribution channels with wide distribution coverage in both domestic and international market. The Company also has international distributors which contributes around 5% of total beverage sales and other distribution channels which contribute around 2% of total beverage sales.

## 6.7 BUSINESS TARGETS

### Food Business

#### Restaurant Business

The Company and its subsidiaries aims to open approximately 15 new stores annually focusing on popular brands such as Shabushi to cover areas in Bangkok and upcountry provinces with potentials and high purchasing powers. In 2017, stores expansion plans remain in the same directions. The Company also plans to expand Shabushi restaurants in Myanmar continuously. For the past year, the Company and its subsidiaries has achieved its target in expansion of business.

### Ready to Cook and Ready to Eat Business

In 2016, the Company will continue to develop and launch variety of new Ready to Cook and Ready to Eat products, both chilled and frozen. In addition, the Company has planned to expand the consumers' base using the marketing strategies that draw the consumers' attention to try the Company's products. Target growth for this business category in 2017 is set at 29% from the year 2016 based on the strategy to expand the product groups e.g. breads and bakeries, snacks, and the increase of new distribution channels continually i.e. Food Service channels. The growth of convenience stores business is also one of the factors that increase the growth of Ready to Cook and Ready to Eat business since the convenience stores are considered as the main distribution channel for Ready to Cook and Ready to Eat products. Moreover, developing and promoting business opportunities through special campaigns could help this business reach its target group easier. As for the marketing activities, the Company highlights on using more marketing communications via online media, social media, and other communication channels to build up the Company's Ready to Eat brands.

### Beverage Business

According to the business result of the year 2016, the Company has succeed achieving its business targets, both in the growth of sales volume and in maintaining its market leading position in Ready to Drink green tea products through all distribution channels. As for the year 2017, the Company will maintain its leading position in Ready to Drink green tea market by creating innovations for Ready to Drink green tea in terms of taste and packaging, as well as launching new innovative marketing campaigns to induce demands all year long. This is in response to the diverse and dynamic demands of the target consumers as well as expanding the consumers' base, domestically and internationally.

## 6.8 EXPORT MARKET

### Food Business

#### Restaurant Business

In 2015, OML, an indirect subsidiary opened another Shabushi restaurant branch in Yangon accumulating to 3 branches in Myanmar which consider to be a significant milestone in expanding restaurant business overseas.

### Ready to Cook and Ready to Eat Business

The Company is in the process of obtaining relevant certifications and standards to enhance products images and creditability for overseas customers. The Company has also done researches on consumer behavior and distribution channels in various countries in order to deliver products that match consumers' preferences. The Company received standard accreditations for food industry including BRC, HACCP and GMP. This helps strengthening the Company's positions to manufacture its products for overseas distribution. In 2016, the Company also started to sale and distributed Oishi Gyoza in AEC countries e.g. Myanmar. The plan for expansion of overseas market focuses on the distribution of frozen products within Asia, as well as the opportunity to cooperate with local business partner to develop new products suitable with taste and culture of each local area.

### Beverage Business

Oishi Green Tea products hold approximately 6-7% of export revenue with the potential to grow rapidly and continually. The products are distributed into various countries such as Laos, Cambodia, Myanmar, Malaysia, Negara Brunei Darussalam (Brunei), People's Republic of China, the Republic of Korea, the Russian Federation (Russia), Israel, Australia, New Zealand, the Swiss Confederation, Barbados, Hungary, Netherlands, Sint Maarten, the Republic of Poland, the Federal Republic of Germany (Germany), the Republic of Finland and Great Britain.

In 2016, the Company increased the sales revenue of Oishi beverage and expanded into new overseas markets e.g. French Republic and United Arab Emirates through the distribution of the subsidiary companies' network i.e. F&N Beverage Marketing Sdn. Bhd. and Oishi International Holdings Ltd.

In 2017, the Company aims to continuously expand its export business in several countries i.e. Eastern Europe and focus more marketing activities in ASEAN countries i.e. Lao and Cambodia.

## RISK FACTORS

### 7.1 BEVERAGE BUSINESS

#### 7.1.1 The risks in new product development

Although it is common practice that all new products must pass the various processes of quality tests during production, including manufacturing, packaging design, tasting, advertising and promotions, which cost substantial amount of money, some of the products were not able to penetrate the market due to the intense competition in the beverage market. The Company increase the level of strictness in the preparation of new product launching in terms of quality control, the alignment of the consumer's demand, as well as the marketing activities in order to ensure that the new products are able to penetrate the market.

#### 7.1.2 The limitation in raw material sourcing

Due to Company's commitment to produce only quality products made from premium raw materials, the Company has no policy to purchase those raw materials from only one supplier which may cause shortage or disadvantage in price negotiation. Hence, the Company's R&D and Purchasing Departments have been looking for more qualified suppliers to maximize our ability in raw material sourcing.

#### 7.1.3 Fluctuation in raw material costs

Certain factors such as the rise in fuel cost, the use of plants as alternative energy, and the drastic demand for raw materials from China and ASEAN Economic Community, have caused the rise in production cost i.e. fuel, transportation, paper fiber, and petroleum packaging which are fluctuated according to the demand and supply in the market. The Company, therefore, has secured medium to long term contracts with the suppliers to avoid possible difficulties.

#### 7.1.4 Competition risks

Competition in the beverage business is quite intense. There have always been high potential new entrants with aggressive marketing activities to penetrate the market. However, the Company strengthens its competitiveness through the image of products by means of effective advertising,

marketing and promotional activities. We believe the competition is beneficial to consumers and beverage industry since the growth of market will eventually help the Company's performance in the business.

#### 7.1.5 Natural disaster risks

The 2011 great flood in Thailand was the most severe disaster caused serious damages to the Company. As a result, the Company realizes the need to divert and prevent the risks of natural disaster. For example, the construction of new production plant at Wung-Muang district, Saraburi province, the construction of a flood wall for the production plant in Navanakorn Industrial Estate and the implementation of contingency plans to ensure the uninterrupted operations in the event of a natural disaster or emergency.

### 7.2 FOOD BUSINESS

#### 7.2.1 Restaurant Business

##### 7.2.1.1 Location for outlet expansion and current location retention

Since location is the key factor for a successful restaurant business while competition is also quite intense. This is considered a limitation for those who aim to increase the new outlet especially in department stores or urban area. Normally, short-term location rental contracts last for 3 years and could be renewed for another 3 years. There is a high risk that some of the rental contracts could not be renewed, or the rental fee might be increased; however, the Company has planned to maintain those rentals by maintaining and making good relationship with the lessor. We also keep looking for other good new location to ensure that the Company will have the places to support the expansion of outlets.

**7.2.1.2 Raw materials and products obsolescence**

In operating restaurant business, the Company highly focuses on good quality and freshness of raw materials and products. Over 50% of raw materials and products are meat, seafood, vegetable, fruit and bread, which are perishable. In this connection, lacks of effective raw material management could result in the increase of production cost. In order to avoid such risk, the Company has adopted a policies to make purchase of raw materials on a daily basis and store in temperature-controlled rooms to preserve quality and freshness with the First-In-First-Out (FIFO) inventory control scheme being used.

**7.2.1.3 The limitation in raw material sourcing**

Due to Company's commitment to produce only quality products made from premium raw materials, the Company has no policy to purchase those raw materials from only one supplier which may cause shortage or disadvantage in price negotiation. Thus, the Company's R&D and Purchasing Departments have been looking for more qualified suppliers to maximize our ability in raw material sourcing.

As for Ready to Cook and Ready to Eat business, the Company highly focuses on good quality and freshness of raw materials and products. Over 50% of raw materials and products are meat, seafood, and bread, which are perishable. In this connection, lacks of effective raw material management could result in the increase the production cost. In order to avoid such risk, the Company has adopted a policies to make adequate purchase of raw materials and maintain its quality and freshness within proper storage, this includes the storage in temperature-controlled rooms and First-In-First-Out (FIFO) inventory control scheme. As a result, the limitation of raw material sourcing has low influence on the Company's business.

**7.2.1.4 Fluctuation in raw material costs and production costs**

Some materials were popular among the customers. When there were unexpected situations occur, for example, epidemics in plants and animals, product shortage and price fluctuation are subsequently inevitable. Fortunately, the Company has secured medium to long term contracts with the suppliers to avoid such difficulties. This factor therefore has very little influence on the Company's business.

**7.2.1.5 Competition risks**

Due to the popularity of Japanese food in Thailand, many Japanese restaurant operators emerge constantly. Some competitors open their stores with the same menu and at nearby locations. The Company, however, has no policy to compete in pricing but rather maintaining high quality of products and services as well as enhancing the product images using effective advertising, marketing and promotional activities. We believe the competition is beneficial to consumers and food industry since the growth of market will eventually help the Company's performance in the business.

**7.2.1.6 Natural disaster risks**

The 2011 great flood in Thailand had caused severe damages to the Company's business. The Company realizes the need to divert and prevent the risks of natural disaster. As a result, we relocated the Central Kitchen to Banbueng district, Chonburi province, and allocated new investments on the location secured from flood and convenient for transportation. We also set up the contingency plans to ensure the uninterrupted operations in the event of a natural disaster or emergency.



#### 7.2.1.7 Political and Economic Risk

In 2016, the political situation in Thailand appeared to show good signs. Nonetheless, the Company is affected by the economic status, such as the rise of raw material costs, labor costs, and household expenses, as well as the reduction of consumer's consumption. These factors affect overall performance of food business.

Despite of the abovementioned risk, as we have been closely monitored and set up the appropriate strategy and marketing plan to cope with the uncertain situation, the Company's business are not affected by this factor.

### 7.2.2 Ready to Cook and Ready to Eat Business

#### 7.2.2.1 Fluctuation in raw material costs and production costs

At present, the sales volume of Ready to Cook and Ready to Eat products are not quite high comparing to the size of the overall market. Therefore, the management of production in the manufacturing plants of Oishi group of companies is not utilized to its full capacity resulting in the rise of production costs. The Company therefore set up guidelines for all the relevant units e.g. Purchasing, R & D, Production, and Sale to cooperate in managing the production capacity and budget control effectively. Moreover, the Company emphasizes on expanding distribution channels to generate more of the sales volume which may result in the reduction of production cost and other expenses.

#### 7.2.2.2 Competition risks

The competition in Ready to Cook and Ready to Eat Business is very competitive. The distributors from our distribution channels were starting to produce the products under

their own brands. Inevitably, for the business owner, not only they have to perform research and development to be able to compete in term of the product, they are also have to have the bargaining power in negotiation the trade. To reduce and prevent such risk, the Company gives priority to the development and maintaining quality of products as well as promoting our brands' popularity and creditability.

#### 7.2.2.3 Development of new products

As the convenience stores are still the main channel of distribution for Ready to Cook and Ready to Eat product, there is a need to develop the products continuously. Despite such awareness, the consumer's consumption behavior is very dynamic, certain products or flavors may not meet market demand as well as the target group. Our product development team therefore emphasizes on the innovation and development of product to reach the market demand and satisfy the dynamic of consumption behavior.

## 7.3 STRATEGIC RISKS

The Company has initiated "Vision 2020" strategic roadmap to become one of the leading food and beverage business operators in ASEAN. Although the strategic roadmap has been carefully reviewed and considered, there could be internal and external factors which may affect the execution of the strategy and cause the operating performances of the company to fail the set targets.

However, to manage such risks, annual business plans are conducted in alignment with the long-term strategies of the Company. The Board of Directors take major roles in reviewing and adjusting such strategies. In addition, implementation of the strategies will be constantly monitored and reviewed to ensure that strategies and business operations are keeping up with the change of business conditions.

#### 7.4 RISKS FROM DEPENDENCE ON THE MAJOR SHAREHOLDER OR COMPANIES IN MAJOR SHAREHOLDER'S GROUP

The Company has estimated distribution proportion to companies within Thai Beverage Public Company Limited group of companies ("ThaiBev Group") of around 90% of total sales revenue in beverage business which is one of the most efficient channel with the most areas coverage. However, Thai Beverage Public Company Limited ("ThaiBev") is the major shareholder of the Company holding 79.66 % shares. Hence, distribution of beverage products group is inevitably dependent on the major shareholder's group which may possess some risks and affect the Company's operation in case there are changes in shareholding structure by the major shareholder or refusal in distributing the Company's products.

However, there have always been good business cooperation with the major shareholder's group for very long time and the Company's operation is in alignment with the international standard. In addition, the distribution of Company's products through the companies within ThaiBev Group is considered to be very efficient in terms of managing and utilized resources. In this connection, the Company has secured medium term distribution agreements with the major shareholder. Should there be any restructures within shareholder's organizations, they will be obligated to be our distributors throughout term of agreements. So there is a time period for the Company to prepare and assign other new distributors.

#### 7.5 RISKS OF INVESTORS IN THE COMPANY'S SECURITIES

##### 7.5.1 Risks from the control of major shareholder

As of August 26, 2016, ThaiBev is the major shareholder of the Company with 79.66% shareholding in the paid-up capital. Therefore, ThaiBev can control the resolutions of the Shareholders' Meeting including the appointment of directors, approval on other matters that require a majority votes of the Shareholders' Meeting and agendas which by laws or by the Articles of Association of the Company,

require 3 out of 4 votes of the Shareholders' Meeting. Hence, other shareholders might not be able to collect enough votes to counter the agendas raised by the major shareholder.

Nevertheless, for transparency and good corporate governance, the Company has set an organization structures consisting of personnel with knowledge and capability. The role and responsibility are clearly set. Moreover, The Company has appointed the Audit Committee consisting of 3 independent directors, which have no interest in the Company in order to review Company's operation and protect the interests of minority shareholders. This results in appropriate check and balance and verifiable system.

##### 7.5.2 Risks from low free float of the Company's securities which may results in transaction liquidity in the Stock Exchange of Thailand

As of August 26, 2016, the Company has free float of 20.341% which result in relatively low liquidity transaction of the securities listed in the Stock Exchange of Thailand. Shareholders may have some risks of not being able to sell the Company's shares immediately at desired price.

However, the Company will continue to monitor and maintain appropriate free float level for shareholders on an on-going basis.

## BUSINESS ASSETS

Business operation assets of the Company and its subsidiaries are consisting of both tangible and intangible assets. As of September 30, 2016, the detailed net book values are as follows:

### 8.1 LANDS AND LAND IMPROVEMENTS

The Oishi group of companies owns certain pieces of land and land improvements which it uses in its business operation. As of September 30, 2016, the book value of which are as follows:

Lands and Land Improvements	Type of possession	Net book value (million baht)	Collateral for Loans
Land with 61-2-70.5 rais with improvements at Navanakorn Industrial Zone 2, Klong Nueng, Pathumthanee province	Owner	454.79	None
Land with 182-2-19 rais with improvements at Tumbon Nong Chak, Ampor Banbueng (Muang), Chonburi province	Owner	220.07	None
<b>Total</b>		<b>674.86</b>	

### 8.2 BUILDINGS AND BUILDING IMPROVEMENTS

The Oishi group of companies owns certain buildings and building improvements which it uses in its business operation. As of September 30, 2016, the book value of which are as follows:

Buildings and Building Improvements	Type of possession	Net book value (million baht)	Collateral for Loans
Building and structure at Navanakorn Industrial Zone 2, Klong Luang, Pathumthanee province	Owner	951.63	None
Building and structure at Amatanakorn Industrial Estate, Bankao, Panthong, Chonburi province.	Leased	90.21	None
Building Improvements No.333 Moo 1 Highway 2089 (Muak Lek-Wang Muang) Tumbon Salaeng Phan, Ampor Wang Muang, Saraburi province	Leased	54.64	None
Central Kitchen at Tumbon Nong Chak, Ampor Banbueng, Chonburi province	Owner	334.81	None
Other building improvements	Leased	9.09	None
<b>Total</b>		<b>1,440.38</b>	

### 8.3 RENTAL AGREEMENT

As of September 30, 2016, the Company has 242 rental agreements with retailers for Japanese food restaurant business. Most of which are short-term rental agreements with a period of three years, with the option to extend the term for another three years. Most of the agreements will expire in 2017 – 2019.

In addition, the Company has entered into short – term property lease agreements for operation of the Cold Aseptic Filling Line 2 and Line 4 at Saraburi Province which are the most suitable locations for logistic and risk management purposes. The leasing term of such agreements are less than 3 years and the lessor commits to provide a right of first refusal to the Company if it decides to sell the land.

### 8.4 LEASEHOLD RIGHTS

The majority of locations for Oishi restaurant businesses are under the short-term lease agreement of 3 years term with the option to extend the term for another three years. This is to lessen the risk of engagement and fluctuation from economic change. Only some of the locations in department stores are under long-term lease agreements. Net book value of which, as of September 30, 2016, is as follows;

Area/Location	Rental period/ Expiration	Net book value (million baht)	Collateral for Loans
1 <sup>st</sup> floor, Seacon Square, No. 1053–1054 in 292.58 sq.m. area	21 years and 9 months 15 Days / Expire 2024	9.30	None
The Mall Ngamwongwan. Unit no. GFC1A in 220 sq.m. area and GFC1B in 101sq.m. area	17 years and 9 months 10 days / Expire 2019	2.67	None
The Mall Bangkapi Unit no. GF–F5A in 300 sq.m. area and no. GF–5B in 52 sq.m. area	20 years and 5 months 15 Days/ Expire 2022	11.43	None
Future Park Rangsit, Unit no. B56 in 134 sq.m. area	15 years and 6 months/ Expire 2021	4.14	None
Esplanade Ratchada, Unit no. B41 in 288 sq.m. area	24 years and 2 months 4 days/ Expire 2031	19.28	None
<b>Total</b>		<b>46.82</b>	

### 8.5 TOOLS AND MACHINERY FOR MANUFACTURING

As of September 30, 2016, tools and machinery for manufacturing which the Company uses in its operation and production consist of the following;

Type of tools and machinery for manufacturing	Net book value (million baht)	Collateral for Loans
Machinery–Beverage	2,620.75	None
Machinery–Food	323.74	None
<b>Total</b>	<b>2,944.49</b>	

## 8.6 DECORATION AND INTERNAL SYSTEMS

As of September 30, 2016, decoration and internal systems which the Company uses in its business operation consist of the following;

Type of decoration and internal systems	Net book value (million baht)	Collateral for Loans
Decoration	355.48	None
Internal systems	929.81	None
<b>Total</b>	<b>1,285.29</b>	

## 8.7 CONSTRUCTION IN PROGRESS AND INSTALLATION

Net book value of construction in progress and installation of the Oishi group of companies, as of September 30, 2016, consist of the following;

Type of construction in progress and installation	Net book value (million baht)	Collateral for Loans
Project Cold Aseptic Filling Line 4, Saraburi	543.23	None
Machinery of Cold Aseptic Filling Line 2	3.85	None
Machinery of Cold Aseptic Filling Line 3	4.62	None
Project OEM UHT Navanakorn	15.23	None
Project Water Amatanakorn	13.34	None
Oishi Knowledge Center	3.10	None
Others	13.15	None
<b>Total</b>	<b>596.52</b>	

## 8.8 OTHER ASSETS

Other assets were included office equipment, furniture and fixtures, restaurant utensils and vehicles. Net book value as of September 30, 2016 is 233.44 million Baht.

## 8.9 INTELLECTUAL PROPERTY

Since started operations the Company has submitted applications for registration of many trademarks and service marks domestically and internationally for many brands and logos covering a variety of products and services.

"Oishi" is key trademark and service mark of the Company. The Company has also submitted other trademarks and service marks, both together with and separate from "Oishi" mark such as "Shabushi", "Ramen", "Nikuya", "Kakashi", "Green tea", "Chakulza", "Fruito", "Amino OK", "Neko" and "Fruitza".

The Company also registered copyright for animation character “Oishi Neko” and other characters used with Chakulza products. Moreover, in 2016, the Company was also awarded “Thailand’s Most Admired Brand Award” within the ready to drink green tea market by the Brandage Magazine. The award is based on the opinion of consumers from all over the country regarding factors that affects the decision to purchase a product such as organizational image, brand image, employees, reseller, prices, promotional activities, advertisement and public relation. The award emphasises the Oishi brand’s position as the leading brand in the mind of the consumer. In all aspects, it is ensuring that the Company’s trademarks are well recognized and stay in the consumers’ heart for a long time. Consequently, the Company has no policy to breach the other trademarks and also the intellectually property.

## 8.10 INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

As of November 16, 2016, the list of 7 companies that the Company directly or indirectly hold shares for more than 50% of the issued shares, both in Thailand and oversea are as follows:

### 8.10.1 Direct subsidiaries

Company name	Business Types	Share Type	Registered Capital	Paid-up Capital	Number of Issue Share	Number of Shares Held	Investment Ratio %	Director
1. Oishi Trading Co., Ltd. (Oishi Trading) 19 <sup>th</sup> -20 <sup>th</sup> Floor, PARK VENTURES ECOPLEX 57 Wireless Road, Lumpini, Pathumwan, Bangkok 10330	Production and distribution of beverage and foods	Ordinary	Baht 420,000,000	Baht 420,000,000	4,200,000	4,199,990	99.99	1. Mr. Thapana Sirivadhanabhakdi 2. Mr. Sithichai Chaikriangkrai 3. Mr. Ueychai Tantha-Obhas 4. Mr. Pisanu Vichiensanth 5. Mr. Marut Buranasetkul 6. Mrs. Sureeporn Pradittasnee
2. Oishi Ramen Co., Ltd. (Oishi Ramen) 19 <sup>th</sup> -20 <sup>th</sup> Floor, PARK VENTURES ECOPLEX 57 Wireless Road, Lumpini, Pathumwan, Bangkok 10330	Japanese Restaurant	Ordinary	Baht 158,000,000	Baht 158,000,000	1,580,000	1,579,994	99.99	1. Mr. Thapana Sirivadhanabhakdi 2. Mr. Sithichai Chaikriangkrai 3. Mr. Ueychai Tantha-Obhas 4. Mr. Pisanu Vichiensanth 5. Mr. Marut Buranasetkul 6. Mrs. Sureeporn Pradittasnee
Company name	Business Types	Share Type	Issued and Paid-up Capital		Number of Issue Share	Number of Shares Held	Investment Ratio %	Director
3. Oishi International Holdings Limited (OIHL) <sup>(1)</sup> Room 901-2, Silvercord Tower 1 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	To support international business expansion	Ordinary	HKD 11,700,000		11,700,000	11,700,000	100	1. Mr. Sithichai Chaikriangkrai 2. Mr. Marut Buranasetkul 3. Mrs. Chitkasem Moo-Ming <sup>(2)</sup> 4. Mr. Lee Man Kong 5. Mrs. Jesdakorn Ghosh
Company name	Business Types	Share Type	Registered Capital	Paid-up Capital	Number of Issue Share	Number of Shares Held	Investment Ratio %	Director
4. Oishi Snack Co., Ltd. (Oishi Snack) 19 <sup>th</sup> -20 <sup>th</sup> Floor, PARK VENTURES ECOPLEX 57 Wireless Road, Lumpini, Pathumwan, Bangkok 10330	To serve future snack expansion	Ordinary	Baht 80,000,000	Baht 52,000,000	800,000	799,997	99.99	1. Mr. Thapana Sirivadhanabhakdi 2. Mr. Sithichai Chaikriangkrai 3. Mr. Ueychai Tantha-Obhas 4. Mr. Pisanu Vichiensanth 5. Mr. Marut Buranasetkul 6. Mrs. Sureeporn Pradittasnee

### 8.10.2 Indirect subsidiaries

Company name	Business Types	Share Type	Issued and Paid-up Capital		Number of Issue Share	Number of Shares Held	Shareholder	Investment Ratio %	Director
1. Oishi F&B (Singapore) Pte. Ltd. (OSPL) <sup>(3)</sup> No. 438 Alexandra Road, #05-01 Alexandra Point, Singapore 119958	To support international business expansion	Ordinary	SGD 1,900,000		1,900,000	1,900,000	Oishi International Holdings Limited	100	1. Mr. Paisarn Aowsathaporn 2. Mrs. Chitkasem Moo-Ming <sup>(2)</sup> 3. Ms. Tan Yen Hoon 4. Ms. Ong Hwee Lin Gene 5. Mr. Ng How Hwan Kevin
Company name	Business Types	Share Type	Registered Capital	Paid-up Capital	Number of Issue Share	Number of Shares Held	Shareholder	Investment Ratio %	Director
2. Oishi Myanmar Limited (OML) <sup>(4)</sup> No. 1-11 Padonmar Stadium (East Wing), Bargayar Street, Sanchaung Township, Yangon, Myanmar	Japanese Restaurant	Ordinary	USD 4,500,000	USD 2,700,000	2,700,000	1,485,000	Oishi F&B (Singapore) Pte. Ltd.	55	1. Mr. Marut Buranasetkul 2. Mr. Paisarn Aowsathaporn 3. Mrs. Chitkasem Moo-Ming <sup>(2)</sup> 4. Mrs. Daw Win Win Tint 5. Mr. U Soe Moe Thu
3. Oishi Group Limited Liability Company (OGLLC) No. 11A, Phan Ke Binh Street, Da Kao ward, District 1, Ho Chi Minh City, the Socialist Republic of Vietnam	To serve future international expansion	-	USD 50,000	USD 50,000	-	-	Oishi F&B (Singapore) Pte. Ltd.	100	1. Mr. Marut Buranasetkul 2. Mr. Paisarn Aowsathaporn 3. Mrs. Jesdakorn Ghosh 4. Mrs. Chitkasem Moo-Ming <sup>(2)</sup>

#### Notes

- (1) OIHL has increased the issued and paid-up capital share from HKD 9,400,000 to 11,700,000 on August 16, 2016.
- (2) Mrs. Chitkasem Moo-Ming resigned from the directorship of OIHL, OSPL, and OGLLC effective on October 16, 2016.
- (3) OSPL has increased the issued and paid-up capital share from SGD 1,520,000 to 1,900,000 on September 14, 2016.
- (4) OML has increased the registered capital from USD 2,100,000 to 4,500,000 and also has increased the issued and paid-up capital share from USD 2,100,000 to 2,700,000 on November 1, 2016.



## LEGAL DISPUTES

As at the fiscal year ended September 30, 2016, the Company and its subsidiaries do not have any legal disputes or lawsuits related to the followings:

- (1) Legal disputes that may cause negative effect on the assets of the Company and its subsidiaries of higher than 5% of the total shareholders' equities.
- (2) Legal disputes that have material effect on the Company's business operation which cannot be assessed in numbers.
- (3) Legal disputes which are not related to normal course of business of the Company.

## CAPITAL STRUCTURE

### 10.1 ORDINARY SHARES

As of September 30, 2016, the Company has Baht 375 million of registered and paid-up capital. It can be categorized into 187.5 million common stocks, with the par value of Baht 2 per share. All shares are registered in the Stock Exchange of Thailand.

### 10.2 DEBENTURES

The Company issued the Debentures as per the following details;

#### Debentures of Oishi Group Public Company Limited No. 1/2013 Due 2016

Type of Debentures	:	Unsubordinated and unsecured debentures bearing names of the holders without a debenture holder representative
Number of Debentures	:	1,000,000 units
Par Value per Unit	:	Baht 1,000 Baht
Total Value of Debentures	:	Baht 1,000 million
Issue Date of Debentures	:	7 August 2013
Maturity	:	3 years
Interest	:	4% per annum
Maturity Date	:	7 August 2016
Debenture Registrar	:	Siam Commercial Bank Public Company Limited
Debentures Rating	:	A-/Stable affirmed by TRIS Rating Company Limited (reviewed on 1 October 2015)

Such Debentures were redeemed by the Company on August 8, 2016.

#### Debentures of Oishi Group Public Company Limited No. 1/2015 Due 2018

Type of Debentures	: Unsubordinated and unsecured debentures bearing names of the holders without a debenture holder representative
Number of Debentures	: 1,000,000 units
Par Value per Unit	: Baht 1,000
Total Value of Debentures	: Baht 1,000 million
Issue Date of Debentures	: December 9, 2015
Maturity	: 3 years
Interest	: 2.51% per annum
Maturity Date	: December 9, 2018
Debenture Registrar	: KrungThai Bank Public Company Limited

#### Debentures of Oishi Group Public Company Limited No. 1/2016 Due 2019

Type of Debentures	: Unsubordinated and unsecured debentures bearing names of the holders without a debenture holder representative
Number of Debentures	: 1,000,000 units
Par Value per Unit	: Baht 1,000 Baht
Total Value of Debentures	: Baht 1,000 million
Issue Date of Debentures	: July 6, 2016
Maturity	: 3 years
Interest	: 2.20% per annum
Maturity Date	: July 6, 2019
Debenture Registrar	: KrungThai Bank Public Company Limited

### 10.3 SHAREHOLDERS

10.3.1 As of August 26, 2016, major shareholders and stock holding proportion based on paid-up capital are as follows:

Ref.	Shareholders' name	Shares	%
1.	Thai Beverage Public Company Limited	149,360,199	79.659
2.	UOB KAY HIAN PRIVATE LIMITED	9,000,000	4.800
3.	DBS BANK LTD.	9,000,000	4.800
4.	Mr. Thaweechat Jurangkool	7,891,600	4.209
5.	UBS AG SINGAPORE BRANCH	4,678,700	2.495
6.	Mrs. Hatairatn Jurangkool	830,000	0.443
7.	Mr. Ayuth Charnsethikul	407,500	0.217
8.	Ms. Chanyanuch Nandakwang	390,000	0.208
9.	Thai NVDR Company Limited	258,692	0.138
10.	Mr. Nop Ubonthip	257,700	0.137
11.	Minor shareholders	5,425,609	2.894
	<b>Total</b>	<b>187,500,000</b>	<b>100</b>

**10.3.2 Details of the major shareholders who held shares via their holding companies and have a significant influence towards management policies of the Company and its subsidiaries are:**

- 1) Thai Beverage Public Company Limited which operates via its subsidiaries regarding to production and distribution of alcoholic and non-alcoholic beverages and Japanese restaurants.
- 2) As of August 26, 2016 the companies that are related to Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi held shares in Thai Beverage Public Company Limited totally 65.89% of the paid-up capital.

As at August 26, 2016, top ten shareholders of Thai Beverage Public Company Limited are as follows;

Ref.	Shareholders' name	Shares	%
1.	Siriwana Company Limited	11,368,060,000	45.27
2.	The Central Depository (Pte) Limited	9,554,248,444	38.05
3.	Maxtop Management Corp.	2,749,660,000	10.95
4.	Mr. Thapana Sirivadhanabhakdi	107,000,000	0.43
5.	Mrs. Thapane Techajareonvikul	107,000,000	0.43
6.	Mr. Panote Sirivadhanabhakdi	107,000,000	0.43
7.	Mrs. Wallapa Traisorat	107,000,000	0.43
8.	Mr. Natthavat Tejapaibul	92,377,500	0.37
9.	Mrs. Atinant Bijananda	88,000,000	0.35
10.	Mrs. Chompoonuch Tejapaibul	70,000,000	0.28

**10.4 LONG-TERM LOAN**

In March 2013, the Company entered into a long-term loan agreement with a financial institution in the amount of 1,000 million Baht which is to be repaid monthly in 5 installments, 200 million Baht each, commencing in November 2015. Interest is payable monthly at constant rate of 3.85 per annum. The Company already repaid the long-term loan in full.

## 10.5 DIVIDEND PAYMENT POLICY

The Company and its subsidiaries have policy to pay dividend of not less than 40% of net profit after deduction of tax and legal reserves if such dividend payment does not have an adverse effect on corporate operations significantly. Factors that are considered include the Company's operation results, the Company's cash flows, liquidity, and business expansion plans. The dividend payment must be approved by the shareholders.

### Dividend payment information

	2014	2015	2016 <sup>(1)</sup>
Dividend per share	1.60	2.00	2.50
Total amount	Baht 300 million	Baht 375 million	Baht 468.75 million
% of dividend payment	57.14	52.65	52.83

This is in line with our dividend policy, where we intend to pay out not less than 40% of net profit after deduction of tax and legal reserves.

### Remark

(1) The dividend payment rate for the year 2016 is subjected to the shareholders' approval in the 2017 Annual General Shareholder Meeting.

## MANAGEMENT STRUCTURE

### 11.1 BOARD OF DIRECTORS STRUCTURE

As of November 21, 2016, the Company's management consists of 7 committees including, the Board of Directors and 6 sub-committees namely the (1) Executive Committee, (2) Audit Committee, (3) Risk Management Committee (4) Nomination Committee (5) Remuneration Committee and (6) Good Corporate Governance Committee. Details are as follows:

#### 11.1.1 Board of Directors

The Board of Directors comprises of 9 members

1. Mr. Prasit Kovilaikool  
Chairman and Independent Director
2. Mr. Thapana Sirivadhanabhakdi  
Vice Chairman
3. Mr. Vikrom Koompirochana  
Independent Director
4. Ms. Potjane Thanavaranit  
Independent Director
5. Mr. Chai Jroongtanapibarn  
Independent Director
6. Mr. Ueychai Tantha-Obhas  
Director
7. Mr. Sithichai Chaikriangkrai  
Director
8. Mr. Marut Buranasetkul  
Director and President
9. Mr. Pisanu Vichiensanth  
Director

#### Authorized Directors are as follow:

"Two Directors to co-sign and affix the Company Seal, except Mr. Vikrom Koompirochana, Mr. Chai Jroongtanapibarn, Ms. Potjane Thanavaranit, and Mr. Prasit Kovilaikool"

#### Roles, Authorities and Responsibilities of the Board of Directors

The Board of Directors has authorities and responsibilities to perform all duties using their knowledge, abilities and experience for the best benefit of the Company, and also to monitor and supervise the administration of the Managements to ensure full in compliance with laws, objectives and articles of association of the Company as well as the resolutions of the Shareholders' Meetings. Covering establishes or considers and approves vision, mission, strategy, goals and business policies of the Company. The Board of Directors is also responsible for monitoring implementation by Management in accordance with the approved policies, plans and budgets with efficiency and effectiveness to all stakeholders.

Moreover, the Board of Directors is responsible for setting up a standardized and reliable financial reporting, an efficient internal control system, as well as appropriate risk management within the framework of the law, rules, and related regulations and also, responsible for manage, monitor, and supervise the Company in line with the laws on integrity and apply caution to protect the interests of the Company, as well as to perform their duties with care and fairly treatment, for the best interest of the Company and all stakeholders.

In addition, the Board of Directors is prohibited from participating in any other business which is in competition with the Company and subsidiaries, regardless of whether he or she benefits, directly or indirectly, from that business.

For the transactions that might lead to any conflicts of interests, the director or any person who may have conflicts of interest or any other benefits (as stipulated by the Office of the Securities and Exchange Commission or SEC) must not vote on that transaction.

The Board of Directors may appoint or delegate any power to one or more directors as the Executive Committee in order to conduct the Company's business within the scopes as specified by the Board of Directors.

The following issues for which the Board of Directors must seek prior approval from the shareholders before implementation:

1. Issues stipulated by law that shareholders' resolutions must be sought;
2. Any transaction which conflict with the interest of a director or requires approval from the Company's shareholders pursuant to the SET regulation the Board of Directors must obtain prior approval from the Shareholders' Meeting.

Moreover, the following matters require approval by a Shareholders' Meeting with the votes not less than three-fourths (3/4) of the total number of votes cast by the eligible shareholders present:

1. Sale or transfer of the entire or essential part of the Company's business to other parties.
2. Purchase or acquisition of business of other companies or other public companies.
3. Drafting, amending, or terminating contracts for the entire or essential part of the leasing contracts of the Company's business and assigning other parties to manage the Company's business or merger/ amalgamation of the Company's business with other parties for profit/loss sharing.
4. Amendment of the Company's Memorandum of Association or Articles of Association.
5. Increase or decrease of the registered capital and issuance of debenture.
6. Dissolution of the Company
7. Merger or amalgamation with other company
8. Any transaction which requires approval from the Company's Shareholders pursuant to the Public Company Limited Act B.E. 2535 (1992) and the SET regulations, the Board of Directors must obtain prior approval from the Shareholders' Meeting e.g. buying and selling authorized capital or any interrelated business.

### **Roles, Authorities and Responsibilities of the Chairman**

Chairman has important roles and responsibilities including the followings;

1. Lead the Board of Directors duties regarding the monitoring and ensuring that the Company's operation shall achieve the ultimate goals.
2. Be the Chairman of Board of Directors' Meeting and Shareholders' Meeting.
3. Be the decision making when the Board of Directors Meeting met the equal vote casts.
4. Perform other tasks as prescribed by Law.

### **Orientation**

The Board of Directors requires an orientation for every new director, so that the director will acknowledge the Company's expectation regarding the role, and responsibility of the director, the policy and regulation in Company's management that shall be abided by the director; as well as create knowledge and understanding in the business and the operation of the Company. Also, the new director is required to visit all the Company's operating divisions for the readiness of the director.

### **Director Development and Training**

The Company encourages and facilitates training courses, organized by the Thai Institute of Directors (IOD), The Stock Exchange of Thailand (SET) and other institutes, for all directors enable them to continuously improve their performance.

In 2016, the following directors of the Company had attended the training courses held by the IOD;

Name	Positions	Courses
Mr. Vikrom Koompirochana	Independent Director	Role of the Chairman Program
	Chairman of the Audit Committee	Class of 39/2016
	Chairman of the Nomination Committee	Advanced Audit Committee Program
	Remuneration Committee	Class of 23/2016
	Good Corporate Governance Committee	
Ms. Potjaneer Thanavarant	Independent Director	Driving Company Success with IT Governance
	Audit Committee	(ITG 2/2016)
	Chairman of the Remuneration Committee	
	Chairman of the Good Corporate	
	Governance Committee	

#### 11.1.2 The Executive Committee

The eight members of the Executive Committee are;

1. Mr. Thapana Sirivadhanabhakdi  
Chairman of the Executive Committee
2. Mr. Ueychai Tantha-Obhas  
1<sup>st</sup> Executive Vice Chairman
3. Mr. Sithichai Chaikriangkrai  
2<sup>nd</sup> Executive Vice Chairman
4. Mr. Lee Meng Tat  
3<sup>rd</sup> Executive Vice Chairman
5. Mr. Marut Buranasetkul  
Executive Committee
6. Mr. Pisanu Vichiensanth  
Executive Committee
7. Mrs. Sureeporn Pradittasnee  
Executive Committee
8. Mr. Paisarn Aowsathaporn  
Executive Committee

#### Roles, Authorities and Responsibilities of the Executive Committee

1. Follow the Company's policy, which obliges to law and regulation, except for those issues subjected to obtain prior approval from the Shareholders' Meeting.
2. Hold the authority to propose, instruct and set business policy and strategy to the Board of Directors.
3. Set business plan, management authority, annual business budget and annual expense budget to be proposed to the Board of Directors for approval as well as carry out such plans and strategies in accordance with the policy and business direction stated to the Board of Directors.
4. Effectively handle business administration of the Company and its subsidiaries according to the Company's business policy, goals, operational plan, budget and management authority as approved by the Board of Directors.
5. Handle the Company's general administration that includes recruiting, training, making employment, and termination of employment. The authority, however, does not include the termination of vice president onwards.

6. Approve the Company and its subsidiaries' business transaction as follows:

6.1 Approval of credit offered by a financial institution or loan requested to a financial institution, giving collateral or making any payment for business administration e.g. branch expansion, raw material/machine purchasing, investment or any regular business expense.

6.2 Approval of the annual budget of the subsidiaries

The authorities heretofore mentioned are under conditions as follows:

1. To approve purchases or entering into agreements to purchase major raw materials with the limit of not exceeding Baht 1,000 million per purchase.
2. To approve other payment of not exceeding Baht 100 million or equivalent or as approved by the Board of Directors. The exemption is in the case of asset write – off, where the Executive Committee is authorized to approve an amount not exceeding Baht 10 million or the payment of entertainment expense, charity and promotional products, where the Executive Committee can authorize an amount of not exceeding Baht 3 million.
7. Hold the authority to approve the opening of deposit account with domestic financial institutes, including the authority in payment making through the Company's deposit accounts.
8. Hold the authority to approve the budget for annual increase of salary and bonus of the employees of the Company and its subsidiaries, except the post of vice president onwards.
9. Hold the authority to approve any payment as assigned by the Board of Directors.
10. Hold the authority to making employment, termination of employment, employment promotion, employment disciplinary, reshuffling, adjustment of salary, bonus, welfare and other benefits of employees, whose positions are not higher than vice president. The Executive Committee also holds the authority to make consideration regarding other meritorious

efforts of employees, except those in position higher than vice president. Also, the signature authority for employment contract maybe designated to the President or the person assigned by the Executive Committee.

11. Hold the authority to appoint the Company's representative directors and/or the administrative subcommittee in the subsidiaries, who will be successfully carrying through the management plans as assigned by the Company.
12. Supervise and make decision on the Company's operation and may appoint proxies to delegate for the Executive Committee as appropriate. For example, the Executive Committee can appoint an ad hoc subcommittee to consider the procurement of major raw material, consider the increase of salary and bonus for the employees excluding those in the level of vice presidents onward; the Executive Committee can also appoint ad hoc committee, who are experienced in some specific areas, to filter the works before they being presented to the Executive Committee. The Board of Directors also has the power to revoke, make amend the scope of the appointed authority.
13. The Executive Committee is bound to conduct any duty assigned by the Board of Directors.

In addition, an approval of the above authorities must not be an approval leading to the situation where the Executive Committee or its proxy can approve any transaction that the Executive Committee itself or other person who is an interested person or person with potential of conflict of interest (as stipulated in the Articles of Association and by regulations of SEC) can enter into transaction with the Company or Company's subsidiaries, save for the case when such transaction is in accordance with the policy and principle approved by the Board of Directors. Nevertheless, the executive director who is an interested person to such transaction cannot vote in that matter. The Board of Directors can amend the scope of responsibility of Executive Committee as necessary or appropriate.



### 11.1.3 The Audit Committee

The three members of Audit Committee<sup>(1)</sup> are;

1. Mr. Vikrom Koompirochana  
Chairman of the Audit Committee
2. Ms. Potjane Thanavarani  
Audit Committee
3. Mr. Chai Jroongtanapibarn  
Audit Committee

#### Term in the Office

The Audit Committee shall hold office for a term of three years and, upon expiration of their term, may be re-appointed.

To resign from office, an Audit Committee shall submit his/her resignation letter to the Chairman and such resignation shall become effective when receive the approval from the Board of Directors.

When the term office of a committee member expires or there is any circumstance causing any committee members to be unable to hold office until expiration of the term of office, thus reducing the number of the committee members to less than the requirement of the SEC, the Board of Directors' meeting shall appoint new committee members to fill the vacancy within three months from the date of vacancy in the Committee.

If all members of the Audit Committee members are unable to hold office until expiration of the terms in any other circumstance, the retired members shall remain in office to perform his/her duties until new members have been appointed.

#### Remark

- (1) Ms. Potjane Thanavarani and Mr. Chai Jroongtanapibarn are qualified with knowledge and experience to review the credibility of the Company's financial statements.

### Roles, Authorities and Responsibilities of the Audit Committee

1. Audit Committee shall perform the duties as stipulated in the notice of the Stock Exchange of Thailand (SET) including but limited to :
  - 1.1 Review the Company's financial reporting processes to ensure that they are accurate and adequate;
  - 1.2 Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient; as well as concurrence of the appointment, transference and dismissal of the head of internal audit or any other related function;
  - 1.3 Consider, select and nominate independent persons to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
  - 1.4 Consider and review Connected Transactions, or the transactions that may lead to conflict of interest, to ensure that they are in compliance with the laws and the Stock Exchange's regulations, and are reasonable and for the highest benefit of the Company;
  - 1.5 Prepare the audit committee report, signed by the Chairman of the Audit Committee, and disclose in the Company's Annual Report;
2. Review the efficiency and effectiveness of internal control system and report to the Board of Directors whether the Company's operation conforms to the Public Company Limited Acts and regulations of SET and the Securities and Exchange Commission (SEC);
3. Be the channel to collect the suggestion or complaint issues from both inside and outside the Company;
4. Perform other tasks as assigned by the Board of Directors, with concurrence from the Audit Committee.

#### 11.1.4 The Risk Management Committee

The thirteen member of the Risk Management Committee are;

1. Mr. Chai Jroongtanapibarn  
Chairman of the Risk Management Committee
2. Mr. Pisanu Vichiensanth  
Risk Management Committee
3. Mrs. Sureeporn Pradittasnee  
Risk Management Committee
4. Mr. Marut Buranasetkul  
Risk Management Committee
5. Mr. Paisarn Aowsathaporn  
Risk Management Committee
6. Mrs. Jesdakorn Ghosh  
Risk Management Committee
7. Ms. Tientip Narach<sup>(1)</sup>  
Risk Management Committee
8. Mrs. Paitoon Siribovornkiat  
Risk Management Committee
9. Mr. Thanee Pornphisutsak  
Risk Management Committee
10. Mr. Kitti Vesyasirindra  
Risk Management Committee
11. Ms. Jarunee Kungwanwongsakul  
Risk Management Committee
12. Mr. Suraat Chaiwongse  
Risk Management Committee
13. Ms. Chanatnuth Wongwan<sup>(2)</sup>  
Risk Management Committee

#### Remarks

- (1) Ms. Tientip Narach was appointed by the resolution of the Board of Directors Meeting No. 6/2559, which was held on November 16, 2016, as the Risk Management Committee, replacing Mrs. Chitkasem Moo-Ming who resigned from the position, effective from October 16, 2016.
- (2) Ms. Chanatnuth Wongwan was appointed by the resolution of the Board of Directors Meeting No. 1/2016, which was held on February 25, 2016, as the Risk Management Committee, replacing Mr. Sanguan Pongswan who retired by the Company's regulations on work, effective from February 25, 2016 onward.

#### The composition of the Risk Management Committee

The Risk Management Committee comprises of directors and managements from each department or any other nominated person from the Board of Directors' Meeting. At least one committee shall be director and the Board of Directors shall appoint the Chairman of the Committee. The secretary to the committee shall be appointed from one of the committee member or other appropriate person by the Chairman of the Committee.

#### Roles, Authorities and Responsibilities of the Risk Management Committee

1. Set policy and integrated risk management framework that thoroughly cover main business risks i.e. Strategic Risks, Financial Risks, Operational Risks, Corruption Risks and External Risks;
2. Propose to the President the qualified candidates to work in each risk management team. The team will directly report to the committee;
3. Organize operational trainings and seminars on risk management. The trainings shall be consisted of the Company's mission, operational process, risk evaluation criteria, risk factor ranking, and risk prevention and control strategies;
4. Approve the appropriate risk management plans that can be applied throughout the organization;
5. Review the sufficiency of the existing assurance and life insurance;
6. Follow up on the Company's main risk factors, as well as, any risk indication while updating the current data;
7. Offer advises and instructions on risk management;
8. Communicate with the Audit Committee on main risk factors, to consider the sufficiency of the internal control system;
9. Report to the Company's Board of Directors regarding the risk factors and risk management.

#### 11.1.5 The Nomination Committee

The three members of the Nomination Committee are;

1. Mr. Vikrom Koompirochana  
Chairman of the Nomination Committee
2. Mr. Prasit Kovilaikool  
Nomination Committee
3. Mr. Thapana Sirivadhanabhakdi  
Nomination Committee

##### **Roles, Authorities and Responsibilities of the Nomination Committee**

1. Nominate the qualified persons to be company director, to be approved by the Board of Directors or Shareholders' Meeting where appropriate
2. Nominate the qualified persons to be Company's executives from the level of vice president, to be approve by the Board of Directors or Shareholders' meeting where appropriate
3. Determine qualifications of executives from the level of vice president onward
4. Carry out any other recruitment jobs as assigned by the Board of Directors and Shareholders' Meeting

#### 11.1.6 The Remuneration Committee

The five members of Remuneration Committee are;

1. Ms. Potjane Thanavarant  
Chairman of the Remuneration Committee
2. Mr. Vikrom Koompirochana  
Remuneration Committee
3. Mr. Prasit Kovilaikool  
Remuneration Committee
4. Mr. Thapana Sirivadhanabhakdi  
Remuneration Committee
5. Mr. Sithichai Chaikriangkrai  
Remuneration Committee

##### **Roles, Authorities and Responsibilities of the Remuneration Committee**

1. Set up remuneration rate and other benefits of the directors and all subcommittees. The rate will be passed on the Board of Directors before submitting to the Shareholders' Meeting for approval.
2. Set up remuneration rate and other benefits of the Company's high ranking executives from the level of vice presidents onward in order to submit to the Executive Committee or the Board of Directors for approval.
3. Perform any task with regard to setting up remuneration rate as assigned by the Board of Directors or the Shareholders' Meeting.

##### **The Remuneration Policies are as follows:**

1. Considering the remuneration based on the comparative rate with others in the same industry.
2. Considering based on the Company's business expansion; the performance of the Company and its subsidiaries
3. Considering based on the responsibility of each committee.

#### 11.1.7 Good Corporate Governance Committee

The five members of the Remuneration Committees are;

1. Ms. Potjanee Thanavarant  
Chairman of the Good Corporate Governance Committee
2. Mr. Vikrom Koompirochana  
Good Corporate Governance Committee
3. Mr. Chai Jroongtanapibarn  
Good Corporate Governance Committee
4. Mr. Thapana Sirivadhanabhakdi  
Good Corporate Governance Committee
5. Mr. Marut Buranasetkul  
Good Corporate Governance Committee

#### The composition of the Good Corporate Governance Committee

The Board of Directors has appointed the Good Corporate Governance Committee which comprises of at least three Company's directors and not less than a half of the committee shall be independent directors. One of independent director shall be appointed to be the Chairman of the committee.

#### Roles and Responsibilities of the Good Corporate Governance Committee

1. Set up policies, standard regulations and advise the Good Corporate Governance practices to the Board of Directors.
2. Monitor and supervise the Board of Directors and the Managements regarding the compliance to the Good Corporate Governance.
3. Review the Corporate Governance Policy by considering the rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand or any other relevant regulator and propose to the Board of Directors.
4. Follow up on whether the Company's operation complies with the Corporate Governance policy or not and report to the Board of Directors

#### 11.1.8 Company Secretary

As of November 16, 2016, Mrs. Sasinee Hemthanon was appointed to be the Company Secretary by the resolution of the Board of Directors Meeting No. 6/2016

which was held on November 16, 2016, replacing Mrs. Chitkasem Moo-Ming who resigned from the position, effective from October 16, 2016.

#### Roles and Responsibilities of the Company Secretary

1. Company Secretary is authorized to be the contact person and sign in documents related to SET.
2. Company Secretary has duty and responsibility as stated in the Securities and Exchange Act B.E. 2551 and as regulated by the Capital Market Supervisory Board.

#### 11.1.9 The Executives <sup>(1)</sup>

The Executives of the Company are

1. Mr. Marut Buranasetkul  
President
2. Mr. Paisarn Aowsathaporn  
Executive Vice President – Food Business
3. Mrs. Jesdakorn Ghosh  
Senior Vice President – Beverage Business
4. Ms. Tientip Narach<sup>(2)</sup>  
Senior Vice President – Finance and Accounting
5. Mrs. Paitoon Siribovornkiat  
Vice President – Human Resources
6. Mr. Thanee Pornphisutsak<sup>(3)</sup>  
Vice President – Production
7. Mr. Ekbodin Densutham<sup>(4)</sup>  
Vice President Marketing – Ready to Drink Tea

#### Remarks

- (1) The names are shown in accordance with the definition of executive by the Notification of The Securities and Exchange Commission as of November 21, 2016. The name of the Company's directors have already been shown in Section 11.1.1
- (2) Ms. Tientip Narach was appointed as a Senior Vice President – Finance and Accounting, effective from November 16, 2016, replacing Mrs. Chitkasem Moo-Ming, the Senior Vice President – Finance and Accounting, who resigned from the position, effective from October 16, 2016.
- (3) Mr. Thanee Pornphisutsak was appointed as a Vice President – Production effective from May 1, 2016.
- (4) Mr. Ekbodin Densutham was appointed as a Vice President Marketing – Ready to Drink Tea effective from September 1, 2016.

### **Roles, Authorities and Responsibilities of the President**

1. Determine the business strategies and supervise the Company's day to day operation and management in accordance with the goal set up by Company's policies as well as the Board of Directors or Executive Committee assignment and guidance.
2. Coordinate with the head of Internal Audit department and the Risk Management Committee to ensure that the business operation and risks management of the Company be in line with the Objectives and Articles of Association of the Company and the resolution of the Shareholders' Meeting and Board of Directors' Meeting as well as policies and Corporate Governance Guideline.
3. Supervise and support the Human Resource Department to ensure that such department has an effective human resource management including the authorities and responsibilities as follows:
  - 3.1 Propose to the Executive Committee for approval the amendment of human resource management plan, manpower structure, remuneration structure, benefits and welfare for the employees and of the Company and its subsidiaries as well as setting up the procedure and criteria for the recruitment of employees whose positions are at level of Director or General Factory Manager or below. Moreover, such plan and structure should be in line with the Company's strategies and goals.
  - 3.2 Approve the annual performance evaluation method, transference improvement and succession plan for the employees.
  - 3.3 Approve the hiring, promotion, level adjustment, salary adjustment, disciplinary punishment, retirement, hiring contract renewal of the employees of the Company and its subsidiaries except the employees whose position is above the level of Director or General Factory Manager.
  - 3.4 Approve the transference, alteration and rotation of employees within the Company itself and between the Company and its subsidiaries as well as the result of

performance evaluation of all employees with the position of Director or General Factory Manager or below.

- 3.5 Approve the employee training plan.

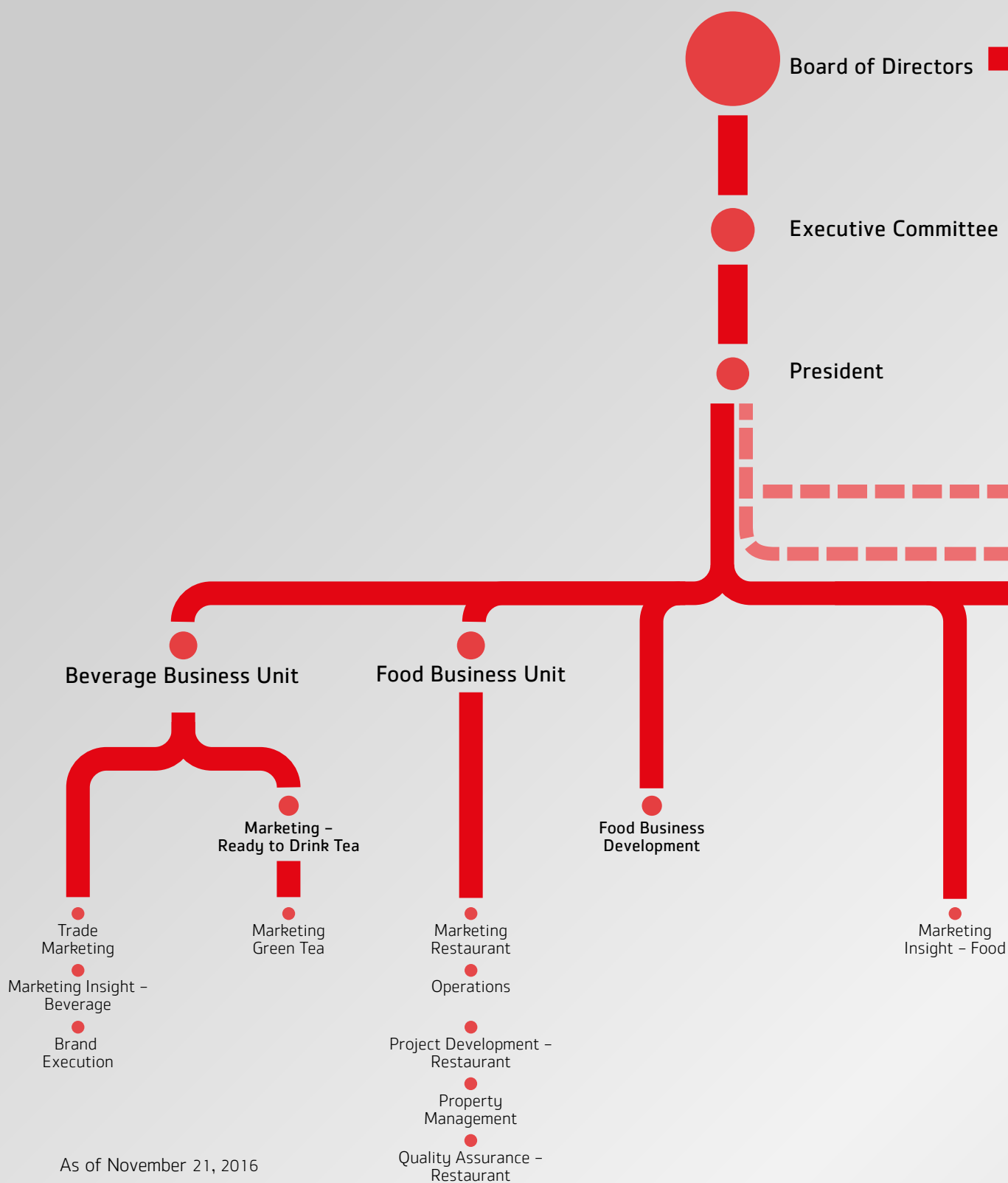
The hiring, transference, dismissal, and the performance evaluation of head of Internal Audit Department require concurrence from the Audit Committee.

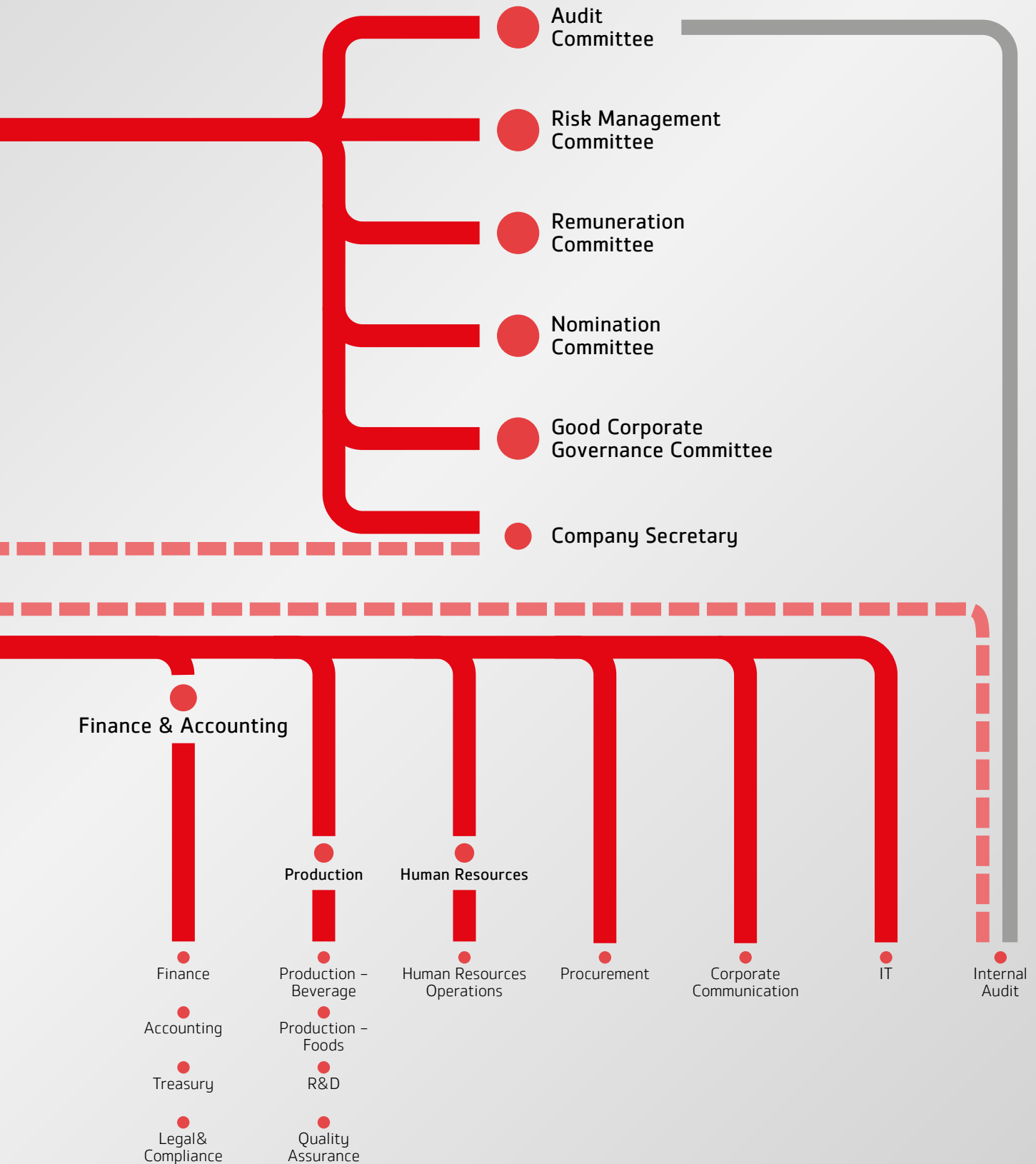
4. Approve the payment for the Company's expenses within the amount as prescribe by the Board of Directors.
5. Assign one or more persons to act on his or her behalf as appropriate within the scope of authorities assigned to him or her by the Board of Directors and/or the Executive Committee.
6. Carry out any other tasks as prescribe by the work regulation as well as assigned by the Board of Directors and/or the Executive Committee.

The exercise of authority as described above may not be in such a way that would permit the President or his or her assignee to approve any transaction where such person or any other conflicted person has interest in or could incur conflict of interest with the Company or its subsidiaries in which these issues must be brought to the Audit Committee and/or the Board of Directors and/or the Shareholders' Meeting, depending on the circumstances, for approval in accordance with the Company's Regulation, its subsidiaries' regulation or any applicable law.

The Board of Directors has set the operational goal for the Company's President and the management team. In addition, performance evaluation of the President and the management team will be done annually. The President will evaluate the performance of the management team from the director position downwards. The evaluation criteria shall be interconnected with the Company's annual strategies and plan so that the remuneration will be appropriately set, upon the approval of the Executive Committee and the Board of Directors.

## ORGANIZATION CHART





## 11.2 THE RECRUITMENT FOR DIRECTORS, INDEPENDENT DIRECTORS, AUDIT COMMITTEES AND EXECUTIVES

### 11.2.1 In the case that the Directors, Independent Directors, Audit Committees and Executives reach the end of their term, or their positions become vacant for any other reason:

For the purpose of the Company's efficient operation, the Nomination Committee shall consider and select those with capability, knowledge, ability and experience in related work to fulfill such vacancy. Moreover, their age, gender, the diversity of their professions, expertise and skills needed are also the criteria for selection. They must also have the qualifications required by the Public Company Limited Act B.E. 2535, Section 68 and the Notification of the Securities and Exchange Commission (SEC) or any other related law and regulation. The names of the selected candidates shall then be presented to the Board of Directors or the Shareholder's Meeting, depending on the circumstance, for consideration. The appointment by the Shareholder's Meeting shall be in accordance with the following criteria and procedures;

1. One shareholder has one right to vote.
2. A shareholder must use all of his or her right to vote for a person or many to be Director(s) but cannot allocate more or less vote to a particular person.
3. The person who receives the highest votes will be appointed as a Director. The number of Directors appointed must be equal to the number of available vacancy at the time. In the case that there are two or more persons gaining equal votes and the number of persons exceeds the available vacancy; the Chairman cast the deciding vote.

As for the selection of the candidates for the positions of Executives, the Nomination Committee shall be responsible for the recruitment of Executives at the level of vice president onward. The Nomination Committee shall propose the candidates to the Board of Directors for further approval and appointment. The Nomination Committee shall also be responsible for following up on the succession plan for the positions of

President and other high ranking executives to ensure that the Company shall have executives with capability, knowledge and experience to succeed in these important positions of the Company in the future.

### 11.2.2 Criteria for the selection of Independent Directors and the Audit Committee

The Company's Independent Directors and Audit Committees must possess qualifications and must comply with the independence definition as stipulated by the Capital Market Supervisory Board during their directorship, the details of the definition are as follows:

1. Holding shares not more than 1% of the paid-up capital of the Company, the parent company, any subsidiary company, any associated company or any legal entity that may have a conflict of interest including the shares held by connected persons as stipulated in section 258 of the Securities and Exchange Act B.E. 2535.
2. Not being and not used to be a director that takes part in the management, employees, advisors who receive regular salary from the Company, the parent company, any subsidiary company, any associate company, major shareholder of the Company, any legal entity that may have a conflict of interest, the controlling entity of the aforementioned entities. Or not being and not used to be the controlling person in the abovementioned entity except in the case that he or she remains free from the abovementioned characteristics for a period of not less than 2 years prior to the appointment.
3. Not being and not used to be a major shareholder, a director, an executive, a partner or a controlling person in the business which has or used to have business relationship with or provide professional services to the Company, the parent company, any subsidiary company, any associated company, any subsidiary company of the same level, major shareholder, any legal entity that may have a conflict of interest or a controlling person of the aforementioned entities in such a way which could potentially interfere with his or her discretion except in the case that he or she remains free from



the abovementioned characteristics for a period of not less than 2 years prior to the appointment. Such relationship shall includes:

- (1) Normal trade transactions for business operation, any lease taking or lease out of property, any transaction related to asset or service or grant or receive financial support with value starting from Baht 20 million or the equivalence of 3% of the Company's net tangible asset onward, whichever is lower.
- (2) Being professional service provider (except auditor) i.e. legal or financial advising which transaction value exceeds Baht 2 million per year.

Such business relationship or the provision of professional service mentioned above must be unanimously approved by the Board of Directors to ensure the necessity and the appropriateness of such relationship or service. Information regarding such relationship with related Independent Director shall be disclosed in the annual information disclosure (Form 56-1) and the annual report (Form 56-2) and/or the Invitation Letters (in the case of the renewal term of such related Independent Director).

4. Not being and not used to be an auditor of the Company, the parent company, any subsidiary company, any subsidiary of the same level, associated company, major shareholder, person with conflict of interest and any controlling person of the abovementioned businesses including not being a major shareholder, executive or partner of the audit firm to which the auditor of the Company belongs to except in the case that he or she remains free from the abovementioned characteristics for a period of not less than 2 years prior to the appointment.
5. Not being related by blood or by legal registration as a father, mother, spouse, sibling, and child, including as a spouse of a child, of any management person, major shareholder, any controlling person or the person to be nominated for a management position or a controlling person of the Company or any of the Company's subsidiary.

6. Not being a director appointed as a representative of the Company, a major shareholder, or the shareholder who is a related person of a major shareholder of the Company.
7. Not having any other characteristics that prevent the exertion of independent opinion with regard to the Company's business.
8. In the case where the Independent Director has been assigned the duty to make decisions regarding the operation of the Company, the parent company, any subsidiary company, any associate company and any subsidiary company of the same level or any legal entity that may have conflict of interest with the Company by making Collective Decision, the Independent Director can do so on the basis that he or she shall not hold the position of an Audit Committee at the time.
9. An Independent Director may hold the position of Independent Director of the parent company, any subsidiary company and any subsidiary of the same level but is required to disclose information relating to the holding of the Independent Director position in the aforementioned entities as well as the remuneration received in an annual information disclosure (Form 56-1) and an annual report (Form 56-2).

### 11.3 CORPORATE GOVERNANCE

The Board of Directors is aware of the importance of operating business with honesty and transparency. It strictly follows the Code of Best Practice issued by SET and/or other supervising bodies.

In addition, The Board of Directors has established its Corporate Governance policy to be in line with the principle of SET to ensure transparency and to create confidence for the shareholders, investors and all related parties in hope to increase the level of the Company's corporate governance to be equal with other leading companies. The ultimate goals are to achieve the success of the business and sustainable growth of the Company. Accordingly, the Corporate Governance is to be reviewed and improved regularly and exhibited in Section 23, Page 123-140 of this year's annual report.



## INFORMATION ON THE BOARD OF DIRECTORS AND THE EXECUTIVES

### 1. MR. PRASIT KOVILAIKOOL

**Type of Director**  
Independent Director

**No. of share(s) in the Company\***  
None

**Date of Appointment**  
April 20, 2010

**No. of years in position**  
6 years 8 months

**Current Position**  
Chairman of the Board of the Director,  
Remuneration Committee Member,  
and Nomination Committee Member

**Positions in other listed companies**  
Present Independent Director, Chairman of the Audit Committee, Chairman of the Remuneration and Nominating Committee and Chairman of the Corporate Governance Committee  
Siam Food Products Public Company Limited  
Independent Director and Chairman of the Audit Committee  
Berli Jucker Public Company Limited

**Date of Birth**  
June 22, 1943

**Age**  
73

**Positions in other non-listed companies**  
Present Independent Director, Chairman of the Audit Committee, Chairman of the Remuneration Committee and Nomination Committee  
Thai Beverage Public Company Limited  
Lecturer, Legal Education Institute of Thai Bar Association  
The Thai Bar Association  
Advisor of Property Asset Management Office  
The Thai Red Cross Society  
Counselor,  
Council of State

**Education**  
• LL.B (Second Class Honours), Chulalongkorn University  
• LL.M., Columbia University, New York, USA.  
• Doctor of Laws (Honorary Degree), Chulalongkorn University  
• Doctor of Laws (Honorary Degree), Eastern Asia University  
• Barrister-at-law,

**Training**  
**Thai Institute of Directors Association (IOD)**  
• Finance for Non-Finance Director (FND) 2004  
• Thai Institute of Directors Association (IOD)  
• Board Failure and How to Improving the Quality of Finance Reporting 2004  
• Director Accreditation Program (DAP) 2005

**Training (other Institutes)**  
• Certificate in Real Estate Assessment Institute of Land Readjustment (Taiwan) and Lincoln Land Institute, Massachusetts, USA.  
• Certificate in Human Rights Teaching University of Strasbourg, France

**Director has direct & indirect in any contract entered into by company**  
None

**Experiences**  
2001 – 2015 Exclusive Lecturer (B.A), Faculty of Law Chulalongkorn University  
2009 – 2016 Chulalongkorn University Council Member Chulalongkorn University

**Legal Record in the past 10 years**  
None

\*including shares of spouse and minor

## 2. MR. THAPANA SIRIVADHANABHAKDI

### Type of Director

Authorized Director

### No. of share(s) in the Company\*

None

### Date of Appointment

January 26, 2006

### No. of years in position

10 years 11 months

### Current Position

Vice Chairman of Board of Directors,  
Chairman of the Executive Committee,  
Nomination Committee Member,  
Remuneration Committee Member and  
Good Corporate Governance Committee Member

### Positions in other listed companies

Present Vice Chairman  
Univentures Public Company Limited  
Director  
Berli Jucker Public Company Limited  
3rd Vice Chairman  
Sermsuk Public Company Limited  
Director  
Golden Land Property Development  
Public Company Limited

### Date of Birth

January 20, 1975

### Age

41

### Positions in other non-listed companies

Present President and Chief Executive Officer  
Thai Beverage Public Company Limited  
Chairman  
Oishi Trading Company Limited  
Oishi Ramen Company Limited  
Oishi Snack Company Limited  
Charun Business 52 Company Limited  
Thai Cooperage Company Limited  
Thai Beverage Marketing Company Limited  
Thai Molasses Company Limited  
Thai Beverage Recycle Company Limited  
Thai Beverage Energy Company Limited  
Thai Drinks Company Limited  
Pan International (Thailand) Company Limited  
Feed Addition Company Limited  
Thai Beverage Training Company Limited  
Modern Trade Management Company Limited  
SPM Foods and Beverages Company Limited  
C A C Company Limited  
Horeca Management Company Limited

### Education

- Bachelor of Business Administration (Finance), Boston University, USA.
- Master Degree in MBA, Banking & Financial, Economic, Boston University, USA.
- Honorary Degree of Doctor of Philosophy Department of General Management, Ramkhamhaeng University
- Doctor of Logistic and Supply Chain Management (Honorary Degree), Suan Dusit Rajabhat University

### Training

#### Thai Institute of Directors Association (IOD)

- Directors Accreditation Program (DAP) 2004

### Training (other Institutes)

None

\*including shares of spouse and minor

#### Positions in other non-listed companies

Present **Chairman**

Chang International Company Limited  
Food of Asia Co., Ltd  
Max Asia Company Limited

**Vice Chairman**

Cosmos Brewery (Thailand) Company Limited  
Red Bull Distillery Group of Companies  
Dhospaak Company Limited  
Nateechai Co., Ltd.  
United Winery and Distillery Co., Ltd.  
Luckchai Liquor Trading Co., Ltd.  
Simathurakij Co., Ltd.  
International Beverage Holding (China) Ltd.  
Times Publishing Limited  
Southeast Group of Companies

**1<sup>st</sup> Vice Chairman**

Thai Beverage Logistics Company Limited

**Director and Vice Chairman of  
the Executive Committee**

Beer Thai (1991) Public Company Limited

**Director and Chairman of  
the Executive Committee**

International Beverage Holdings Limited

**Director**

Beer Chang Company Limited

Serm Suk Holdings Company Limited

Serm Suk Beverage Company Limited

Serm Suk Training Company Limited

Wrangyer Beverage (2008) Company Limited

Fraser and Neave, Limited

InterBev Investment Limited

Best Spirits Company Limited

#### Positions in other non-listed companies

Present **Director**

Super Brands Company Pte. Ltd.  
InterBev Malaysia Sdn. Bhd.  
InterBev (Singapore) Limited  
Blairmhor Distillers Limited  
Blairmhor Limited  
International Beverage Holding (UK) Limited  
Inver House Distillers Limited  
Great Brands Limited  
Thai Beverage Brand Company Limited  
T.C.C. Technology Company Limited  
Chula United Company Limited  
Adelfos Company Limited  
Pathombnakdi Company Limited

**Director has direct & indirect in any contract entered into  
by company**

None

#### Experiences

2010 – 2013	<b>Director</b> Beer Chang International Limited
2007 – 2012	<b>Chairman of the Executive Committee</b> Univentures Public Company Limited
2007 – 2015	<b>Vice Chairman and Remuneration and Nominating Committee Member</b> Siam Food Products Public company Limited
2006 – 2011	<b>Vice Chairman</b> Oishi Group of Companies
2003 – 2011	<b>Executive Vice President</b> Thai Beverage Public Company Limited

#### Legal Record in the past 10 years

None

### 3. MR. VIKROM KOOMPIROCHANA

<b>Type of Director</b> <b>Independent Director</b>	<b>No. of years in position</b> 10 years 1 months
<b>Date of Appointment</b> November 10, 2006	<b>Positions in other listed companies</b> Present <b>Chairman</b> Country Group Development Public Company Limited 2014 – Present <b>Independent Director, Audit Committee Member, Nomination and Remuneration Committee Member, Chairman of Risk Management Committee</b> MFC Asset Management Public Company Limited
<b>Current Position</b> <b>Chairman of the Audit Committee, Chairman of the Nomination Committee, Remuneration Committee Member and Good Corporate Governance Committee Member</b>	
<b>Date of Birth</b> January 23, 1946	
<b>Age</b> 70	<b>Positions in other non-listed companies</b> Present <b>Honorary Advisor</b> British Chamber of Commerce Thailand (BCCT) <b>Chairman</b> Sports and Recreation Management Company Limited
<b>Education</b> <ul style="list-style-type: none"> <li>B.A. (History), Chulalongkorn University (1966)</li> <li>M.A. (History of International Relations), Michigan State University, USA. (1968)</li> <li>Ph.D. (History of International Relations), Michigan State University, USA. (1972)</li> <li>Honorary Doctorate Degree in Humanities, Schiller International University, London, UK. (2003)</li> </ul>	<b>Director has direct &amp; indirect in any contract entered into by company</b> None
<b>Training</b> <b>Thai Institute of Directors Association (IOD)</b> <ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) class 63/2007</li> <li>Anti-Corruption for Executive Program (ACEP) class 7/2013</li> <li>Successful Formulation &amp; Execution of Strategy (SFE) class 22/2014</li> <li>Role of the Chairman Program 39/2559</li> <li>Advanced Audit Committee Program 23/2559</li> </ul> <b>Training (other Institutes)</b> <ul style="list-style-type: none"> <li>Certificate of Top Executive Program, Class 14/2012 Capital Market Academy</li> </ul>	<b>Experiences</b> 2005 and 2007 – 2008 <b>Director</b> Thai Airways International Public Company Limited 2000 – 2001 <b>Deputy Permanent Secretary,</b> Office of the Permanent Secretary 2002 <b>Ambassador of Thailand</b> to the Republic of Italy 2003 – 2006 <b>Ambassador of Thailand</b> to the United Kingdom of Great Britain <b>Ambassador of Thailand</b> to Ireland 2007 – 2009 <b>Chairman</b> Dragon One Public Company Limited 2012 – Jan 2016 <b>Commissioner, Audit Committee Member and Nomination and Remuneration Sub-Committee Member</b> The Securities and Exchange Commission
<b>No. of share(s) in the Company*</b> None	<b>Legal Record in the past 10 years</b> None

\*including shares of spouse and minor

## 4. MS. POTJANEE THANAVARANIT

### Type of Director

**Independent Director**

### Date of Appointment

February 24, 2009

### Current Position

**Audit Committee Member,  
Chairman of the Remuneration Committee and  
Chairman of the Good Corporate Governance Committee**

### Date of Birth

September 13, 1946

### Age

70

### Education

- Bachelor Degree in Accounting, Chulalongkorn University
- Master of Business Administration (MBA.), Syracuse University, USA. (USAID scholarship)
- Degree from National Defense College, Class 42

### Training

#### Thai Institute of Directors Association (IOD)

- Driving Company Success with IT Governance (ITG 2/2559)
- Director Certification Program Update (DCPU 1/2014)
- Anti-Corruption for Executive Program (ACEP 7/2013)
- Advanced Audit Committee Program (AAP 10/2013) (Completed: ACP, MIA, MFM, MIR)
- Financial Institutions Governance Program (FGP 2/2011)
- Audit Committee Program (ACP 32/2010)
- The Role of Compensation Committee Program (RCC 4/2007)
- The Role of Chairman Program (RCP 13/2006)
- Directors Certificate Program (DCP 17/2002)

### Training (other Institutes)

- Certificate of Advanced Course in General Insurance, Swiss Insurance Training Center, Switzerland (Swiss Re Scholarship)
- Certificate of Advanced Management Program, Australian Management College, Australia (COLOMBO Scholarship)
- Certificate of Executive Development Program class 18, Office of the Civil Service Commission
- Certificate of Top Executive Program class 8, Capital Market Academy
- Certificate of Top Executive Program in Commerce and Trade class 3, Commerce Academy
- Certificate of Advanced Security Management Program class 2, The National Defense College Association of Thailand

### No. of share(s) in the Company\*

None

### No. of years in position

7 years 10 months

### Positions in other listed companies

Present **Independent Director, Audit Committee Member and Chairman of the Audit Committee**  
Bank of Ayudhya Public Company Limited  
Big C Supercenter Public Company Limited  
**Chairman, Independent Director, Audit Committee Member and Chairman of the Remuneration and Nomination Committee**  
Univentures Public Company Limited  
**Independent Director and Audit Committee Member**  
Thai Reinsurance Public Company Limited  
Bangkok Insurance Public Company Limited

\*including shares of spouse and minor

#### Positions in other non-listed companies

Present **Member of Council of State**  
Office of the Council of State  
**Qualified Member of the Committee**  
The Federation of Thai Insurance Organization

#### Director has direct & indirect in any contract entered into by company

None

#### Experiences

2014 – 2015 **Member of National Reform Council**  
National Reform Council  
2012 – 2014 **Remuneration and Nomination Committee member**  
Thai Reinsurance Public Company Limited  
2010 – 2013 **Director**  
B.J.C. Logistics and warehouse Company Limited  
2009 – 2016 **Independent Director**  
Berli Jucker Public Company Limited  
2008 – March 2013 **Chairperson of the Public Sector Audit and Evaluation Committee**  
Ministry of Commerce  
2007 – 2012 **Member and Treasurer**  
Bhumiratchanakarin Kidney Institute Foundation  
2006 – 2008 **Advisor**  
Council of National Security  
**Vice President**  
Nation Legislative Assembly of Thailand  
**Advisor to the Minister of Commerce (non-political position)**  
Ministry of Commerce

#### Experiences

2005 – 2011 **Sub – Commissioner, the Sub – Commission on the Development and Promotion of Public Organization and other Organizations under Government Supervision**  
Office of the Public Sector Development Commission  
2002 – 2007 **Chairman**  
Thailand Insurance Institute  
2001 – 2008 **Member of the Monetary Policy Board**  
Bank of Thailand  
2001 – 2006 **Director – General**  
Department of Insurance, Ministry of Commerce

#### Legal Record in the past 10 years

None



## 5. MR. CHAI JROONGTANAPIBARN

### Type of Director

Independent Director

### Date of Appointment

February 8, 2006

### Current Position

Audit Committee Member,  
Chairman of the Risk Management Committee and  
Good Corporate Governance Committee Member

### Date of Birth

November 25, 1954

### Age

62

### Education

- Bachelor Degree in Accounting, Chulalongkorn University
- Master Degree in Accounting, Thammasat University

### Training

#### Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) class 29/2003
- Audit Committee Program (ACP) class 24/2005

### Training (other Associations)

None

### No. of share(s) in the Company\*

None

### No. of years in position

10 years 10 months

### Positions in other listed companies

Present Independent Director, Audit Committee Member  
and Risk Management Committee Member  
Siam Food Products Public Company Limited  
Independent Director Chairman of the Audit Committee  
Team Precision Public Company Limited  
Independent Director, Chairman of the Audit  
Committee and Chairman of the Remuneration  
Committee  
Major Cineplex Group Public Company Limited  
Independent Director, Chairman of the Board of  
Director and Chairman of the Audit Committee  
Thai Metal Trade Public Company Limited  
Independent Director  
Siam Future Development Public Company Limited

### Positions in other non-listed companies

None

### Director has direct & indirect in any contract entered into by company

None

### Experiences

1980 – 1997 Executive Director and Chief Finance Officer  
The Minor Group

### Legal Record in the past 10 years

None

\*including shares of spouse and minor

## 6. MR. UEYCHAI TANTHA-OBHAS

<b>Type of Director</b> <b>Authorized Director</b>	<b>No. of share(s) in the Company*</b> None
<b>Date of Appointment</b> January 26, 2006	<b>No. of years in position</b> 10 years 11 month
<b>Current Position</b> <b>Director and 1<sup>st</sup> Vice Chairman of Executive Committee</b>	<b>Positions in other listed companies</b> None
<b>Date of Birth</b> May 17, 1949	<b>Positions in other non-listed companies</b> Present <b>Director and Senior Executive Vice President</b> Thai Beverage Public Company Limited <b>Chairman</b> Cash Van Management Co., Ltd. <b>Vice Chairman</b> Oishi Trading Company Limited Oishi Ramen Company Limited Oishi Snack Company Limited Horeca Management Company Limited Modern Trade Management Company Limited Red Bull Distillery (1988) Co., Ltd. United Winery and Distillery Co., Ltd. Simathurakij Co.,Ltd. Nateechai Co., Ltd. Luckchai Liquor Trading Co., Ltd. <b>1<sup>st</sup> Vice Chairman</b> Thai Beverage Marketing Company Limited <b>2<sup>nd</sup> Vice Chairman</b> Thai Drinks Company Limited Thai Beverage Logistics Company Limited
<b>Age</b> 67	
<b>Education</b> <ul style="list-style-type: none"> <li>B. Sc. Accounting, St. Louis University, Missouri, U.S.A.</li> <li>Master of Business Administration (MBA), Thammasat University</li> </ul>	
<b>Training</b> <b>Thai Institute of Directors Association (IOD)</b> <ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) 2004</li> <li>Directors Certification Program (DCP) 2007</li> <li>Role of the Chairman Program Class 29/2012</li> </ul>	
<b>Training (other Institutes)</b> <ul style="list-style-type: none"> <li>Advance Management Program (AMP) European Institute of Business Administration (INSEAD), France</li> </ul>	

\*including shares of spouse and minor

---

**Positions in other non-listed companies**

Present **Director**

Num Yuk Company Limited  
Num Muang Company Limited  
Num Thip Company Limited  
Num Nakorn Company Limited  
Thai Beverage Training Company Limited  
Blairmhor Distillers Limited  
Blairmhor Limited  
InterBev (Singapore) Limited  
International Beverage Holdings (China) Limited  
International Beverage Holdings Limited  
International Beverage Vietnam Company Limited  
InterBev Trading (China) Limited

**Director has direct & indirect in any contract entered into by company**

None

**Experiences**

2011 – 2014	<b>Vice Chairman</b> SPM Foods and Beverages Company Limited
2010 – 2016	<b>Executive Vice President</b> Thai Beverage Public Company Limited
2005 – 2010	<b>Senior Vice President</b> Thai Beverage Public Company Limited
2005 – 2010	<b>Director</b> Red Bull Distillery (1988) Company Limited
1995 – 2002	<b>Chief Executive Officer</b> Rich Monde (Bangkok) Company Limited

**Legal Record in the past 10 years**

None

## 7. MR. SITHICHAJ CHAIKRIANGKRAI

### Type of Director

Authorized Director

### Date of Appointment

January 26, 2006

### Current Position

Director, 2<sup>nd</sup> Vice Chairman of Executive Committee and  
Remuneration Committee Member

### Date of Birth

July 10, 1954

### Age

62

### Education

- Bachelor Degree in Accounting (First Class Honors),  
Thammasat University
- Mini MBA. (Leadership Management),  
Kasetsart University
- Diploma in Computer Management,  
Chulalongkorn University

### Training

#### Thai Institute of Directors Association (IOD)

- Directors Certification Program (DCP 26/2003)
- DCP Refresher Course (2/2006)

### Training (other Institutes)

None

### No. of share(s) in the Company\*

None

### No. of years in position

10 years 11 month

### Positions in other listed companies

Present **Director**

Big C Supercenter Public Company Limited  
Siam Food Products Public Company Limited  
Golden Land Property Development  
Public Company Limited  
Univentures Public Company Limited  
Serm Suk Public Company Limited  
Berli Jucker Public Company Limited

### Positions in other non-listed companies

Present **Director and Senior Executive Vice President**

Thai Beverage Public Company Limited

**Vice Chairman**

Oishi Trading Company Limited

Oishi Ramen Company Limited

Oishi Snack Company Limited

**Director**

Quality Pineapple Products Company Limited

Beer Thip Brewery (1991) Company Limited

Fraser and Neave Limited

Fraser's Centrepont Limited

Eastern Seaboard Industrial Real Estate (Rayong)

Company Limited

\*including shares of spouse and minor

---

**Director has direct & indirect in any contract entered into  
by company**

None

**Experiences**

2010 – 2016	<b>Executive Vice President</b> Thai Beverages Public Company Limited
2010 – 2013	<b>Director</b> Beer Chang International Limited
2010 – 2012	<b>Director</b> Super Brands Company Pte. Ltd.
2005 – 2010	<b>Senior Vice President</b> Thai Beverages Public Company Limited

**Legal Record in the past 10 years**

None

## 8. MR. MARUT BURANASETKUL

### Type of Director

Authorized Director

### No. of share(s) in the Company\*

None

### Date of Appointment

June 25, 2013

### No. of years in position

3 years 6 months

### Current Position

Director, President, Executive Committee Member, Risk Management Committee Member and Good Corporate Governance Committee Member

### Positions in other listed companies

Present Director and Executive Committee Member  
Sermasuk Public Company Limited

### Date of Birth

March 6, 1967

### Positions in other non-listed companies

Present Senior Vice President – Japanese Food and Beverages Business  
Thai Beverage Public Company Limited  
Director and 2<sup>nd</sup> Vice Chairman of the Executive Committee  
Thai Drinks Company Limited  
Director and 1<sup>st</sup> Vice Chairman of the Executive Committee  
Dhospaak Company Limited  
Director and President  
Oishi Trading Company Limited  
Oishi Ramen Company Limited  
Oishi Snack Company Limited  
Vice Chairman  
SPM Foods and Beverages Company Limited  
Horeca Management Company Limited  
Cash Van Management Co., Ltd.  
Vice Chairman and Acting as President  
Modern Trade management Company Limited

### Age

49

### Education

- Bachelor Degree in Computer Science (Applied Statistics in General Business), Chulalongkorn University
- Master Degree in Business Administration (Marketing & General Management), Cleveland State University, USA.
- Certificate of Business and Administration Extension School, Harvard University, USA.

### Training

#### Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) class 180/2013

#### Training (other Institutes)

- Certificate of Top Executive Program Class 13, Capital Market Academy
- Executive Development Program 2, Thai Listed Companies Association

\*including shares of spouse and minor

#### Positions in other non-listed companies

Present	<b>Director</b>
	Dhospaak Company Limited
	Serm Suk Beverage Company Limited
	Serm Suk Holdings Company Limited
	Wrangyer Beverage (2008) Company Limited
	Oishi International Holdings Limited
	Oishi Myanmar Limited
	Oishi Group Limited Liability Company
	So Water Co., Ltd.
	Bev Co Co., Ltd.

#### Director has direct & indirect in any contract entered into by company

None

#### Experiences

Feb 2014 – May 2016	<b>Senior Vice President – Non alcohol Business</b>
	Thai Beverage Public Company Limited
Aug 2013 – Feb 2014	<b>Senior Vice President – Production Non alcohol Business</b>
	Thai Beverage Public Company Limited
Sep. 2012 – 2014	<b>3<sup>rd</sup> Vice Chairman, Chairman of Executive Committee and President</b>
	Thai Beverage Marketing Company Limited
Sep. 2012 – 2013	<b>Senior Vice President – Marketing</b>
	Thai Beverage Public Company Limited

#### Experiences

Dec 2011 – Jun 2014	<b>Qualified Committee</b>
	Small and Medium Enterprises Promotion Commission
2010 – 2012	<b>Senior Vice President – Corporate Services</b>
	Thai Beverage Public Company Limited
Jan. 2009 – Aug. 2012	<b>Vice President – Office of the President</b>
	Thai Beverage Public Company Limited
May 2009 – Jan 2016	<b>President</b>
	Thai Drinks Company Limited
Jan. 2009 – Jan.2011	<b>Vice President</b>
	Thai Beverage Marketing Company Limited
2007 – 2008	<b>Director</b>
	CAT Buzz TV Company Limited
2006 – 2008	<b>Director</b>
	Hutchison CAT Wireless Multimedia Company Limited
2001 – 2008	<b>Senior Executive Vice President (Marketing and Sales)</b>
	CAT Telecom Public Company Limited

#### Legal Record in the past 10 years

None

## 9. MR. PISANU VICHIENTSANTH

### Type of Director

Authorized Director

### No. of years in position

10 years 11 month

### Date of Appointment

January 26, 2006

### Positions in other listed companies

None

### Current Position

Director, Executive Committee Member and  
Risk Management Committee Member

### Positions in other non-listed companies

Present **Director and Senior Executive Vice President**  
Thai Beverage Public Company Limited  
**Director and President**  
Cosmos Brewery (Thailand) Company Limited  
Beer Thai (1991) Public Company Limited  
**Director**  
Oishi Trading Company Limited  
Oishi Ramen Company Limited  
Oishi Snack Company Limited  
Beer Chang International Limited  
Charun Business 52 Company Limited  
Pan International (Thailand) Company Limited  
Feed Addition Company Limited  
Thai Beverage Recycle Company Limited  
Beer Chang Company Limited  
Archa Beer Company Limited  
Thai Beverage Training Company Limited  
SPM Foods and Beverages Company Limited  
Thai Drinks Company Limited  
Petform (Thailand) Company Limited  
Great Brands Limited  
**1<sup>st</sup> Vice Chairman**  
Chang International Company Limited  
**Vice Chairman**  
Food of Asia Co., Ltd.

### Date of Birth

January 23, 1956

### Age

60

### Education

- Bachelor of Food Science,  
Kasetsart University
- Master Degree in Biotechnology (Second Class Honors),  
Massey University, New Zealand
- Master Brewer,  
The Scandinavian School of Brewing, Denmark
- Ph.D., Engineering,  
Technical University Berlin, West Germany

### Training

#### Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 2004

### Training (other Institutes)

None

### No. of share(s) in the Company\*

None

\*including shares of spouse and minor



---

**Director has direct & indirect in any contract entered into  
by company**

None

**Experiences**

2014 – 2016	<b>Executive Vice President</b> Thai Beverage Public Company Limited
2005 – 2014	<b>Director</b> Vidhayathan Company Limited
2004 – 2014	<b>Senior Vice President</b> Thai Beverage Public Company Limited
2003 – 2004	<b>Executive Vice President</b> Beer Thai (1991) Public Company Limited
1997 – 2000	<b>Vice President of Engineering and Development</b> Beer Thai (1991) Public Company Limited
1994 – 1996	<b>Assistant Plant Executive</b> Carlsberg Brewery (Thailand) Company Limited
1992 – 1994	<b>Consultant</b> Pan Engineering Consultant Company Limited

**Legal Record in the past 10 years**

None

## 10. MR. PAISARN AOWSATHAPORN

### Current Position

**Executive Vice President – Food Business,  
Executive Committee Member and Risk Management  
Committee Member**

### Date of Birth

April 1, 1965

### Age

51

### Education

- Bachelor Degree in Business Administration,  
Indiana Institute of Technology,  
Fort Wayne, Indiana, USA.
- Master Degree International Business Administration,  
Johnson & Wales University,  
Providence, Rhode Island, USA.
- CEDI – Babson Entrepreneurial Leadership Program  
Babson College, Massachusetts, USA.

### Training

**Thai Institute of Directors Association (IOD)**

None

### Training (other Institutes)

- Certificate of Top Executive Program Class 19  
Capital Market Academy

### No. of share(s) in the Company\*

None

### Positions in other listed companies

None

### Positions in other non-listed companies

Present **Director and President**  
Oishi Myanmar Limited  
**Director**  
SPM Foods and Beverages Company Limited  
Oishi F&B (Singapore) Pte. Ltd.  
Oishi Group Limited Liability Company

### Director has direct & indirect in any contract entered into by company

None

### Experiences

2002 – 2004 **Operations & Training Director**  
Global Kitchen Company Limited  
1999 – 2002 **Area Manager**  
Yum Brand Company Limited  
(Tricon Restaurant International)

### Legal Record in the past 10 years

None

\*including shares of spouse and minor

## 11. MRS. JESDAKORN GHOSH

### Current Position

Senior Vice President – Beverage Business and  
Risk Management Committee Member

### Date of Birth

June 6, 1969

### Age

47

### Education

- BA Advertising, Thammasat University
- MBA (Marketing), University of Dallas,  
Irvin, Texas, USA.

### Training

Thai Institute of Directors Association (IOD)  
None

### Training (other Institutes)

None

### No. of share(s) in the Company\*

None

### Positions in other listed companies

None

### Positions in other non-listed companies

Present **Executive Committee Member**  
Thai Drinks Company Limited  
**Director**  
Oishi Group Limited Liability Company  
Oishi International Holdings Limited

### Director has direct & indirect in any contract entered into by company

None

### Experiences

2006 – 2013 **Marketing Director – Beverage**  
Pepsico (Thailand) Limited  
2001 – 2006 **Marketing Manager – Personal Care Products**  
Colgate- Palmolive (Thailand) Company Limited  
1997 – 2000 **Franchise Manager and Senior Product Manager**  
Johnson & Johnson Company Limited

### Legal Record in the past 10 years

None

\*including shares of spouse and minor

## 12. MRS. CHITKASEM MOO-MING

### Position\*

Senior Vice President – Finance & Accounting,  
Risk Management Committee Member  
and Company Secretary

### Date of Birth

April 20, 1975

### Age

41

### Education

- BBA – Finance & Banking,  
Chulalongkorn University
- MBA – Finance & Strategy,  
University of North Carolina at Chapel Hill,  
North Carolina, USA.
- CEDI – Babson Entrepreneurial Leadership Program  
Babson College, Massachusetts, USA

### Training

#### Thai Institute of Directors Association (IOD)

- Company Secretary Program (CSP) 2012
- Director Certificate Program (DCP 184/2014)

### Training (other Institutes)

None

### No. of share(s) in the Company\*\*

None

### Positions in other listed companies

None

### Positions in other non-listed companies\*

#### Director

Oishi International Holdings Limited  
Oishi F&B (Singapore) Pte. Ltd.  
Oishi Myanmar Limited  
Oishi Group Limited Liability Company

### Director has direct & indirect in any contract entered into by company

None

### Experiences

2016 – **Director**  
October 2016 Thai Drinks Company Limited  
2015 – **Director**  
October 2016 Food of Asia Co., Ltd.  
2014 – **Director**  
October 2016 SPM Foods and Beverages Company Limited  
2011 – 2013 **Finance Director**  
Oishi Group Public Company Limited  
2008 – 2011 **Project Manager, Business Development  
and Strategic Planning**  
Thai Beverage Public Company Limited  
2006 – 2008 **Europe and America Project Manager  
(Fuel Marketing)**  
ExxonMobil Limited  
2004 – 2006 **Asia Pacific Business Advisor**  
ExxonMobil Asia Pacific Pte. Ltd.,  
Singapore

### Legal Record in the past 10 years

None

\*Mrs. Chitkasem Moo-Ming resigned from all positions effective on  
October 16, 2016

\*\*including shares of spouse and minor

### 13. MS. TIENTIP NARACH

#### Current Position

Senior Vice President – Finance & Accounting,  
Risk Management Committee Member

#### Date of Birth

January 18, 1976

#### Age

40

#### Education

- Bachelor of Economics, Monetary Economics and Industrial Economics  
Thammasat University
- Master Degree in Business Management Administration, University of Michigan, USA.

#### Training

Thai Institute of Directors Association (IOD)  
None

#### Training (other Institutes)

- Strategic CFO in Capital Markets  
by The Stock Exchange of Thailand

#### No. of share(s) in the Company\*

None

#### Positions in other listed companies

None

#### Positions in other non-listed companies

Present Senior Vice President – Treasury  
Thai Beverage Public Company Limited  
Director  
Bevco Company Limited  
So Water Company Limited

#### Director has direct & indirect in any contract entered into by company

None

#### Experiences

May 2016 – Senior Vice President – Finance  
September 2016 Thai Beverage Public Company Limited  
November 2014 – Director / Executive Committee Member  
April 2016 Thai Drinks Company Limited  
October 2014 – CFO F&B Thailand  
April 2016 Thai Drinks Company Limited  
October 2014 – Finance Director  
April 2016 Serm Suk Public Company Limited  
January 2012 – Executive Vice President, Head of  
September 2014 Corporate Banking  
TMB Bank Public Company Limited

#### Legal Record in the past 10 years

None

#### Remark:

Ms. Tientip Narach was appointed by the resolution of the Board of Directors' Meeting No.6/2016 to the position of Senior Vice President – Finance & Accounting effective on November 16, 2016.

\*including shares of spouse and minor

## 14. MRS. PAITON SIRIBOVORNIAT

### Current Position

Vice President – Human Resources and  
Risk Management Committee Member

### Date of Birth

May 7, 1956

### Age

61

### Education

- BA Humanities (Psychology),  
Middlesex University, England
- Post Graduate Certificate in Education,  
London University, England
- Masters in Marketing (MIM),  
Thammasat University

### Training

Thai Institute of Directors Association (IOD)  
None

### Training (other Institutes)

None

### No. of share(s) in the Company\*

None

### Positions in other listed companies

None

### Positions in other non-listed companies

None

### Director has direct & indirect in any contract entered into by company

None

### Experiences

2004 – 2013	Assistant Vice President – Human Resources Thai Beverage Public Company Limited
1983 – 2004	Human Resources Manager Diageo Thailand Company Limited
1981 – 1983	New Business Development Officer Diethelm Company Limited

### Legal Record in the past 10 years

None

\*including shares of spouse and minor

## 15. MR. THANEE PORNPISUTSAK

---

### Current Position

Vice President – Production and  
Risk Management Committee Member

### Date of Birth

November 30, 1969

### Age

47

### Education

- Bachelor Degree in Food Sciences and Technology  
Kasetsart University

### Training

Thai Institute of Directors Association (IOD)

None

### Training (other Institutes)

None

### No. of share(s) in the Company\*

None

### Positions in other listed companies

None

### Positions in other non-listed companies

None

### Director has direct & indirect in any contract entered into by company

None

### Experiences

2011 – April 2016 **General Factory Manager**  
Oishi Group Public Company Limited

### Legal Record in the past 10 years

None

### Remark:

Mr. Thane Pornphisutsak was appointed by the resolution of the Board of Directors' Meeting No.3/2016 to the position of Vice President – Production effective on May 1, 2016,

\*including shares of spouse and minor

## 16. MR. EKBODIN DENSUTHAM

### Current Position

Vice President – Marketing – Ready to Drink Tea

### Date of Birth

December 8, 1976

### Age

40

### Education

- BBA Major: Marketing Management
- MBA Major: International Business Management
- MA in Economics, Major: International Economics  
Wichita State University

### Training

Thai Institute of Directors Association (IOD)

None

### Training (other Institutes)

None

### No. of share(s) in the Company\*

None

### Positions in other listed companies

None

### Positions in other non-listed companies

None

### Director has direct & indirect in any contract entered into by company

None

### Experiences

2013 – 2014	Head of Insight Tesco Lotus
2007 – 2012	Regional Consumer and Customer Insight Pepsi-Cola (Thailand)
2004 – 2006	Regional Consumer Insight Unilever Thailand

### Legal Record in the past 10 years

None

### Remark:

Mr. Ekboodin Densutham was appointed by the resolution of the Board of Directors' Meeting No.5/2016 to the position of Vice President – Marketing – Ready to Drink Tea effective on September 1, 2016.

\*including shares of spouse and minor



## REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVES

### 13.1 REMUNERATION PAID AS MONEY

13.1.1 The remuneration paid to the members of the Board of Directors, consisting of monthly remuneration and bonus with the details as follows;

Name/Position	2016 (Jan - Sept 2016)		
	Retainer fee (Baht)	Bonus (Baht)	Total amount (Baht)
1. Mr. Prasit Kovilaikool <sup>(1)</sup> Chairman Independent Director Nomination Committee Remuneration Committee	540,000	3,166,800	3,706,800
2. Mr. Thapana Sirivadhanabhakdi Vice Chairman Chairman of the Executive Committee Nomination Committee Remuneration Committee Good Corporate Governance Committee	540,000	4,089,400	4,629,400
3. Mr. Vikrom Koompirochana Independent Director Chairman of the Audit Committee Chairman of the Nomination Committee Remuneration Committee Good Corporate Governance Committee	504,000	2,375,000	2,879,000
4. Ms. Potjaneer Thanavarant Independent Director Audit Committee Chairman of the Remuneration Committee Chairman of the Good Corporate Governance Committee	459,000	2,375,000	2,834,000
5. Mr. Chai Jroongtanapibarn Independent Director Audit Committee Chairman of the Risk Management Committee Good Corporate Governance Committee	486,000	2,375,000	2,861,000
6. Mr. Ueychai Tantha-Obhas Director 1 <sup>st</sup> Vice Chairman of the Executive Committee	351,000	2,869,000	3,220,000
7. Mr. Sithichai Chaikriangkrai Director 2 <sup>nd</sup> Vice Chairman of the Executive Committee Remuneration Committee	396,000	2,869,000	3,265,000

2016 (Jan – Sept 2016)

Name/Position	Retainer fee (Baht)	Bonus (Baht)	Total amount (Baht)
8. Mr. Marut Buranasetkul Director President Executive Committee Risk Management Committee Good Corporate Governance Committee	–	2,440,400	2,440,400
9. Mr. Pisanu Vichiensanth Director Executive Committee Risk Management Committee	432,000	2,440,400	2,872,400
<b>Total</b>	<b>3,708,000</b>	<b>25,000,000</b>	<b>28,708,000</b>

**Remark:**

- (1) Mr. Prasit Kovilaikool, Chairman and Independent Director, holding the position of Independent Director and Chairman of the Audit Committee at Thai Beverage Public Company Limited ("Thai Bev"), the Company's parent company. His remuneration from Thai Bev in the period of October 1, 2015 to September 30, 2016 was 253,000 SGD at the exchange rate of 1 SGD = 26 THB.

**13.1.2 Remuneration of Executives, consisting of salary, bonus and others, are as detailed below<sup>(1)</sup>:**

Unit : Baht

	2016 (September 30, 2016)	2015 (December 31, 2015)
Salary	10,148	14,975
Employee Benefits	444	801
Provident Fund	456	566
Service fees under the Business Administrative Service Agreement	11,486,972	10,620
Others	1,335	3,770
<b>Total</b>	<b>23,869,972</b>	<b>30,732</b>

**Remark:**

- (1) The remuneration of executives as of September 30, 2016 includes the remuneration of 8 executives, namely 1. Mr. Marut Buranasetkul 2. Mr. Paisarn Aowsathaporn 3. Mrs. Jesdakorn Ghosh 4. Mrs. Chitkasem Moo-Ming, 5. Mrs. Paitoon Siribovornkiat, 6. Mr. Thanee Pornphisutsak, 7. Mr. Pakorn Tiewcharoen and 8. Mr. Ekboodin Densutham excludes the remuneration of Mr. Marut Buranasetkul as director under Section 13.1.1
- (2) The remuneration of Mr. Marut Buranasetkul as President as of September 30, 2016 was Baht 7,020,000 which was the remuneration fee under the Business Administrative Service Agreement between the Company and Thai Beverage Public Company Limited.
- (3) Mrs. Chitkasem Moo-Ming was appointed to the position of Senior Vice President effective on May 1, 2016 and resigned from the position since October 16, 2016.
- (4) Mr. Thanee Pornphisutsak was appointed to the position of Vice President effective on May 1, 2016.
- (5) Mr. Pakorn Tiewcharoen was appointed to the position of Vice President effective on June 1, 2016 and resigned from the position since November 21, 2016.
- (6) Mr. Ekboodin Densutham was appointed to the position of Vice President effective on September 1, 2016

### 13.2 TRAINING COURSE ORGANIZED BY THAILAND INSTITUTE OF DIRECTORS (IOD) AND OTHER INSTITUTES ATTENDED BY EACH DIRECTORS INCLUDING THE TRAINING OF THE INDEPENDENT DIRECTORS AS ADVISED BY THE SECURITIES EXCHANGE COMMISSION AND THE STOCK EXCHANGE OF THAILAND

Name	Directors Certification Program (Dcp)	Directors Accreditation Program (Dap)	Audit Committee Program (Acp)	Role Of The Chairman Program (Rcp)	Others
1. Mr. Prasit Kovilaikool	-	DAP/2005	-	-	Quality of Financial Reporting/2004 FND/2004
2. Mr. Thapana Sirivadhanabhakdi	-	DAP/2004	-	-	-
3. Mr. Vikrom Koompirochana	-	Class of 63/2007	-	Class of 39/2016	CMA Class 14 Anti-Corruption for Executive Program Class of 7/2013 SFE Class of 22/2014 AACP Class of 23/2016
4. Ms. Potjanee Thanavarant	Class of 17/2002 DCPU Class of 1/2014	-	Class of 32/2010	Class of 1 3/2006	RCC Class of 4 / 2007 CMA Class 8 TEPCoT Class of 3/2010 FGP Class of 2/2011 ASMP Class 2 AACP Class of 10/2013 ACEP Class of 7/2013 ITG Class of 2/2016
5. Mr. Chai Jroongtanapibarn	Class of 29/2003	-	Class of 4/2005	-	-
6. Mr. Ueychai Tantha-Obhas	DCP/2007	DAP/2004	-	Class of 29/2012	-
7. Mr. Sithichai Chaikriangkrai	Class of 26/2003 Refresher Course 2/2006	-	-	-	-
8. Mr. Marut Buranasetkul	DCP180/2013	-	-	-	CMA Class 13 EDP 2
9. Mr. Pisanu Vichiensanth	-	DAP/2004	-	-	-

### 13.3 OTHER BENEFITS

- None -

## SHARE OWNERSHIP OF THE BOARD OF DIRECTORS AND THE EXECUTIVES<sup>(1)</sup>

Name	Position	Ordinary Shares		
		30 Sep. 2015	30 Sep. 2016	Increase (Decrease)
1. Mr. Prasit Kovilaikool	Chairman	-	-	-
	Independent Director			
2. Mr. Thapana Sirivadhanabhakdi	Vice Chairman	-	-	-
3. Mr. Vikrom Koompirochana	Independent Director/ Chairman of the Audit Committee	-	-	-
4. Ms. Potjaneer Thanavarani	Independent Director/ Audit Committee	-	-	-
5. Mr. Chai Jroongtanapibarn	Independent Director/ Audit Committee	-	-	-
6. Mr. Ueychai Tantha-Obhas	Director	-	-	-
7. Mr. Sithichai Chaikriangkrai	Director	-	-	-
8. Mr. Marut Buranasetkul	Director and President	-	-	-
9. Mr. Pisanu Vichiensanth	Director	-	-	-
10. Mr. Paisarn Aowsathaporn	Executive Vice President	-	-	-
11. Mrs. Jesdakorn Ghosh	Senior Vice President	-	-	-
12. Mrs. Chitkasem Moo-Ming <sup>(2)</sup>	Senior Vice President	-	-	-
13. Ms. Tientip Narach <sup>(3)</sup>	Senior Vice President	-	-	-
14. Mrs. Paitoon Siribovornkiat	Vice President	-	-	-
15. Mr. Thanee Pornphisutsak	Vice President	-	-	-
16. Mr. Ekbodin Densutham	Vice President	-	-	-

### Remarks:

(1) Executives are defined in the Announcement of the Securities and Exchange Commission.

(2) Mrs. Chitkasem Moo-Ming resigned from the position effective on October 16, 2016.

(3) Ms. Tientip Narach was appointed as a Senior Vice President effective on November 16, 2016.

(4) Mr. Thanee Pornphisutsak was appointed as a Vice President effective on May 1, 2016.

(5) Mr. Ekbodin Densutham was appointed as a Vice President effective on September 1, 2016.

(6) Shareownership of Directors and Executives as shown in the table above, included those of their spouses and minors,

## HUMAN RESOURCES

### 15.1 HUMAN RESOURCES

As of September 30, 2016 the Company and its subsidiaries have a total of 8,995 employees (excluding the Board of Directors and Management team as per Section 11: Management Structure), categorized into:

Line of Command	Number of employees
Office	490
Restaurant	7,695 (excluding 105 Joint Venture restaurant employees in Myanmar)
Factory	810
<b>Total</b>	<b>8,995</b>

In 2016, the total basic salary was 938.07 million Baht. (excluding Joint Venture restaurant employees in Myanmar).

### 15.2 EMPLOYEE DEVELOPMENT POLICY

In 2016, Oishi group of companies focuses its resources on the development of management skill and leadership mindset of executives and personnels. Personnel development plans was drawn up for each personnel level, for example executives level, management level and operation level. In order to maximize the efficiency of the personnel development budget management, the group whose members possess the highest potential was chosen to be the first to undergo development. Moreover, the development of leadership mindset which was tailored to the need of each personnel level is an effective method of executives and personnels development, which drive the organization to its strategic goal and continuously and sustainably benefit the growth of the organization in the long run. However, not only does the Oishi group of companies focus its attention on the development of highest potential personnels, it also developed to strengthen and enhance the capability of all other personnels with regard to the leadership mindset, profesional management skill as well as skill and expertise development in each personnels' relative job function. All this is to expand the organization's capability to compete in the business, achieving the strategic goal of the group and preparing the personnels for the expansion and growth of the business in the future.

Apart from the leadership mindset development courses, the Company also encourages its personnels at the management level and higher to attend the 'Coaching Techniques to Unleash Human Potentials for Breakthrough Results' training course, which focuses on creating proactive working environment by being uniformly responsible and determine to generate work result of him/herself, the department as well as the organization as a whole.

As of September 30, 2016, Oishi group of companies invested approximately 15,351,718 Baht on personnel development, approximately 53,489 Baht of which was spent on each executive and approximately 2,868 Baht of which was spent on each employee. The Company's total training course time for the year is over 68,243 hours, the equivalent of 13 hours per personnel.

### 15.3 WELFARE POLICY

The Company believes that our continued growth and success are due, in part, to our competent, skillful and motivated employees. With the hope of retaining such valued employees who would help increase the organization's efficiency, the Company provides appropriate welfare, stability and well-being to its employees.

In 2016, the Company still continuously maintains its welfare policy implemented in the past years, the details of which are as follows:

1. Every employee is treated fairly and with dignity as a member of the Company.
2. Continuously improves and maintains tidy, pleasant and cozy working environment.
3. Provides safe, sufficient and hygienic cafeterias, restrooms and toiletries, shuttle bus services as well as efficient nursing facilities in accordance with the law (for factory locations).
4. Provides fair and appropriate remuneration and benefits schemes to all employees.
5. Promotes relevant, appropriate and regular information sharing to employees.
6. Manages the utilization of modern office equipments and communication system in order to achieve maximum efficiency.

#### 15.4 SAFETY OF OCCUPATIONAL HEALTH AND WORKPLACE ENVIRONMENT POLICY

Our employees are the organization's most valuable resources, the Oishi group of companies therefore has continuously been maintaining a high safety standard of occupational health and workplace environment.

In 2016, the Company still maintains its Health and Workplace Environment Safety Policy implemented in the past years, the details of which are as follows:

1. Workplace safety is the responsibility of all employees.
2. Improving working conditions for the safety of everyone.
3. Organize activities to promote and create awareness of workplace safety.
4. Supervisors at all levels shall act as a role model by abiding to the workplace safety rules and regulations.
5. All employees shall be cautious of their own, their colleagues and the Company's asset safety during the working hours.
6. All employees shall provide full cooperation with the Company's measures on safety of occupational health and workplace environment.

#### 15.5 HUMAN RESOURCES POLICY

In order for the Company to continue to achieve its strategic imperatives, the Oishi group of companies aims to retain its talented and knowledgeable employees as well as motivating them to utilize their capabilities and knowledge to the most efficient effect by adhering to integrity, discipline, harmony and common understanding.

In 2016, the Company continuously carried out its policies on Human Resources management, the details of which are as follows:

1. Every employee is treated fairly and with dignity as a part of the Company.
2. The employee recruitment and transfer shall be fairly conducted with the emphasis on each job's qualifications and specifications.
3. Continuous support and develop its employees.
4. Implements fair remuneration schemes for all employees as appropriate with the job requirement and the Company's performance and capability.

5. Promotes relevant, appropriate and regular information sharing to employees.
6. Promotes and drives its employees' behavior that conform to the organization's Core Values in order to gradually change the organizational culture which leads to the achievement of the organization's strategic plans.

#### 15.6 ADMINISTRATIVE POLICY

The Oishi group of companies determines to create comfortable working environment in order to improve the employees' morale, workplace security, safety and sanitation which would have beneficial effect to the employees feeling and, in turn, efficient work and business success.

In 2016, the Company still maintains its Administrative Policy implemented in the past years, the details of which are as follows:

1. Continuously improves and maintains tidy, pleasant and cozy working environment.
2. Provides safe, sufficient and hygienic cafeterias, restrooms and toiletries, shuttle bus services as well as efficient nursing facilities in accordance with the law (for factory locations).
3. Manages the utilization of modern office equipments and communication system in order to achieve maximum efficiency.
4. Nurtures good relationships with external organizations, visitors as well as good and legal governmental relation.
5. Promotes relevant, appropriate and regular information sharing to employees.

#### 15.7 EMPLOYEES COOPERATION WITH REGARD TO COMPANY'S BUSINESS ETHICS AND CORPORATE GOVERNANCE

It is a policy of the Company to encourage all employees to study, understand and adhere to the Company's Business Ethics, when dealing with any person, both inside and outside of the organization, and the Company's Corporate Governance policy. The Company's Business Ethics has been incorporated as a part of the company's employees orientation and, during the orientation, a copy of the "Oishi Group's Ethics" handbook as well as any necessary explanation was given to all employees. In addition, the Company's Corporate Governance policy as well

as the “Business Ethics” are frequently communicated and reminded to all employees via various internal communication channels such as employees announcement boards at the production plants and restaurant outlets and the intranet electronic communication channel. All these was done to ensure strict compliance by the employees as well as to encourage and continuously monitor the result of the principle and policy. No incident of non-compliance to the Business Ethics and Corporate Governance policies is reported in the last year.

In addition, the Company has issued regulations on Receipt of Complaint and Whistle Blower Protection as per the Company’s Corporate Governance policy. The Company has been communicating the regulations to employees, informing them of the rule and the complaint receipt and filing channels. The Audit Committee, which consists of members who are independent directors, shall consider and give direction as to the management of complaint and information coming through such channels. Moreover, the measure of protection in accordance with the regulation shall ensure that employees and all stakeholders who provide information or complaints will not be intimidated or treated unfairly by the Company.

Moreover, to emphasize the Company’s intention and policy on anti-corruption, the Company’s has issued a notice regarding the whistle blowing and reward for the whistle blower to remind all employees of the importance of honesty as well as encourage them to adhere to honesty and to be mindful and not to be negligent in their duties, which opens up and promotes corruption and, in turn, results in causing damages to the Company.

## INTERNAL CONTROL

The Company recognizes the importance of the internal control that creates efficiency, both in executive and operational levels. The Company has therefore, set up the internal control that covers all aspects, including the accounting and finance, the operation that abides by the law and other related rules and regulations; as well as having efficient checks and balances system that can protect the investment and capital of the shareholders and the Company's assets.

In addition, the Company has set up Internal Audit Department to inspect the operations of every department and division of the Company and its supporting organizations, including providing advices regarding the internal control system that concerns crucial risks of the Company; as well as evaluate the efficiency and sufficiency of the internal control, and closely monitor the internal control for the management. Moreover, the Company encourages the department to follow the universal standards based on International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA). The Board of Directors will support and supervise the Internal Audit Department so that it can perform its duty freely through the checks and balances system including the constantly report directly to the Audit Committee, to ensure that the internal control system continues to be a significant mechanism that pushes the Company to its sustainable growth, so that the Company can achieve its Vision and Mission. Also, the appointment, rotation, dismiss and evaluation of the head of Internal Audit must endorsed by the Audit Committee.

The internal control's framework for the Board of Directors, including the Audit Committee and the Internal Audit Department, is based on the Integrated Internal Control Framework of the Committee of Sponsoring Organizations of the Tread way Commission (COSO) that covers in five aspects.

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information & Communication
5. Monitoring & Evaluation

The consideration is based on Internal Audit Department, collecting information by interviewing and gathering evident from executives. The conclusion is that the internal control of the Company is sufficiently efficient; moreover, the internal control satisfactory covers business transaction of shareholders, the Board of Directors, executives or other relevant parties.

For the internal control of the Company's direct and indirect seven subsidiaries, the Company determined of their systems to consistent with the Company's internal control framework. Besides, the Company has regularly sent authorities to inspect their performance; therefore, these seven subsidiaries arranged their internal control sufficiently.

In order to promote Internal Control and Good Corporate Governance, the Board of Directors fully supports executives to continue improving the quality of internal control system as well as to fully encourage executives and staff of all levels to practise continuously in accordance with the Company's Good Corporate Governance Policies.



## INTERNAL INFORMATION USAGE

- 17.1 The Company prohibits the directors, management and those who get access to the significant data, to use the unpublicized information for personal interest including trading of shares. Those persons shall refrain from trading shares one month before the operating results are disclosed to the public.
- 17.2 The Board of Directors and management have been informed about the shareholding regulations either of oneself or of family required by Section 59 and Section 275 of the Securities and Exchange Act B.E. 2535 regarding the punishment regulation.

The Company's punishment for those who misuse the internal information ranging from verbal warning up to terminating employment.

## RELATED PARTIES TRANSACTIONS

### 18.1 RELATIONSHIPS WITH RELATED PARTIES

The Company and its subsidiaries have entered into related parties transactions in 2016 as set forth below:

Name of entities	Country of incorporation / nationality	Nature of relationships
Thai Beverage PCL.	Thailand	Parent company and common directorship
Oishi Trading Co., Ltd.	Thailand	Direct subsidiary and common directorship
Oishi Ramen Co., Ltd.	Thailand	Direct subsidiary and common directorship
Oishi Snack Co., Ltd.	Thailand	Direct subsidiary and common directorship
Oishi International Holdings Limited	Hong Kong	Direct subsidiary and common directorship
Oishi F&B (Singapore) Pte. Ltd.	Singapore	Indirect subsidiary and common directorship
Oishi Myanmar Limited	Republic of the Union of Myanmar	Indirect subsidiary and common directorship
Oishi Group Limited Liability Company	Socialist Republic of Vietnam	Indirect subsidiary and common directorship
Sangsom Co., Ltd.	Thailand	Direct subsidiary of parent company
Sura Bangyikhan Co., Ltd.	Thailand	Direct subsidiary of parent company
Red Bull Distillery (1988) Co., Ltd.	Thailand	Direct subsidiary of parent company
Kanchanasingkorn Co., Ltd.	Thailand	Direct subsidiary of parent company
Sura Piset Pattharalanna Co., Ltd.	Thailand	Direct subsidiary of parent company
Beer Thai (1991) PCL.	Thailand	Direct subsidiary of parent company
Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary of parent company
Cosmos Brewery (Thailand) Co., Ltd.	Thailand	Direct subsidiary of parent company
Krittayabun Co., Ltd.	Thailand	Direct subsidiary of parent company
Modern Trade Management Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomburapa Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomklung Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomchok Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomkit Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomcharoen Co., Ltd.	Thailand	Direct subsidiary of parent company
Pompalang Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomnakorn Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomthip (2012) Co., Ltd.	Thailand	Direct subsidiary of parent company
Num Yuk Co., Ltd.	Thailand	Direct subsidiary of parent company
Num Thurakij Co., Ltd.	Thailand	Direct subsidiary of parent company
Num Muang Co., Ltd.	Thailand	Direct subsidiary of parent company
Num Nakorn Co., Ltd.	Thailand	Direct subsidiary of parent company
Num Palang Co., Ltd.	Thailand	Direct subsidiary of parent company
Num Kijjakarn Co., Ltd.	Thailand	Direct subsidiary of parent company

Name of entities	Country of incorporation / nationality	Nature of relationships
Numrungrad Co., Ltd.	Thailand	Direct subsidiary of parent company
Numthip Co., Ltd.	Thailand	Direct subsidiary of parent company
Cash Van Management Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Beverage Energy Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Beverage Training Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary of parent company
Pan International (Thailand) Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Drinks Co., Ltd.	Thailand	Direct subsidiary of parent company
Horeca Management Co., Ltd.	Thailand	Direct subsidiary of parent company
Food of Asia Co., Ltd.	Thailand	Direct subsidiary of parent company
Dhospaak Co., Ltd.	Thailand	Direct subsidiary of parent company
Chang International Co., Ltd.	Thailand	Direct subsidiary of parent company
SPM Foods & Beverages Co., Ltd.	Thailand	Indirect subsidiary of parent company
Sermasuk PCL.	Thailand	Indirect subsidiary of parent company
Sermasuk Beverage Co., Ltd.	Thailand	Indirect subsidiary of parent company
Max Asia Co., Ltd.	Thailand	Indirect subsidiary of parent company
Super Brands Company Pte. Ltd.	Singapore	Indirect subsidiary of parent company
Petform (Thailand) Co., Ltd.	Thailand	Associate of an indirect subsidiary of parent company
F&N Dairies (Thailand) Limited	Thailand	Associate of an indirect subsidiary of parent company
F&N United Ltd.	Thailand	Associate of an indirect subsidiary of parent company
F&N Beverages Marketing Sdn. Bhd.	Malaysia	Associate of an indirect subsidiary of parent company
F&N Beverages Manufacturing Sdn. Bhd.	Malaysia	Associate of an indirect subsidiary of parent company
F&N Foods Pte. Ltd.	Singapore	Associate of an indirect subsidiary of parent company
F&N Interflavine Pte. Ltd.	Singapore	Associate of an indirect subsidiary of parent company
Lertrattakarn Co., Ltd.	Thailand	Directors and equity holders of parent company hold substantial shares indirectly
North Park Golf And Sports Club Co., Ltd.	Thailand	Directors and controlling equity holders of parent company are directors and hold substantial shares indirectly
Berli Jucker PCL.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Berli Jucker Foods Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Berli Jucker Logistics Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
The Southeast Insurance PCL.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly

Name of entities	Country of incorporation / nationality	Nature of relationships
The Southeast Life Insurance PCL.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Southeast Capital Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Thippatana Arcade Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
F&B International Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
TCC Hotel Collection Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Business Process Outsourcing Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
The Street Retail Development Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
TCCCL Ladphao Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Bang Pa-In Paper Mill Industry Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Big C Supercenter PCL.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Phitsanulok Big C Limited	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
The Chonburi Sugar Corp. Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
TCC Logistics and Warehouse Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Pisetkij Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Pacific Leisure (Thailand) Limited	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Thai Retail Investment Fund	Thailand	Directors and controlling equity holders of parent company hold substantial units indirectly
Thai Commercial Investment Freehold and Leasehold Fund	Thailand	Directors and controlling equity holders of parent company hold units indirectly
Golden Ventures Leasehold Real Estate Investment Trust	Thailand	Directors and controlling equity holders of parent company hold units indirectly
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Group (whether executive or otherwise)

## 18.2 PRICING POLICIES

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Purchase and sale of goods	Cost plus margin / contractually agreed price
Revenue from rendering of services	Contractually agreed price
Purchase and sale of fixed assets	Net book value / mutually agreed price
Rental income and expense	Contractually agreed price
Management service income	Contractually agreed price
Management fee	Contractually agreed price
Interest income and expense	Interest rate close to interest of financial institution
Other income and expense	Mutually agreed price

Significant transactions for the nine-month period ended 30 September 2016 with related parties were as follows:

### Sales to parent company

Ref	Name	Relationship	Amount	Balance due
1	Thai Beverage PCL	Parent company and common directorship	832,901	1,590,328
	<b>Total</b>		<b>832,901</b>	<b>1,590,328</b>

### Sales to related companies

Ref	Name	Relationship	Amount	Balance due
1	Red Bull Distillery (1988) Co., Ltd.	Direct subsidiary of parent company	3,617	-
2	Num Yuk Co., Ltd.	Direct subsidiary of parent company	(8,030,566)	-
3	Numthurakij Co., Ltd.	Direct subsidiary of parent company	(50,004,857)	-
4	Nummuang Co., Ltd.	Direct subsidiary of parent company	(7,716,698)	-
5	Numnakorn Co., Ltd.	Direct subsidiary of parent company	(13,655,227)	-
6	Num Palang Co., Ltd.	Direct subsidiary of parent company	(12,691,156)	-
7	Numkijjakarn Co., Ltd.	Direct subsidiary of parent company	(21,027,609)	-
8	Numrungrad Co., Ltd.	Direct subsidiary of parent company	(26,670,753)	-
9	Numthip Co., Ltd.	Direct subsidiary of parent company	(6,626,204)	-
10	Cash Van Management Co., Ltd.	Direct subsidiary of parent company	(17,116,589)	-
11	Beer Thai (1991) Co., Ltd.	Direct subsidiary of parent company	22,545	-
12	Beer Thip Brewery (1991) Co., Ltd.	Direct subsidiary of parent company	10,290,445	3,071,281
13	Cosmos Brewery (Thailand) Co., Ltd.	Direct subsidiary of parent company	11,071	-
14	Sangsom Co., Ltd.	Direct subsidiary of parent company	15,925	-

Ref	Name	Relationship	Amount	Balance due
15	Thai Beverage Energy Co., Ltd.	Direct subsidiary of parent company	10,977	-
16	Krittayabun Co., Ltd.	Direct subsidiary of parent company	4,499,104,108	53,905,084
17	Modern Trade Management Co., Ltd.	Direct subsidiary of parent company	(351,898,713)	-
18	Pomcharoen Co., Ltd.	Direct subsidiary of parent company	631	-
19	Pan International (Thailand) Co., Ltd.	Direct subsidiary of parent company	12,046	7,569
20	Dhospaak Co., Ltd.	Direct subsidiary of parent company	609,214	-
21	Thai Beverage Training Co., Ltd.	Direct subsidiary of parent company	91,062	22,438
22	Thai Beverage Logistic Co., Ltd.	Direct subsidiary of parent company	201,084	-
23	Thai Beverage Marketing Co., Ltd.	Direct subsidiary of parent company	1,434	-
24	Chang International Co., Ltd.	Direct subsidiary of parent company	237,887	-
25	Thai Drink Co., Ltd.	Direct subsidiary of parent company	2,654,072	769,022
26	Food Of Asia Co., Ltd.	Direct subsidiary of parent company	687,770	156,703
27	The Southeast Insurance PCL.	Directors and controlling equity holders of parent company hold substantial shares indirectly	5,705	-
28	Serm Suk PCL.	Indirect subsidiary of parent company	845,100,493	110,086,677
29	Serm Suk Beverage Co., Ltd.	Indirect subsidiary of parent company	9,712,500	2,226,938
30	F&N Beverages Manufacturing Sdn Bhd	Associate of an indirect subsidiary of parent company	20,069,825	10,463,252
31	F&N Foods Pte. Ltd.	Associate of an indirect subsidiary of parent company	3,407,734	-
32	F&N Dairies (Thailand) Limited	Associate of an indirect subsidiary of parent company	30,260,162	6,691,573
33	F&B International Co., Ltd.	Directors and controlling equity holders of parent company hold substantial shares indirectly.	6,933	23,112
34	TCC Logistics and Warehouse Co., Ltd.	Directors and controlling equity holders of parent company hold substantial shares indirectly	193,350	20,696
35	Big C Supercenter PCL.	Directors and controlling equity holders of parent company hold substantial shares indirectly	2,815,632	6,994,640
36	Max Asia Co., Ltd.	Indirect subsidiary of parent company	2,686,237	2,874,274
<b>Total</b>			<b>4,912,774,087</b>	<b>197,313,259</b>

#### Management fee to parent company

Ref	Name	Relationship	Amount	Balance due
1	Thai Beverage PCL	Parent company and common directorship	7,020,000	840,189
<b>Total</b>			<b>7,020,000</b>	<b>840,189</b>

#### Other incomes from related companies

Ref	Name	Relationship	Amount	Balance due
1	Thai Beverage Logistics Co., Ltd.	Direct subsidiary of parent company	112,156	24,488
2	Sermsuk PCL.	Indirect subsidiary of parent company	7,659,845	3,160,475
3	Food of Asia Co., Ltd.	Direct subsidiary of parent company	51,873	33,765
4	Kanchanasingkorn Co., Ltd.	Direct subsidiary of parent company	-	801,195
5	Num Yuk Co., Ltd.	Direct subsidiary of parent company	1,880	-
6	Num Thurakij Co., Ltd.	Direct subsidiary of parent company	126,000	25,680
7	Num Palang Co., Ltd.	Direct subsidiary of parent company	4,200	4,494
8	Thai Drinks Co., Ltd.	Direct subsidiary of parent company	11,164,858	374,147
9	F&N Beverages Marketing Sdn. Bhd.	Associate of an indirect subsidiary of parent company	40,862,291	38,971,191
10	F&N Dairies (Thailand) Limited	Associate of an indirect subsidiary of parent company	1,082,745	-
11	TCC Logistics & Warehouse Co., Ltd.	Directors and controlling equity holders of parent company hold substantial shares indirectly	-	874
<b>Total</b>			<b>61,065,848</b>	<b>43,396,309</b>

#### Purchases goods from related parties

Ref	Name	Type	Amount	Balance due
1	Num Thurakij Co., Ltd.	Finish Goods	429,220	114,892
2	Num Muang Co., Ltd.	Finish Goods	71,947	19,561
3	Num Nakorn Co., Ltd.	Finish Goods	60,817	20,340
4	Num Palang Co., Ltd.	Finish Goods	179,161	45,876
5	Num Kijjakarn Co., Ltd.	Finish Goods	139,990	29,295
6	Numrunrod Co., Ltd.	Finish Goods	131,357	16,140
7	Numthip Co., Ltd.	Finish Goods	19,023	4,644
8	Beer Thip Brewery (1991) Co., Ltd.	Raw materials	96,225,755	5,933,818
9	Cosmos Brewery (Thailand) Co., Ltd.	Supply	-	13,122
10	Pomkit Co., Ltd.	Raw materials	268,573	52,880
11	Pomklung Co., Ltd.	Raw materials	372,879	82,704
12	Pomchok Co., Ltd.	Raw materials	168,598	34,560
13	Pomcharoen Co., Ltd.	Raw materials	372,588	102,588
14	Pomburapa Co., Ltd.	Raw materials	640,624	204,095
15	Pompalang Co., Ltd.	Raw materials	337,426	79,992
16	Pomnakorn Co., Ltd.	Raw materials	144,532	32,856
17	Pomthip (2012) Co., Ltd.	Raw materials	1,896,220	437,382

Ref	Name	Type	Amount	Balance due
18	Pan International (Thailand) Co., Ltd.	Supply	1,102,745	-
19	Thai Drinks Co., Ltd.	Raw materials	282,591,487	42,606,284
20	Berli Jucker PCL.	Raw materials	11,718,990	2,272,589
21	Berli Jucker Foods Co., Ltd.	Finish Goods	-	30,501
22	Bang Pa-In Paper Mill Industry Co., Ltd.	Stationery	-	2,943
23	Sermsuk PCL.	Raw materials	21,308,226	5,668,888
24	SPM Foods and Beverages Co., Ltd.	Raw materials	7,262,245	788,936
25	Petform (Thailand) Co., Ltd.	Packaging	335,175,173	65,246,531
26	F&N Dairies (Thailand) Limited	Raw materials	3,141,978	765,061
27	F&N United Limited	Raw materials	20,452,184	7,745,661
<b>Total</b>			<b>784,211,738</b>	<b>132,352,139</b>

#### Purchase of assets from related parties

Ref	Name	Type	Amount	Balance due
1	Berli Jucker PCL.	Shelves	50,580	-
2	The Street Retail Development Co., Ltd.	Office equipment	16,000	-
3	Big C Supercenter PCL.	Office equipment and machinery	26,785	-
4	S P M Foods & Beverages Co., Ltd.	Machinery	6,701,000	-
<b>Total</b>			<b>6,794,365</b>	<b>-</b>

#### Rental paid to related parties

Ref	Name	Type	Amount	Balance due
1	Sura Piset Phatharalanna Co., Ltd.	Wang Muang, Saraburi	22,500,000	-
2	Thippatana Arcade Co., Ltd.	Gateway Ekamai	2,927,740	507,481
3	Thai Commercial Investment Freehold and Leasehold Fund	Parking area	1,084,500	103,500
4	Thai Retail Investment Fund	Pantip Chiangmai, Ngamwongwan, and Asiatique	3,080,352	682,661
5	Thai Beverage Logistics Co., Ltd.	Pallets	5,135,366	-
6	The Street Retail Development Co., Ltd.	Ratchada	973,780	225,997
7	Golden Ventures Leasehold Real Estate Investment Trust	Head Office	20,229,943	289,829
8	Big C Supercenter Public Company Limited	Rental	20,466,545	4,475,303
9	Phisanulok Big C Limited	Rental	2,341,474	446,993
10	Lertrattakarn Co., Ltd.	Park Ventures	10,568,502	-
<b>Total</b>			<b>89,308,202</b>	<b>6,731,764</b>



#### Management fee to related parties

Ref	Name	Relationship	Amount	Balance due
1	Food of Asia Co., Ltd.	Direct subsidiary of parent company	1,589,972	1,701,270
	<b>Total</b>		<b>1,589,972</b>	<b>1,701,270</b>

#### Other expenses paid to related parties

Ref	Name	Type	Amount	Balance due
1	Num Yuk Co., Ltd.	Other exp	23,215	2,634,348
2	Num Thurakij Co., Ltd.	Advertising	14,123	19,736,265
3	Num Muang Co., Ltd.	Advertising	14,638	2,145,003
4	Num Nakorn Co., Ltd.	Advertising	41,886	4,495,372
5	Num Palang Co., Ltd.	Advertising	3,224	4,254,377
6	Num Kijjakarn Co., Ltd.	Advertising	79,714	8,833,918
7	Numrungrad Co., Ltd.	Advertising	43,802	9,731,937
8	Numthip Co., Ltd.	Welfare	61,903	2,724,211
9	Cash Van Management Co., Ltd.	Promotion	15,584	9,615,687
10	Modern Trade Management Co., Ltd.	Advertising	12,764	157,008,324
11	Beer Thai (1991) PCL.	Transport	276,066	48,963
12	Beer Thip Brewery (1991) Co., Ltd.	Transport	401,982	41,652
13	Cosmos Brewery (Thailand) Co., Ltd.	Service fee	42,235	3,957
14	Pomnakorn Co., Ltd.	Welfare	216,005	116,380
15	Pomthip (2012) Co., Ltd.	Welfare	49,654	-
16	Dhospaak Co., Ltd.	Bounty	254,310,566	36,794,422
17	Thai Beverage Training Co., Ltd.	Training	67,000	-
18	Thai Beverage Logistics Co., Ltd.	Transport	2,614,372	740,726
19	Thai Drinks Co., Ltd.	Advertising	1,746,006	1,681,380
20	Chang International Co., Ltd.	Fee	3,186,759	503,370
21	T.C.C. Technology Co., Ltd.	Equipment	9,161,567	1,356,061
22	Berli Jucker PCL	Promotion	2,460	-
23	Berli Jucker Logistics Co., Ltd.	Advertising	148,120	-
24	The Southeast Insurance PCL.	Insurance premiums	11,706,617	429,763
25	The Southeast Life Insurance PCL.	Insurance premiums	7,487,876	-
26	Thippatana Arcade Co., Ltd.	Utilities	1,276,051	104,460
27	F&N BEVERAGES MARKETING SDN BHD	Promotion	51,215,054	49,195,884
28	F&N Beverages Manufacturing Sdn. Bhd.	Promotion	31,454	-
29	F&N Dairies (Thailand) Limited	Other exp	1,893,482	1,893,482

Ref	Name	Type	Amount	Balance due
30	F&N Foods Pte Ltd	Advertising	5,020,695	4,968,522
31	F&N Interflavine Pte Ltd	Fee	-	3,752,315
32	Business Process Outsourcing Co., Ltd.	Service fee	174,600	-
33	Lertrattakarn Co., Ltd.	Utilities	804,754	-
34	Sermsuk Public Company Limited	Promotion	9,728,898	20,527,829
35	F&B International Co., Ltd.	Advertising	104,167	-
36	Bang Pa-In Paper Mill Industry Co., Ltd.	Advertising	450,550	139,250
37	The Street Retail Development Co., Ltd.	Service fee	1,040,234	-
38	TCCCL Ladphao Co., Ltd.	Service fee	287,616	-
39	Pacific Leisure (Thailand) Limited	Supplies	8,700	-
40	TCC Logistics and Warehouse Co., Ltd.	Logistic fee	11,144	19,897
41	Thai Retail Investment Fund	Utilities	3,742,265	-
42	Golden Ventures Leasehold Real Estate Investment Trust	Service fee	1,368,098	13,584
43	Big C Supercenter Public Company Limited	Service fee	15,241,676	3,047,595
44	Phitsanulok Big C Limited	Service fee	1,302,942	-
<b>Total</b>			<b>385,430,518</b>	<b>346,558,934</b>

#### Other non-current assets

Ref	Name	Amount
1	Sura Piset Pattharalanna Co., Ltd.	2,500,000
2	The Chonburi Sugar Corp. Ltd.	620,000
3	The Street Retail Development Co., Ltd.	360,000
4	Thai Commercial Investment Freehold and Leasehold Fund	480,000
5	Thai Retail Investment Fund	1,582,509
6	Thippatana Arcade Co., Ltd.	653,000
7	Big C Supercenter Public Company Limited	8,870,104
8	Phitsanulok Big C Limited	1,121,473
9	T.C.C. Technology Co., Ltd.	1,444,130
10	Golden Ventures Leasehold Real Estate Investment Trust	9,857,235
<b>Total</b>		<b>27,488,451</b>

### 18.3 NECESSITY OF RELATED PARTIES TRANSACTIONS

The above related parties transactions are continuous transactions from previous year which are necessary and reasonable as follows;

#### 18.3.1 Rental

The Company and subsidiaries rent space and/or land, which may belong to related-company, to build offices, restaurants, factories and/or warehouses. We consider that the space and/or land are convenient for transportation and distribution. Moreover, the rental and service fee are based on market price and/or cost appraisal of independent appraiser.

#### 18.3.2 Sales to related parties

The Company and subsidiaries sell to the related parties for example the direct/indirect subsidiary of parent company or common directorship where terms of trades is at arm length basis and at market price.

#### 18.3.3 Purchases and expenses paid to related parties

The Company and subsidiaries purchase products and paid expenses to related parties for example the direct/indirect subsidiary of parent company or common directorship where terms of trades is at arm's length basis and at market price.

Hence the aforesaid related parties transaction has been consider the necessity and appropriateness prior to enter into the transaction. However if there is further related parties transaction, the Company shall sought the Audit Committee opinion and the director who has a common interest shall not be allowed to approval of such transaction.

#### 18.3.4 Approval process for related parties transactions

If there is potential conflict of interest, the Audit Committee will be invited to consider and give opinion in terms of suitability of such transactions. In case the Audit Committee is unable to give comments, an independent advisor or external auditor will be brought in to do so, so that the Board of Directors or Shareholder can make their decision properly. In addition, the Board of Directors adopted rules for the Management to approve the Company or subsidiaries' transactions, purchases of goods and services, or rents of space or land, with directors, executives, and related parties, within the size of transaction of not more than 60 million Baht. Provided that the trade terms of those transactions are similar to which the reasonable normal terms to the party of contract under the same circumstance, without any influences on the bargaining power due to the status of a Company director, executives, or related parties. Such transaction shall bind the Company or subsidiaries for the period of not more than 5 years and shall not be required by any law, rules, regulations, or articles of association for prior approval by the meeting of the Board of Directors or shareholders.

**18.3.5 Policy or tendency of related parties transactions in the future**

The Company expects that the related parties transactions are part of the normal course of business which gives the maximum benefits to the Company. The Company adheres to the fair and at arms' length policy on the related parties transactions and also concerns on the maximum benefits to the Company. In this regard, the Audit Committee, the auditor, or the independent advisor will review and give their opinion on the suitability in terms of prices and necessity of transactions. For the future related parties transactions, the Board of Director shall comply with the SET and SEC regulations and such transactions shall be properly disclosed according to the accounting standard.

As for the related parties transactions with the potential conflict of interest, the Company will provide proper agreements and seek for the Audit Committee's opinion on the necessity and suitability of the transactions. In case the Audit Committee is unable to give comments due to lack of expertise, an independent advisor or external auditor will be brought in to do so, so that the Board of Directors or shareholders can make their decision properly. In this regard, the Company will disclose the related parties transactions in the notes to financial statement audited by the Company's auditor.

The policies on the related parties transactions are adopted to ensure that those transactions are free from diversion and manipulation of benefits among the related parties or shareholders of the Company. The Company will take into account the best interests of the shareholders, especially minority shareholders. Furthermore, any director or shareholder who has any common interest with such related parties transaction or acquisition or disposition of assets of the Company shall not be allowed to approval of such transaction.

## FINANCIAL STATUS AND THE COMPANY'S PERFORMANCE

### 19.1 FINANCIAL STATEMENTS

#### Summary of the auditor's report

The auditor's report for the nine-month period ended September 30, 2016 was audited by Ms. Nittaya Chetchotiros from KPMG Phoomchai Audit Co., Ltd. who gave an opinion that the Company's financial statement is fairly stated, in all material respects and in accordance with Thai Financial Reporting Standards.

### 19.2 THE AUDITOR REMUNERATION

#### 19.2.1 Audit fee

- As at September 30, 2016, the Company and its subsidiary companies paid the audit fees to
- KPMG Phoomchai Audit Co., Ltd. in the total amount of Baht 4,249,300 consisting of auditor's fee for the Company at Baht 2,157,300 and for the three subsidiary companies, Oishi Trading Co., Ltd., Oishi Remen Co., Ltd. and Oishi Snack Co., Ltd. of Baht 2,092,000.
  - Other related business to KPMG Phoomchai Audit Co., Ltd. include:
    - (1) **KMPG China** as auditors of Oishi International Holdings Limited of HKD 33,500.
    - (2) **KPMG LLP** as auditors of Oishi F&B (Singapore) Pte. Ltd. SGD 3,500.
  - Other audit firm include:
    - (1) **YES Finance Consultant Group** as auditors of Oishi Myanmar Limited ("OML") of MMK 2,000,000
    - (2) **Polaris Auditing Company Ltd.** as auditors of Oishi Group Limited Liability Company ("OGLLC") of USD 1,000

#### 19.2.2 Non-audit fee

As at September 30, 2016, the Company and its subsidiary companies paid the service fees to

- KPMG Phoomchai Audit Co., Ltd. in the total amount of Baht 300,000
- Other related business to KPMG Phoomchai Audit Ltd.
  - None -
- Other related
  - None -

In this regard, the Company and its subsidiary companies have changed their accounting period, which result in this fiscal year only have 9 months, starting from January 1, 2016 and ending on September 30, 2016. Though, some of the overseas subsidiary companies such as OML, OGLLC, etc. cannot change their fiscal year to align with the Company's fiscal year due to the limitation of laws and regulations in connection with such subsidiary companies are not audited by KPMG or its related party. However, the subsidiaries are able to provide the financial information for preparing the consolidated financial statement duly and completely.

## Summary of Financial Statements

(in thousand Baht)

Items	CONSOLIDATED		
	2016 as of September 30, 2016	2015 as of December 31, 2015	2014 as of December 31, 2014
Cash and cash equivalents	593,643	595,204	141,996
Short term investment	3,660	3,660	–
Trade accounts receivable	424,361	534,440	511,363
Inventories	490,478	392,815	441,920
Other current assets	205,399	107,279	212,727
<b>Current assets</b>	<b>1,717,541</b>	<b>1,633,388</b>	<b>1,308,006</b>
Other long-term investment	–	–	3,660
Property, plant and equipment	7,154,977	7,003,043	7,376,017
Intangible assets	39,101	27,981	26,691
Leasehold right	46,817	51,335	57,682
Other non-current assets	319,643	373,127	359,493
<b>Total assets</b>	<b>9,278,079</b>	<b>9,088,874</b>	<b>9,131,549</b>
Short term loans from financial institutions	–	–	873,000
Current portion of long term loan from financial institutions and debentures	500,000	1,600,000	400,000
Trade accounts payable	970,381	1,003,950	1,179,113
Other payable	942,155	561,003	909,784
Accounts payable-assets acquisition	92,805	179,631	313,783
Other current liabilities	70,424	71,525	70,637
<b>Current liabilities</b>	<b>2,575,765</b>	<b>3,416,109</b>	<b>3,746,317</b>
Accrued employee benefit	66,178	53,311	72,051
Long term loan and debentures	2,000,000	1,500,000	1,600,000
Other non-current liabilities	27,193	36,225	78,981
<b>Total liabilities</b>	<b>4,669,136</b>	<b>5,005,645</b>	<b>5,497,349</b>
Registered capital	375,000	375,000	375,000
Paid up capital	375,000	375,000	375,000
Premium on share capital	609,402	609,402	609,402
Legal reserve	37,500	37,500	37,500
Unappropriated retained earnings	3,412,897	3,007,913	2,570,341
Other components of equity	162,684	35,128	34,686
Non-controlling interests	11,460	18,286	7,271
<b>Total equity</b>	<b>4,608,943</b>	<b>4,083,229</b>	<b>3,634,200</b>
<b>Total liabilities and equity</b>	<b>9,278,079</b>	<b>9,088,874</b>	<b>9,131,549</b>

## Summary of the Company's Financial Statements

(in thousand Baht)

CONSOLIDATED			
Items	2016 as of September 30, 2016	2015 as of December 31, 2015	2014 as of December 31, 2014
Revenue from sale of goods	10,284,233	12,793,312	12,404,500
Revenue from rendering of services	114,873	85,502	
Other Income	109,319	84,347	111,846
Total income	10,508,425	12,963,161	12,516,346
Cost of sale of goods	6,499,422	8,370,058	8,198,527
Cost of rendering of services	107,778	76,757	
Selling and administrative expenses	2,920,567	3,704,295	3,721,955
Profit before finance costs and income tax	980,658	812,051	595,864
Finance costs	60,850	105,535	97,100
Income tax	39,551	2,781	(21,996)
Consolidated net profit	880,257	703,735	520,760
Net profit attributable to owners of the Company	887,214	712,191	524,935
Number of shares ('000 shares)	187,500	187,500	187,500
Basic earnings per share (par value 2 baht per share)	4.73	3.80	2.80

## Financial Status and the Company Performance

(in thousand Baht)

CONSOLIDATED			
Items	2016 as of September 30, 2016	2015 as of December 31, 2015	2014 as of December 31, 2014
Net cash from operating activities	2,009,576	1,394,175	1,374,598
Net cash used in investing activities	(852,925)	(747,756)	(1,841,640)
Net cash provided (used in) by financing activities	(1,158,024)	(193,611)	489,155
Net increase (decrease) in cash and cash equivalents	(1,373)	452,808	22,113

## Significant Financial Ratios

(in thousand Baht)

### CONSOLIDATED

Items	2016 as of September 30, 2016	2015 as of December 31, 2015	2014 as of December 31, 2014
Liquidity ratio			
Liquidity ratio (times)	0.7	0.5	0.3
Quick ratio (times)	0.4	0.3	0.2
Cash ratio (times)	0.7	0.4	0.4
Account receivable turnover (times)	21.7	24.6	23.5
Average collection period (days)	16.6	14.6	15.3
Inventory turnover (times)	15.0	20.2	20.2
Days sale outstanding (days)	24.1	17.8	17.8
Account payable Turnover (times)	6.7	7.7	6.6
Average payment Period (days)	53.8	46.5	54.9
Cash Cycle (days)	-13.1	-14.1	-21.8
Profitability ratios			
Gross margin	36.5%	34.4%	33.9%
Operating profit margin	8.4%	5.7%	3.9%
Cash to profit ratio	230.6%	191.6%	284.0%
Net profit margin	8.4%	5.4%	4.2%
Return on equities	20.3%	18.2%	14.8%
Efficiency ratios			
Return on assets	9.6%	7.7%	6.1%
Return on fixed assets	23.3%	23.5%	19.9%
Asset turnover	1.1	1.4	1.5
Financial policy ratio			
Total liabilities to equities ratio (times)	1.0	1.2	1.5
Debt to equities ratio (times)	0.8	0.8	0.8
Dividend payout	52.8%	52.7%	57.1%



### 19.3 MANAGEMENT'S DISCUSSION AND ANALYSTS ON OPERATING RESULTS

According to the Board of Directors' Meeting of Oishi Group Public Company Limited No. 1/2016, which was held on February 25, 2016, the change in the Company's accounting period from January 1 and ending on December 31 of every year to October 1 and ending on September 30 of every year has been approved, effective from 2016 onwards, in which the 2016 accounting period will be starting on January 1, 2016 and ending on September 30, 2016, consisting of 9 months. And from 2017 fiscal year onwards, the accounting period will be consisting of 12 months, starting from October 1 and ending on September 30 of every year. By doing so, the Company's performance will be comply with the nature of food and beverage business, seasonal-related business. The new accounting period will also benefit to the Company in terms of both financial and human resources managements, as well as the preparation of the group consolidated financial statements.

For easy reference and clear understanding of the Company's performance, the report is prepared into two perspective comparisons. First, the comparison based on audited financial statements, which is comparing between the period of January 1 to September 30, 2016 with the period of January 1 to December 31, 2015. Second, the comparison of the same 9 months period, which is comparing between the period of January 1 to September 30, 2016 with the priod of January 1, to September 30, 2015.

#### Sales

##### Overview

For the period of January 1 to September 30, 2016, total sales revenue of the Company was Baht 10,399 million, decreased by 19.3% or Baht 2,480 million, from Baht 12,879 million of the period of January 1 to December 31, 2015, due to difference accounting period between 9 months versus 12 months.

For the same 9 months period, total sales revenue of the Company increased by 7.9% or Baht 757 million from last year, which had total sales revenue of Baht 9,642 million. Beverage business sales revenue increased by 16.5%, netted with 0.4% decrease in food business sales revenue. The proportion of beverage business sales revenue to food business sales revenue was equal to 53:47.

##### Beverage business

For the period of January 1 to September 30, 2016, sales revenue of beverage business was Baht 5,493 million, decreased by 12.9%, or Baht 814 million, from Baht 6,307 million of the period of January 1 to December 31, 2015, due to difference accounting period between 9 months versus 12 months.

For the same 9 months period, beverage sales revenue in 2016 increased by 16.5% or Baht 777 million from 2015, which had sales revenue from beverage business of Baht 4,716 million. Successful of brand building strategies and marketing and promotional campaigns, together with positive feedbacks on new products from the customers and sales revenue growth from the Original Equipment Manufacturer (OEM) business were the key contributions for the Company to successfully manage to have number one market share in both RTD tea market and pure RTD green tea market at 43.0% and 45.3% respectively, though RTD tea and pure RTD green tea markets declined by 5.7% and 5.4%, respectively.

##### Food business

For the period of January 1 to September 30, 2016, sales revenue of food business was Baht 4,906 million, decreased by 25.3%, or Baht 1,666 million, from Baht 6,572 million of the period of January 1 to December 31, 2015, due to difference accounting period between 9 months versus 12 months.

For the same 9 months period, food sales revenue in 2016 decreased by 0.4% or Baht 20 million from 2015, which had sales revenue from food business of Baht 4,926 million, mainly due to sluggish economic which affect consumer's spending, the temporary closing of the restaurant branches in Major Pinklao, as a result of fired, and closing of non-performing restaurant branches.

## Cost of sales

### Overview

For the period of January 1 to September 30, 2016, total cost of sales was Baht 6,607 million or equivalent to 63.5% of total sales, lower than the period of January 1 to December 31, 2015, which was 65.6% of total sales, due to improving on cost efficiency from both beverage and food businesses.

For the same 9 months period, total cost of sales in 2016 was also lower than 2015, which was 66.0% due to improving on cost efficiency from both beverage and food businesses.

### Beverage business

For the period of January 1 to September 30, 2016, cost of sales of beverage business was Baht 3,801 million or equivalent to 69.2% of total sales, lower than the period of January 1, to December 31, 2015, which was 71.4% of total sales, due to better utilization of production capacity, partly from sales revenue growth of Original Equipment Manufacturer (OEM) business.

For the same 9 months period, cost of sales of beverage business in 2016 was also lower than 2015, which was 72.0% due to better utilization of production capacity, partly from sales revenue growth of Original Equipment Manufacturer (OEM) business.

### Food business

For the period of January 1, to September 30, 2016, cost of sales of food business was Baht 2,806 million or equivalent to 57.2% of total sales, lower than the period of January 1, to December 31, 2015, which was 60.0% of total sales due to better cost efficiency, both in terms of discount and cost of sales.

For the same 9 months period, cost of sales of food business in 2016 was also lower than 2015, which was 60.3% due to better cost efficiency, both in terms of discount and cost of sales.

## Selling Expenses

### Overview

For the period of January 1, to September 30, 2016, total selling expenses was Baht 1,264 million, decreased by 24.2% or Baht 403 million, from Baht 1,667 million of the period of January 1 to December 31, 2015. In terms of percentage, selling expense in 2016 was 12.2% of total sales, decreased from 12.9% of total sales in 2015.

For the same 9 months period, total selling expense in 2016 decreased by 0.3% or Baht 4 million from 2015, which was Baht 1,268 million. In terms of percentage, selling expense in 2016 was also lower than 2015, which was 13.2% of total sales due to effective spending on marketing and promotional campaigns of beverage business.

### Beverage business

For the period of January 1 to September 30, 2016, selling expenses of beverage business was Baht 683 million, decreased by 21.8% or Baht 190 million, from Baht 873 million of the period of January 1 to December 31 2015. In terms of percentage, selling expense of beverage business in 2016 was 12.4% of total sales, decreased from 13.8% of total sales in 2015.

For the same 9 months period, selling expenses of beverage business in 2016 increased by 2.0% or Baht 14 million from 2015, which was Baht 669 million. In terms of percentage, selling expenses of beverage business in 2016 was lower than 2015, which was 14.2% of total sales due to effective spending on marketing and promotional campaigns.

### Food business

For the period of January 1 to September 30, 2016, selling expenses of food business was Baht 581 million, decreased by 26.8% or Baht 213 million, from Baht 794 million of the period of January 1 to December 31, 2015. In terms of percentage, selling expense of food business in 2016 was 11.8% of total sales, slightly lower than 2015 which was 12.1% of total sales.

For the same 9 months period, selling expenses of food business in 2016 decreased by 3.0% or Baht 18 million from 2015, which was Baht 599 million. In terms of percentage, selling expenses of food business in 2016 was also lower than 2015, which was 12.2% of total sales.

## **Administrative Expenses**

### **Overview**

For the period of January 1 to September 30, 2016, total administrative expense was Baht 1,657 million, decreased by 18.6% or Baht 380 million, from Baht 2,037 million of the period of January 1 to December 31, 2015, due to difference accounting period between 9 months versus 12 months.

For the same 9 months period, total administrative expense in 2016 increased by 8.4% or Baht 129 million from 2015, which was Baht 1,528 million mainly due to increase in depreciation expense of both beverage and food businesses, and rental expense of food business.

### **Beverage business**

For the period of January 1 to September 30, 2016, administrative expense of beverage business was Baht 213 million, decreased by 9.5% or Baht 22 million, from Baht 235 million of the period of January 1 to December 31, 2015, due to difference accounting period between 9 months versus 12 months.

For the same 9 months period, administrative expense of beverage business in 2016 increased by 25.8% or Baht 44 million from 2015, which was Baht 169 million mainly due to increase in depreciation expense.

### **Food business**

For the period of January 1 to September 30, 2016, administrative expense of food business was Baht 1,444 million, decreased by 19.8% or Baht 358 million, from Baht 1,802 million of the period of January 1 to December 31, 2015, due to difference accounting period between 9 months versus 12 months.

For the same 9 months period, administrative expense of food business in 2016 increased by 6.3% or Baht 85 million from 2015 which was Baht 1,359 million, mainly due to increase in depreciation and rental expenses.

## **Net Profit**

### **Overview**

For the period of January 1 to September 30, 2016, total net profit was Baht 880 million, increased by 25.1% or Baht 176 million, from Baht 704 million of the period of January 1 to December 31, 2015. In terms of percentage, net profit in 2016 was 8.5% of total sales, increased from 5.5% of total sales in 2015. The profitability improvement was mainly due to better cost management from both beverage and food businesses.

For the same 9 months period, total net profit in 2016 increased by 90.9% or Baht 419 million from 2015, which was Baht 461 million due to better cost management from both beverage and food businesses, and improving on selling and administrative expenses of beverage business.

### **Beverage business**

For the period of January 1 to September 30, 2016, net profit of beverage business was Baht 799 million, increased by 24.7% or Baht 158 million, from Baht 641 million of the period of January 1 to December 31, 2015. In terms of percentage, net profit of beverage business in 2016 was 14.5% of total sales, increased from 10.2% of total sales in 2015. The profitability improvement was mainly due to improving on cost of sales and selling and administrative expenses.

For the same 9 months period, net profit of beverage business in 2016 increased by 83.2% or Baht 363 million from 2015 which was Baht 436 million. In terms of percentage, net profit of beverage business in 2016 was also increased from 2015, which was 9.2% of total sales mainly due to improving on cost of sales and selling and administrative expenses.

### **Food business**

For the period of January 1 to September 30, 2016, net profit of food business was Baht 81 million, increased by 29.1% or Baht 18 million, from Baht 63 million of the period of January 1 to December 31, 2015. In terms of percentage, net profit of food business in 2016 was 1.7% of total sales, increased from 1.1% of total sales in 2015, mainly due to effective management of cost of raw materials.

For the same 9 months period, net profit of food business in 2016 increased by 226.4% or Baht 56 million from 2015, which was Baht 25 million. In terms of percentage, net profit of food

business in 2016 was also increased from 0.5% of total sales of 2015, mainly due to effective management of cost of raw materials.

In million Baht	9M- 2016	12M- 2015	12M- 2014	2016 vs 2015	2015 vs 2014
Revenue from sale of goods and rendering of services-Beverages	5,493	6,307	5,802	-12.9%	8.7%
Revenue from sale of goods and rendering of services-Foods	4,906	6,572	6,602	-25.3%	-0.5%
<b>Total Revenue from sale of goods and rendering of services</b>	<b>10,399</b>	<b>12,879</b>	<b>12,404</b>	<b>-19.3%</b>	<b>3.8%</b>
Cost of sales-Beverages	3,801	4,506	4,174	-15.6%	8.0%
Cost of sales-Foods	2,806	3,941	4,024	-28.8%	-2.1%
<b>Total Cost of sales</b>	<b>6,607</b>	<b>8,447</b>	<b>8,198</b>	<b>-21.8%</b>	<b>3.0%</b>
Selling expense-Beverages	683	873	944	-21.8%	-7.5%
Selling expense-Foods	581	794	751	-26.8%	5.8%
<b>Total Selling expense</b>	<b>1,264</b>	<b>1,667</b>	<b>1,695</b>	<b>-24.2%</b>	<b>-1.6%</b>
Administrative expense-Beverages	213	235	255	-9.5%	-8.0%
Administrative expense-Foods	1,444	1,802	1,772	-19.8%	1.7%
<b>Total Administrative expense</b>	<b>1,657</b>	<b>2,037</b>	<b>2,027</b>	<b>-18.6%</b>	<b>0.5%</b>
Net profit attributable to owners of the Company-Beverages	799	641	447	24.7%	43.3%
Net profit attributable to owners of the Company-Foods	81	63	78	29.1%	-19.0%
<b>Total Net profit attributable to owners of the Company</b>	<b>880</b>	<b>704</b>	<b>525</b>	<b>25.1%</b>	<b>34.1%</b>

In million Baht	9M- 2016	9M- 2015	9M- 2014	2016 vs 2015	2015 vs 2014
Revenue from sale of goods and rendering of services-Beverages	5,493	4,717	4,092	16.5%	15.3%
Revenue from sale of goods and rendering of services-Foods	4,906	4,926	4,850	-0.4%	1.6%
<b>Total Revenue from sale of goods and rendering of services</b>	<b>10,399</b>	<b>9,642</b>	<b>8,942</b>	<b>7.8%</b>	<b>7.8%</b>
Cost of sales-Beverages	3,801	3,395	3,003	12.0%	13.1%
Cost of sales-Foods	2,806	2,970	2,960	-5.5%	0.3%
<b>Total Cost of sales</b>	<b>6,607</b>	<b>6,365</b>	<b>5,964</b>	<b>3.8%</b>	<b>6.7%</b>
Selling expense-Beverages	683	669	730	2.0%	-8.3%
Selling expense-Foods	581	599	580	-3.0%	3.2%
<b>Total Selling expense</b>	<b>1,264</b>	<b>1,268</b>	<b>1,310</b>	<b>-0.3%</b>	<b>-3.2%</b>
Administrative expense-Beverages	213	169	182	25.8%	-7.0%
Administrative expense-Foods	1,444	1,359	1,280	6.3%	6.2%
<b>Total Administrative expense</b>	<b>1,657</b>	<b>1,528</b>	<b>1,461</b>	<b>8.4%</b>	<b>4.6%</b>
Net profit attributable to owners of the Company-Beverages	799	436	187	83.2%	133.6%
Net profit attributable to owners of the Company-Foods	81	25	45	226.4%	-43.9%
<b>Total Net profit attributable to owners of the Company</b>	<b>880</b>	<b>461</b>	<b>231</b>	<b>91.0%</b>	<b>99.4%</b>

## FINANCIAL STATUS

### Assets

Total assets as at the end of September 2016 was Baht 9,278 million, increased by Baht 189 million or 2.1% from the year end of 2015. Current assets increased by Baht 84 million, mainly due to increase in other current assets and inventories, netted with decrease in trade account receivables. Non-current assets increased by Baht 105 million, mainly due to increase in property, plant and equipment.

### Liabilities

Total liabilities as at the end of September 2016 was Baht 4,669 million, comprised of interest bearing debts Baht 2,536 million, which were bond Baht 2,000 million, long-term loans from financial institutions Baht 500 million and finance lease liabilities Baht 36 million, and non-interest bearing debts Baht 2,133 million. Total liabilities decreased by Baht 337 million or 6.7% from the year end of 2015, mainly due to decrease in current portion of long-term loans from financial institutions and bond.

### Shareholders' Equity

Total equity as at the end of September 2016 was Baht 4,609 million, increased by Baht 526 million or 12.9% from the year end of 2015, due to increase in net profit for the period, netted with dividend payment.

### Cash flows

In 2016, net cash and cash equivalents of the Company decreased by Baht 1 million from 2015. Details are as follows.

#### Cash flow from operating activities

Net cash from operating activities of the Company in 2016 was Baht 2,010 million, increased by Baht 615 million or 44.1% from 2015, mainly due to increase in net profit and accrued expenses.

#### Cash flow from investing activities

Net cash used in investing activities of the Company in 2016 was Baht 853 million, increased by Baht 105 million or 14.1% from 2015. This is because in 2016, the Company used cash to invest in PET Cold Aseptic Filling Line 4 at the factory which is located in Wangmuang district, Saraburi province.

#### Cash flow from financing activities

Net cash used in financing activities of the Company in 2016 was Baht 1,158 million, increased by Baht 964 million or 498.1% from 2015, mainly due to the Company partially repaid current portion of long-term loans from financial institutions and bond, together with dividend payment.

#### FINANCIAL RATIO ANALYSIS

##### Liquidity

In 2016, the liquidity ratio was 0.7 times which was increased comparing to 2015 due to increase in current asset mainly from other current assets, as well as decrease in current liability mainly from current portion of long-term loans from financial institutions.

The Company's liquidity was strong. Cash cycle of 2016 was negative 13 days which reflected the efficient working capital management of the Company.

##### Profitability

All profitability ratios of the year 2016 were improving from last year, from gross margin level down to net profit margin, as well as return on equity, which was 20.3% in 2016, increased from 18.2% in 2015. This was a result of better cost management, both cost of goods sold level and administrative expenses level as mentioned above.

##### Efficiency

In 2016, return on assets was 9.6%, increased from 2015 due to increase in net profit. Return on fixed assets and asset turnover were 23.3% and 1.1 times, respectively, which were slightly decreased from 2015 mainly due to increase in property, plant and equipment, as a resulted of an investment in PET Cold Aseptic Filling Line 4 at the factory which is located in Wangmuang district, Saraburi province.

##### Financing

Debt to equity ratio of 2016 was 0.5 times, decreased from the ratio of 2015 which was 0.8 times due to decrease in current portion of long-term loans from financial institutions and bond, netted with increase in long-term loans and bond. Though the Company is currently in an expansion stage, given the debt to equity ratio of less than 1 times, the balance sheet is considered to be strong with certain amount of room for future financing.

#### KEY DRIVERS WHICH COULD AFFECT FUTURE OPERATIONS AND FINANCIAL STATUS

- The Company and its subsidiaries are planning to install New Cold Aseptic Filling Line 4 of PET bottling production at the factory which is located in Wangmuang district, Saraburi province. The budget of this project is Baht 850 million and the commercial run is expected to be in early 2017. This project will help increase PET capacity by 17% and at the same time reduce production costs.
- Efficient operational management of new central kitchen at Banbung district, Chonburi province, will help support the branch expansion which is planned at around 260 stores in 2016.
- Food and beverage business has correlated relationship with consumers purchasing power, which was directly connected with the economic situation. As a result, the growth of food and beverage business will be higher when the economic situation is in upside trend.
- The successful of "Vision 2020" strategic roadmap implementation for the Company to become one of the leading food and beverage players in ASEAN. If the Company could realize the strategic targets and key milestones, it would become a leader in the market with a strong performance and market positioning.

## REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCE REPORTING

The Company's Board of Director is responsible for financial statements of the Company and its subsidiaries, and the financial information in the Annual Report. The said financial statements have been prepared in conformity with generally accepted international financial reporting standard and on a consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration. The practice ensures sufficient information disclosure for the benefit of all shareholders and investors.

The Board of Directors has established and maintained appropriate and effective risk management and internal control systems to become reasonably confident of accurate, complete, and adequate of financial information are in place, with the ability to retain the Company assets and prevent frauds or other significant irregularities in the operations of the Company.

The Board of Directors has appointed an Audit Committee which comprises three independent directors who are responsible for reviewing the financial reports and for maintaining the adequacy of the internal control and internal audit systems of the Company. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The financial statements of the Company and subsidiaries were audited by KPMG Phoomchai Audit Company Limited. During the auditing process, the Company gave full supports to provide required documents. The auditor's report on auditing matter is presented in this Annual Report.

The Board of Directors agrees that the good corporate governance practice, the risk management system, as well as the internal control system are well adequate and sufficient, able to reasonably insure that the financial statements of the Company and its subsidiaries as of September 30, 2016 are reliable under generally accepted accounting standards, and also in compliances with relevant laws and regulations.

-Signature-

**(Mr. Prasit Kovilaikool)**

**Chairman of the Board of Directors**

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Oishi Group Public Company Limited (“the Company”) is composed of three independent members, namely, Mr. Vikrom Koompirochana, Chairman of the Audit Committee, Ms. Potjane Thanavarani and Mr. Chai Jroongtanapibarn, Audit Committee members.

The Audit Committee members are considered by the Company to be qualified, knowledgeable and experienced persons. Their qualifications fully comply with the requirements of the Company’s Charter of Audit Committee. They are truly independent persons who neither are involved in the management of nor hold any positions in the Company, its subsidiaries and other affiliates.

During 2016, the Audit Committee performed its duties within the scope of responsibilities in accordance with the Code of Best Practice of the Stock Exchange of Thailand and the regulations set out in the Charter of Audit Committee approved by the Board of Directors. The Audit Committee made the review of the good corporate governance, the financial statements and the adequacy for disclosures of information regarding transactions between the Company, its subsidiaries and other affiliates, and transactions with tendency to cause conflict of interests, and the adequacy of the internal control systems. The Committee made recommendations for the development of internal control systems, strict monitoring of the Company’s internal audit and the selection and the proposed appointment of the Company’s statutory auditors to the Board of Directors. The Audit Committee also evaluated the performances of the Statutory Auditors, particularly in the area relating to the quality of services and their remuneration.

To ensure that the Company’s operations are undertaken efficiently and transparently, auditable at all steps in accordance with the policies of the Board of Directors, the Audit Committee has carried out its duty with responsibility to make sure that the Company continues to develop good corporate governance.

In 2016, 8 meetings were held by the Audit Committee and all 3 members of the Committee attended the meetings without any absence. Relevant executives were invited to the meetings to make clarifications on certain issues appeared in the course of internal audit. Corrections and improvements can accordingly be made and discrepancies can thus be prevented from recurrence.

The followings are principal performances carried out by the Audit Committee in 2015:

### 1. Review the accuracy of the Company’s financial reports and the adequacy of information disclosure.

The Audit Committee reviewed the Company’s Annual Financial Report and its Quarterly Reports before proposing them to the Board of Directors for approval. In so doing, the Committee ensured that facts and figures, and details contained in the financial reports, as well as significant information on transactions between the Company, its subsidiaries and other affiliates, or transactions with tendency to cause conflict of interests were accurately prepared and reliably disclosed.

In this connection, the statutory auditors were invited to the meeting of the Audit Committee to discuss and clarify on some significant issues relating to the financial statements prepared by the Company’s Management in compliance with Thai Accounting Standards and Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions. The Audit Committee could then verify whether sufficient significant information were disclosed as required by the aforementioned standards, interpretations, guidelines and principles.

Furthermore, a joint meeting was held between the Audit Committee and the statutory auditors in compliance with the Practice Guidance issued by the Stock Exchange of Thailand, allowing both parties to discuss any issue of interests to the two sides without participation of the Management.

### 2. Evaluation of the services of the statutory auditors

The Audit Committee carried out the evaluation of the quality of services of KPMG Phoomchai Audit Ltd., the statutory auditors, and the worthiness of their remuneration, taking into consideration the following factors – professionalism, efficiency, and independence. The Audit Committee was of the view that KPMG Phoomchai Audit Ltd., the statutory auditors, had given satisfactory services accordingly, providing the Company with useful advices and recommendations, which were helpful for the Company’s Annual Financial Report and internal control improvements.



**3. Related transactions**

The Audit Committee has given careful consideration to the related transactions of the Oishi Group of Companies by strictly adhering to the principles of rationality, transparency, and sufficient information disclosure.

**4. Monitor of the Company's operations**

The Audit Committee played its part in monitoring the Company's operations through the internal audit performance to ensure that laws and regulations relating to the Good Corporate Governance and the Code of Best Practice of the Securities Exchange Commission and the Stock Exchange of Thailand are carried out appropriately and consistently. The Committee has continuously followed the guidelines for the strengthening of good corporate governance of the Company. In addition, the Committee has reviewed the handling process of complaints lodged against Directors of the Board or the Company's employees or the Company's operations, should there be, which may be associating with fraud or unfair treatments. The process is prepared to ensure that proper measures will be taken to resolve such issues with transparency.

**5. Approval of the scope of work and the annual audit plan of the Company's internal audit.**

The Audit Committee approved the scope of work and the annual audit plan of the Company's internal audit for the year 2015. In addition, the performances of the internal audit were regularly monitored, with the Company's risk management and internal controls being taken into consideration. Advices were consistently given to the Company's internal audit on various matters for the efficiency of their performances and the improvement of the internal audit systems.

The Audit Committee has given full support to the internal audit for its works relating to the Company's policy on the prevention of corruption. Importance has also been given not only to whistle blowers but also information provided through the Company's website. Sources of information are strictly kept confidential.

The Audit Committee has fully encouraged and supported the internal audit staff to attend annual trainings from the Institute of Internal Auditors of Thailand to enhance their technical knowledge and the newly developed standards. The new experiences gained therefrom are beneficial for the improvements of their performances and in-house trainings for audit staff.

**6. Review the adequacy and suitability of the internal control systems and activities.**

The Audit Committee regularly reviewed the adequacy and suitability of the Company's internal control systems and

activities. In this regard, reports presented by the internal audit, including those relating to fraud or risk of fraud, were carefully considered and followed up to ensure that correct internal control systems were undertaken and improvements on controls and preventive measures were properly and timely carried out by the Company's Management as advised by the Audit Committee.

**7. Roles of the Audit Committee**

The Audit Committee performed its duties independently from the Board of Executive Directors and the Management with strong emphasis on internal controls to ensure that good governance and adequate internal controls were appropriately applied. Significant issues based on the issues reported by the internal audit were regularly presented to the Board of Directors for policy guidelines on the improvements or corrections in some sectors.

To ensure that the Committee's roles are carried out efficiently and at the same time the Company's good corporate governance is being properly practiced, self assessment on the Audit Committee's performances are undertaken by the Committee's individual member taking the guidelines issued by the Stock Exchange of Thailand as the basis. The assessment results are highly satisfactory.

In the view of the Audit Committee, the Company's operations are carried out efficiently in compliance with laws and regulations of the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), particularly relating to the Good Corporate Governance, and thus boosting its corporate image. The Company's overall risk management system, internal control systems and the monitoring and prevention of corruption are adequate. Discrepancies in the control systems or transactions that might cause conflict of interests and may significantly affect the Company's operations have not been noted.

In addition, the Audit Committee strongly advised the Management to give attentive interest to the continuous improvement of internal control systems with a view to bringing about greater efficiency and continued success of the Company's business operations, making them increasingly relevant to the international standards.

-Signature-  
**(Mr. Vikrom Koopirochana)**  
Chairman of the Audit Committee

## RISK MANAGEMENT COMMITTEE REPORT

On November 21, 2016, the Risk Management Committee of Oishi Group Public Company Limited consists of 13 members, 3 are members of the Board of Directors and the other 10 are senior executives of the related functions. The Risk Management Committee has carried out duties in accordance with the Risk Management Charter so as to ensure effectiveness and efficiency of overall risk management activities of the Company.

6 Risk Management Committee meetings were held in 2016 in which the following significant matters were considered.

- 1) Adaptation of risk management policies and charter
- 2) Annual risk management plan
- 3) Assessment of risks, and the related preventive and corrective measures
- 4) Recommendations on risk management and mitigation of risks
- 5) Monitoring of risk management activities
- 6) Cultivation of risk management culture in the organization
- 7) Business continuity management
- 8) Anti-corruption activities

During the year 2016, the Risk Management Committee has regularly reported significant risks as well as their development progress to the Board of Directors. In addition, independent views and advices were given to the Company's management in order to ensure highest benefits of all shareholders and stakeholders. The Risk Management Committee was of the view that the Company has the risk management plan in place and continuously executed by the Company's management with full effort and in a cautious manner.

On behalf of the Risk Management Committee

-Signature-

(Mr. Chai Jroongtanapibarn)

Chairman of the Risk Management Committee

## CORPORATE GOVERNANCE AND COMPLIANCE REPORT

Oishi Group Public Company Limited (the “Company”) sees the significance of a good corporate governance system, which reflects the fair, efficient, and auditable management system. The Company is determined to develop and advance its corporate governance on a continuous basis. The Board of Directors of the Company always adheres to the Code of Best Practices and ensures that the Company operates in compliance with the rules and regulations stipulated by the Stock Exchange of Thailand (“SET”), the Securities and Exchange Commission of Thailand (“SEC”) and/or any related agencies. The Company is confident that good corporate governance will benefit its business operation appreciate the value and increase the return to shareholders in the long run as well as enhancing the confidence of shareholders, investors, and all related parties.

The Board of Directors is well aware of the importance on corporate governance and regarded it as an essential foundation for effective development of the organization. Therefore, its related policy was determined to ensure compliance with corporate governance practices of SEC and SET, which was established with reference from the Organization for Economic CO-operation and Development (OECD) international corporate governance practices. In addition, review and improvement are being made on a constant basis so as to ensure its alignment with rules and regulations as well any changes of current situation. In 2014, the Board of Directors appointed the Good Corporate Governance Committee to support the Board of Directors duties regarding to the corporate governance. The Board of Directors’ Meeting No. 5/2014 held on November 11, 2014 approved the revised corporate governance policy, which came into force and effect from November 11, 2014 onwards. Moreover, The Board of Directors’ Meeting No. 1/2015 held on February 25, 2015 approved the procedure on the receiving of complaint and whistleblowing as well as the provision regarding the protection in accordance with the Good Governance policy of the Company’s and its subsidiaries, the policy came into effect from February 25, 2015 onwards. The purposes of the regulation are to ensure the appropriateness, the effectiveness and the flexibility of the procedure of complaints and whistleblowing handling by the Company and its subsidiaries and to ultimately meet the same international standard as to other leading companies, and to create confidence among all interested parties that they shall be protected from persecution or mistreatment as a result of filing a complaint or whistleblowing made to the Group.

The Board of Directors realize that the successful corporate governance requires collaboration of all functions in the organization; and therefore, requires executives, employees, and all personnels of the Company to comply with the policy, ethics, and guidelines in relation to corporate governance. Moreover, the Company arranged for communication channels to create understanding and monitoring of internal corporate governance on a continuous basis in order to assure its effective business operation and confidence of all stakeholders, which would lead to increased value and sustainable growth of the Company.

### CORPORATE GOVERNANCE POLICY

The Board of Directors recognized that good corporate governance is a key element that brings about business success. Corporate governance policy includes the following aspects:

- A system was established to ensure all stakeholders receive equal and fair treatment.
- Implementing proper oversight and monitoring to ensure that the management implements policies in an effective and efficient manner so as to optimize interests of shareholders within the scope of the related laws and business ethics.
- Implementing proper oversight and monitoring on operation to ensure that the management maintain transparency, check and balance, and adequate disclosure of information for all related parties.
- Implementing appropriate and efficient systems governing internal supervision, internal audit, and risk management.
- Establishing the Code of Conduct to be used as a guideline for business practice for Directors, management, and employees.

The Company is well aware of the significance of good corporate governance as a solid platform for our effective growth. Therefore, it ensured strict compliance with the above-mentioned policies, which were in line with the principles of corporate governance of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) that were based on the international standards of Organization for Economic CO-operation and Development (OECD), comprising of 5 categories as follows.

1. Rights of shareholders;
2. Equal treatment to all shareholders;
3. Roles of stakeholders;
4. Disclosure and transparency; and
5. Responsibility of the Board of Directors.

In this regard, the Board of Directors has determined that the principles of the corporate governance were to be disclosed to the public through publication on the Company's website under the Investor Relations section. In addition, the Company has compiled the Code of Conduct for use as guideline for practice of Directors, management, and employees. The Code of Conduct was also made available on the Company's website under the Investor Relations section.

In 2016, the Company has implemented the corporate governance policy related to the 5 categories. Details are as follows:-

## RIGHT OF SHAREHOLDERS

The Board of Directors recognizes that the shareholders are entitled to the right of ownership in the Company. They exercise their power of control by appointing the Board of Directors to oversee the operation of the Company on their behalf. As such, the Company recognize the importance of all shareholders, be its major shareholders, retail shareholders, foreign investors, or institutional investors. The Company explicitly expresses its intent not to take any actions that diminish the fundamental rights of shareholders; but to facilitate shareholders in exercising their rights as they deserve.

### 1.1 Protecting the rights of shareholders

The Board of Directors is well aware of its duty and places importance on protection of the rights of shareholders as well as protect and promote all shareholders fundamental rights and encourage them to exercise such rights in compliance with the related laws and/or regulations of the Company in an equal and appropriate manner and in accordance with the regulations of the Company as well as the criteria, rules, and regulations of SET and SEC and other relevant laws. The fundamental rights of shareholders include, among others, right to purchase, sell, and transfer shares, to receive dividend, to receive adequate information and to attend shareholders' meetings and exercise their voting right on appointment, dismissal, and determination of remuneration for directors and auditors as well as matters that have impacts on the Company such as dividend allocation, establishment of or amendment to the Articles of Association

and the Memorandum of Association, decrease or increase of capital, and approval special of one-time items. To ensure the protection of the right of shareholders, the Company does not have any policy which either deters or obstructs communications among shareholders and ensures that there was no policy on entering into agreement with any shareholders in a manner that creates significant impact to the Company or other shareholders.

### 1.2 Shareholders' Meeting

The Company organizes an Annual General Meeting of shareholders within 4 months of the end of every fiscal year or by the period stipulated by the laws. Extraordinary General Meetings of shareholders may be held as deemed appropriate by the Board of Directors resolution. In each shareholders' meeting, it is the policy of the Board of Directors to arrange for processes to facilitate and encourage all shareholders as well as institutional investors to attend the meeting and exercise their voting right. In addition, the Company realize the significance of setting the appropriate meeting date, time, and venue to accommodate attendance of all shareholders. Moreover, shareholders are provided with an opportunity to propose any meeting agendas prior to the meeting date in compliance with the criteria, conditions, and methods established by the Company and/or relevant laws, rules, and regulations, whereby the details on the criteria, channels, and the result of the proposal to shareholders are disclosed via its website and that of SET. The Company prepares the invitation letter to the meeting of shareholders containing, in a clear manner, the meeting agendas, objectives, rationales, opinions, and recommendations of the Board of Directors. The invitation letter was, together with relevant information of each agenda and they are available in both Thai and English versions, published in the Company's website while a hard copy was submitted to shareholders in advance in order to provide adequate information to shareholders in a timely manner so that proper consideration can be made for each agenda. Any queries by shareholders may be submitted in advance in accordance with channels and criteria determined by the Company, whereby reply is to be provided in the meeting; or they can make queries, suggestions, or express opinions during consideration of each agenda while the meeting of shareholders is in session.

In 2016, the Company organized the Annual General Meeting of Shareholders on April 27, 2016 at 14.00 hr. at Grand Hall Room on the 2<sup>nd</sup> floor of Plaza Atthenee Bangkok, A Royal Méri dien Hotel located at 61 Wireless Road, Lumpini sub-district, Pathumwan district, Bangkok 10330. No extraordinary meetings of shareholders were held during the year.

The Company made the following arrangements for the Annual General Meeting of shareholders for the year 2016.

#### Prior to the meeting of shareholders

1. Shareholders were provided with an opportunity to propose agenda of the meetings of shareholders and nominate candidates for the Director position of the Company in advance. However, no shareholders expressed their intention to propose the agendas of the meeting and candidates for the Director position.
2. The date of the ordinary meeting of shareholders was notified to shareholders in advance in order to ensure that the shareholders could manage schedule to attend the meeting.
3. The invitation letter and attachments were published for acknowledgement of shareholders via the Company's website over 30 days prior to the meeting date.
4. The invitation letter containing the agendas, rationale, purposes, opinions of the Board of Directors, and related detailed information of each agenda were submitted to shareholders via post not less than 21 days prior to the meeting date. This was in order to provide adequate information for shareholders to make decision effectively. Announcement was made in daily newspaper for a period as stipulated by the law.
5. A Letter of Proxy was submitted in the format as required by the laws, together with instructions and documents required for shareholders attending in person and those attending by proxy whereby other persons or an Independent Director may be authorized to attend the meeting and exercise the voting right as instructed by the shareholders.
6. For the appointment of Director, information on education, experience, the number of companies that he or she held the position of director, the number of year in office, the type of the proposed director position and the meeting attendance record in the past was disclosed fully. In addition, the policies, principles and methods of the Director nominating process was also disclosed to provide adequate information for shareholders to make decision effectively.
7. The Board of Directors put in place the remuneration determination process which was transparent and approved by shareholders. Both annual and lump sum remuneration for Directors were determined and proposed to shareholders for approval. In this regard, the policy, criteria, and guideline for consideration of remuneration were described as basis for consideration of shareholders.

8. The Company encouraged institutional investors to attend the meeting of shareholders by contacting them and requested for submission of documents required for meeting attendance in advance. This was for the Company to check such documents and request for additional documents in case of incompleteness for facilitation purposes whereby it would take less time for document check on the meeting date.
9. Shareholders were provided with an opportunity to submit any queries regarding the agenda in advance via email to the Investor Relations contact person at [investorrelations.k@oishigroup.com](mailto:investorrelations.k@oishigroup.com) or by fax at Tel. 02-785-8889.

#### On Shareholders' Meeting date

The Company supports and encourages all shareholders to exercise their right to attend and cast vote in the meeting of shareholders. Arrangements are made for convenience while the meeting was organized in a transparent and auditable manner. In addition, no actions are taken to deter or obstruct the right of shareholders, who are given a chance to make inquiries and express opinions as deemed appropriate. In 2016 the Company made the following arrangements on the meeting date.

1. The Company made preparations in terms of the personnel, system, and technology to facilitate registration and document check for shareholders attending the meeting in a proper, adequate, fast, and auditable manner. The Company utilizes the Shareholders' Meeting management system provided by Inventech Systems (Thailand) Co., Ltd. ("Inventech") for the registration, vote counting, and result processing to ensure clarity and transparency.
2. Ballots were prepared for shareholders in the meeting.
3. Shareholders attending the meeting after the meeting convened were allowed to exercise their rights to attend the meeting and cast their votes for agendas being considered where resolution had not yet been reached.
4. Shareholders were informed prior to the meeting regarding the rules, methods of attending, proxy authorization, including explanation on criteria and methods of vote casting.
5. Shareholders were given the right to cast vote on a 1 share: 1 vote basis.
6. Independent persons i.e. audit firm representatives and retail shareholders were invited to participate in vote casting in the ordinary meeting of shareholders and the matter was disclosed in the minutes of ordinary meeting of shareholders.

7. The meeting was carried out as per the meeting agenda stated in the invitation letter, whereby details of each agenda was provided to shareholders.
8. For the agenda of consideration and election of Directors to replace those retired by rotation, the Company determined that voting was to be casted for each candidate individually.
9. All Directors, senior executives, the Chairman of the board of Directors as well as the Chairmen of all sub-committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, attended the ordinary meeting of shareholders for the year 2016 to provide clarifications to any queries; and to receive feedbacks and recommendations from shareholders. In addition, the auditors had also attended the ordinary meeting of shareholder as well.
10. No additional agenda is considered in the meeting and no change has been made to the significant information without prior notification to the shareholders.
11. All shareholders were given equal right to express their opinion, raise any questions to the meeting as per meeting agenda, and propose matters as deemed appropriate.

#### Subsequent to the meeting of shareholders

1. Subsequent to the meeting of shareholders, the Company arranges for disclosure of resolutions and voting results of the meeting of shareholders via the notification system of SET in accordance with the period and criteria stipulated by SET.
2. The Company arranges to record and prepare the minutes of the meeting of shareholders in a correct and complete manner, consisting of details of the meeting quorum, number of shareholders attending the meeting in person and by proxy, list of names and title of Directors as well as those of Directors who did not attend the meeting, senior executives and the auditors, the criteria and method of vote casting, and vote counting and result thereof of each meeting agenda with details on yes, no, and abstention votes. Also, significant queries, clarifications, opinions, and any information are recorded in compliance with the related laws, rules, and regulations. The minutes were prepared in both Thai and English versions and they were submitted to SET and related agencies in accordance with the period and criteria stipulated by the relevant laws, rules, and regulations so as to enable audit by shareholders.
3. A storage system is put in place for the minutes of meeting for audit and reference purposes.

4. Certain part of the meeting of shareholders are broadcasted in the Company's website to relay the information and ambience of meeting to shareholders not attending the meeting.

In addition, the Board of Directors have determined policies of the Company to protect the right of shareholders. These policies emphasize that shareholders are to be treated in accordance with corporate governance of the Company as well as articles, rules, and regulations of SET and SEC, including significant and relevant laws. The Board of Directors sees and places importance on the right of shareholders and shall not take any actions which may violate or deter the right of shareholders. As of September 30, 2016, the Board of Directors did not receive any complaint regarding the breach of the right of shareholders, for this reason the above mentioned execution reflects that the Board of Directors have ensured proper management on the subject matter.

#### EQUAL TREATMENTS TO SHAREHOLDERS

The Board of Directors sees significance in equal and fair treatments for all shareholders, whether they are major shareholders, institutional shareholders, foreign investors, and retail shareholders. As such, policies on protection and support for all shareholders to ensure they are treated in an equal and fair manner were issued. Details are as follows:

1. The Company provides an opportunity for shareholders to propose additional meeting agenda and/or nominate additional candidates who meet the required qualifications as deemed appropriate to participate in election of Directors prior to the date of ordinary meeting of shareholders in accordance with the criteria, conditions, and methods determined by the Company and/or the related laws. In this regard, the criteria, channels, period, and result of proposal are announced in the Company's website and that of SET. Result of additional meeting agenda proposition and additional candidates nomination was also reported to the shareholders as well.
2. The Company prepares the invitation letter and attachments in both Thai and English versions.
3. The invitation letter and attachments containing details of each meeting agendas are submitted to shareholders. The said documents are also published on the Company's website prior to the meeting in accordance with the period as required by the relevant laws and rules.

4. In a case where shareholders could not attend the meeting in person, the Company provides along with the invitation letter the Letter of Proxy in a format that the shareholders can instruct vote casting so that such shareholders can authorize their proxy to attend the meeting and cast vote on their behalf. In addition, required documents and evidence as well as proxy authorization process are clearly explained for shareholders to ensure the right documents are compiled and to prevent any issues for proxy in attending the meeting. The criteria, methods, and conditions of proxy authorization are determined in compliance with the laws and no actions will be required in a manner that complicate shareholders in proxy authorization. Moreover, shareholders are entitled to authorize proxy to any Independent Directors of the Company as stated in the Letter of Proxy to protect their own right.
5. The Company prepares the ballots for shareholders in the meeting of shareholders and invited independent parties i.e. representatives of audit firm and retail shareholders to participate in the audit of vote casting in the ordinary meeting of shareholders, which is disclosed in the minutes of ordinary meeting of shareholders.
6. The Company allocate to the shareholders 1 voting right per share.
7. The Board of Directors has determined that all Directors and executives are to disclose the information and report on their interests and those of related persons in accordance with the criteria and methods determined by the Board of Directors and/or related laws. This is to provide an opportunity for the Board of Directors to consider any transactions of the Company which may incur conflicts of interest and enable it to make decision for the interest of the Company. In this regard, Directors and executives of the Company who involve in any transactions entered into with the Company shall not be entitled to make decisions relating to such transactions.
8. The Board of Directors has determined measures, of which related communications are made clearly to the Board of Directors and executives to ensure understanding of their duty to report on securities of the Company owned by them, their spouse, and offspring who are minors as well as report the changes thereof to SEC as required by the law. In addition, Directors and executives of the Company are obliged to report their ownership in securities of the Company in the meeting of Board of Directors on a regular basis. The securities of the Company owned by Directors and executives were disclosed in Section 14. on page 92 of this year's annual report.

9. The Board of Directors has determined measures, whereby communications are made clearly to prohibit Directors and executives from revealing any insider information, which is material and has not yet been disclosed to the public for personal gain of their own or others, which include sale and purchase of securities of the Company by Directors, executives, and employees who serve in functions of which such insider information is made aware.

In this regard, penalties for violation of revealing insider information for personal gain of themselves or others were determined in the regulations of the Company, ranging from verbal warnings to termination of employment. Details on monitoring of use of insider information was included under the topic of use of insider information in the category of disclosure and transparency of the corporate governance report.

10. The Board of Directors has determined policy whereby the Directors and senior executives must inform the Company's Secretary of any sale or purchase of the Company's share 1 day prior to the date of the transaction.
11. Related party transactions are to be carried out in a fair and at arm's length manner, taking into account the arm's length price or the market price whereby the benefit of the Company is considered priority. In this regard, the Board of Directors ensures that such transactions are carried out strictly in accordance with the criteria, methods, and disclosure of connected transactions of listed companies.

In addition, the Board of Directors has established a clear direction to ensure strict compliance with the laws, regulations, and articles of SET and SEC; and arranged for review of compliance with corporate governance on a regular basis. This is in order to assure that all shareholders are treated and are entitled to exercise their right in an equal and fair manner.

As of September 30, 2016, the Board of Directors received no complaints with regards to unfair treatments toward shareholders or any crimes regarding the use of insider information of Directors and executives. This reflected that the policies or guidelines determined by the Board of Directors were adequate and appropriate.

## ROLE OF STAKEHOLDERS

The Board of Directors recognizes the importance of the right of all stakeholders inside and outside the Company and is well aware that all stakeholders are entitled to sound treatments

of the Company as required by the related laws. Cooperation is established for the Company and stakeholders to achieve stability and sustainable growth of the business. The Board of Directors has a policy to ensure equal importance; and at the same time, to attain the business goals as per the targets, formats, and methods of such achievement. To ensure strict compliance with the policy, the Board of Directors has established the Oishi Business Ethics for Directors, executives, and all employees to acknowledge the standards and expectation of the Company, ranging from treatments to shareholders, customers, trade partners, competitors and the society in general as well as colleagues. The Oishi Business Ethics was published on the website of the Company under the menu "Corporate Governance". Moreover, the Board of Directors has launched the mechanism and procedures to ensure strict and continuous compliance.

Additionally, the Company realized that the improved performance of the Company could be achieved from great support of all stakeholders. Thus, the Company has determined the policy to encourage cooperation between the Company and stakeholders to create mutual benefits, to assure that all stakeholders are entitled to sound protection and treatment, and to see significance of all stakeholders. Details can be summarized as seen below.

## 1. Shareholders

The Company is determined to operate business based on honesty and with adherence to equal and fair treatments to shareholders. The Company arranges for disclosure of information in a complete, correct, and equal manner on a regular basis. In addition, the Company has put in place measures to monitor and prevent Directors, executives, and employees of the Company from exploiting any information which has not yet been disclosed as well as ensure sound management while business decisions are made after careful and thorough consideration. These actions were taken in order to achieve both short-term and long-term goals of the Company with efficiency as well as stable and sustainable business growth for the benefit of shareholders.

## 2. Employees

Employees are our valuable resources. The Company has a policy that employees shall receive fair treatments in respect of opportunity, remuneration, welfare, potential development as well as assurance on the quality of life, safety, hygiene at workplace and the arrangement of Provident Fund. With regards to remuneration, the Company makes decisions

by taking into account the main factors i.e. capability and performance efficiency along with the Company's operation results as well as the competitive capability within the industry. As for employees potential development, the Company arranges for various internal and external training courses for employees so as to promote and develop knowledge and capability of the employees will be beneficial for the Company in a long run. The work environment at the office and production facilities are arranged to ensure safety and good hygiene where the statistic of workplace injury is collected for safety analysis and improvement on a continuous basis. As of September 30, 2016, 19 accidents occurred whereby the injured employees has to take the day off, The number is decreased from 31 accidents in 2015. The Company is well aware of the human right and therefore; ensures that no policy allowed discrimination, but providing equal opportunity for all employees. There is no discrimination in recruiting and hiring process where people of any races, skin colors, genders, religions, nationalities, and political opinions are entitled to consideration. All employees receive fair treatment and appropriate remuneration. Moreover, diversified CSR activities are organized to encourage employees to engage in community and society development as well.

## 3. Customers

The Company is determined to improve the quality of products and services on a continuous basis to deliver ultimate customer satisfaction where the Company takes the best care and take responsibility in our customers. The quality of our products are assured in order to build a long-lasting relationship with our customers. Functions or persons are designated to receive customers' complaints so that the Company can remedy any complaints of customers in a timely manner.

## 4. Trade partners

The Company recognizes the importance on selection of trade partners where consideration is made by taking into account the performance, price, credibility, and clean history without any record of frauds and/or violation of human rights. The Company honors terms and conditions of trade deals and agreements on its ends; and is determined to treat our trade partners with equality and fairness, taking into account mutual benefits. To prevent any frauds by trade partners and related employees, the Company shall terminate relationship with trade partners whom are found



to have committed frauds, bribery, or offering any kind of benefits to related persons to carry out any transactions or enter into any agreements.

## 5. Creditors

The Company has policy to treat all creditors with fairness and equality, and it strictly honors terms and conditions regarding warranty and agreements per contracts entered into with all creditors.

## 6. Business competitor

The Company ensures its practice to be in accordance with the international rules of competition. The Company treats business competitors fairly; and it does not take any dishonest actions or destroy the reputation of business competitors by any means.

## 7. Society and Community

With regards to the society, the Company realizes that social contribution was essential for being a part of the society. The Company therefore creates jobs and opportunities for the community near the production facilities and restaurants as a way to give back to the community. In addition, the Company sees to it that engagement with the community is arranged through support and assistance on a continual basis. For social contribution in general, the Company organizes activities to enhance the quality of life of the overall society in various aspects, including donation for public benefits, which has been going on for years.

## 8. Environment

The Company was well aware of the importance on instilling the value and sense of environmental conservation and resource optimization. The Company started small and spread the idea throughout the organization through training courses, activities, and internal campaigns namely, reduction of office paper use and arrangements to ensure that the production process is eco-friendly for the community. Our production facilities obtained the ISO 14001 certification which reflects our recognition of the environmental management to ensure that the environment is well cared for while our business is moving forward. The Company focuses on prevention of pollution and constant development thereof. Also, the Company arranges for training courses on environmental conservation

and system of the above standard whereby internal and external speakers are invited to provide knowledge and cultivate the values on the environment for employees. As of September 30, 2016, the Company organized a total of 15 training courses on the environment hosted by internal and external personnel, the average of 6.3 hours of training per employee.

In addition, the Company promotes optimization of resources in an efficient and sustainable manner. Our production process is operated with modern machinery to minimize the use of resources while producing maximum results. Also, the Company ensures effective raw material management to minimize loss and waste of the resources. The detail of the efficient material management process were disclosed in page 29 of this year's annual report.

## 9. Government and related agencies

The Company adheres to comply with the laws related to the environment, safety, labor, tax and accounting management as well as rules, regulations, and notifications of the public agencies which are related our business operations.

As of September 30, 2016, there was no violation of the laws relating to labor, employment, business competition, and environment by the Company.

In addition to the above activities, the Board of Directors has determined the guideline for other aspects which are related to social responsibility and protection of the right of stakeholders as follows:-

### 1. Guideline on violation of human rights

The Company respects the human right of employees and other stakeholders and ensures that there is no discrimination against different belief, race, nationality, skin color, gender, sexual orientation, culture, or any other conditions deemed part of the human rights. The Company also provides human right guidance which are adaptable to the organization and will not support or engage in any activities which are related to the violation of human right.

### 2. Guideline on violation of intellectual property

In the course of business, the Company recognizes and places significance on creativity and development of its

intellectual property on a continual basis. This is because these creations are the properties that add value to the Company. In this regard, the Company has filed for registration of copyrights and trademarks in Thailand and overseas to protect its right. With our established creation and development of intellectual property, the Company does not have any policy or necessity to act in violation of intellectual property.

### 3. Guideline on anti-corruption

The Company has put in place a clear policy to support actions against frauds, bribery, or corruption of any sort and the Company ensures cooperation and participation with various agencies to work against corruption as deemed appropriate. Moreover, the Company has determined that Directors, executives, and all employees are not to engage in any corruption actions, including bribing or taking bribes from public and private officials, whether directly or indirectly, in order to obtain or maintain the business or competitive advantages, or to exploit any donations and charity works in a manner that supports any frauds and/or corruption. Moreover, to emphasize the Company's intention and policy on anti-corruption, the Company's has issued a notice regarding the whistle blowing and reward for the whistle blower to remind all employees of the importance of the policy as well as encourage them to adhere to honesty and to be mindful not to be negligent in their duties, which opens up and promotes corruption and, in turn, results in damages to the Company.

The Company remains determine to improve on its anti-corruption work in a continual manner through processes review and the evaluation and management of potential corruption risks by the Audit Committee. Significant risk shall be reported to the Board of Directors on a quarterly basis.

In 2016, the Company compelled its head of the Internal Audit Department, as the person who supports the work of the Audit Committee in deterring corruption, to attend the "Anti-Corruption: The Practical Guide (ACPG)" course, class 30/2016, which was held by the Thai Institute of Directors, or the IOD. The course includes the setting up of system, processes and steps to deter corruption, the knowledge of which can be used to support and improve the Company's anti-corruption work, the organization of training course, the publication and information sharing for the employees. Additionally, it is the Company's policy to have officers in related job function attend related training courses on a continuous basis, as deemed appropriate.

### 4. Guideline on whistle blowers and compliant filing

The Company has put in effect measures for oversight and channels where all stakeholders, including employees, to inform any leads or file complaints directly to the Audit Committee on any actions which are suspected as violation or failure to compliance with laws, regulations, articles, or policies on corporate governance as well as any incorrect financial reports or flawed internal control systems. Various channels are made available for such filing, including the website of the Company under the "Investor Relations" segment as seen below.

#### To inform any leads or file any complaints; please refer to addresses below.

Email : [auditcommittee@oishigroup.com](mailto:auditcommittee@oishigroup.com)  
Postage: Audit Committee  
Oishi Group Public Company Limited  
57 Park Ventures Ecoplex, 19<sup>th</sup> floor,  
Wireless Road, Lumpini,  
Pathumwan, Bangkok 10330

The Company has guideline for protection of informer or complaint filing parties whose information will be kept confidential. The Company is not to reveal their names unless required by the law and /or any oversight agencies. In addition, the Board of Directors' Meeting No. 1/2015, held on February 25, 2015, had also approved the guideline on the receive of complaint and whistle blower as well as the protection of such person in accordance with the good corporate governance policy of the Company and its subsidiaries, effective from February 25, 2015 onward. The goal of the guideline is to ensure the Company's and its subsidiaries' appropriate, effective, flexible and standardize complaint filing and whistle blowing process on par with other leading Companies as well as creating confidence among all stakeholders, including the employees, that all will be protected from persecution, penalization and mistreatment as a result of informing or whistle blowing to the Oishi group, except where such action was done with malintent or with the intention of destroying the Company or other person, illegal or contradicting with the Company's discipline.

The Board of Directors assigns the Audit Committee consisting of Independent Directors to monitor and determines the guideline for management of complaints or leads received from the said channels. In this regard, the Internal Audit Department, which is independent in their operation as it reports directly to the Audit Committee, is responsible for filtering, managing, and investigating these leads and

complaints. Should they be proven as true, the result will be presented to the Audit Committee for consideration and recommendation thereof, or for further reporting to the Board of Directors. After consideration and amendments, revision, and adjustments thereof, the Company will notify the said issues to the person who inform leads or file complaints as per the established procedure in a timely manner.

In addition, in a case where leads are informed or complaints are filed with honest intention without any foul aim to destroy the reputation of the Company or related persons; and the Company is found guilty of violation of right of any parties by the court as per the accusation of the said persons, those parties are entitled to compensation made by the Company as deemed appropriate based on the reasonable case and related laws.

As of September 30, 2016, there were no complaints via the channels provided by the Company.

In this regard, the Company had clear policy and determination to ensure compliance with related laws and regulations so as to ensure that right of all stakeholders were protected to the best of its ability in the past year. The Company did not provide any monetary support to companies other than its subsidiaries and there was no significant violation against the laws on labors, consumers, business competition, and environment. In addition, there were neither actions taken by regulatory agencies against the Company regarding incorrect notification or disclosure of material events nor any lawsuits taken by trade partners, creditors, and competitors against the Company.

## INFORMATION DISCLOSURE AND TRANSPARENCY

### 1. Information disclosure

The Company recognizes the importance on disclosure of significant information of the Company, both financial and non-financial information as well as other material information, which may affect of the price of share of the Company, in a correct, complete, transparent, and trustworthy manner. The information is provided to all shareholders fairly and just. The Company has determined the method of information disclosure via all channels of communication as follows:

1. The Board of Directors is responsible for disclosure of data and information of the Company, including the financial, non-financial, and other information as per the criteria of the laws, SET, and SEC in a correct, complete, and transparent manner in a concise and simple language. Significant information of positive and negative effects are to be revealed subsequent to the established consideration process, taking into account the level of necessity on maintaining confidentiality of business insight, strategies, or any information which could lead to loss of benefits and competitive edge upon disclosure.
2. The Board of Directors is responsible for the reporting of information and performance in various aspects as required in the format of annual information report (56-1 Form) and annual report (56-2 Form) in a complete, correct, and timely manner as required by related laws and rules of SET, SEC, and other related agencies. Such information is to be disclosed in the Company's website as well so that shareholders and all stakeholders are equally provided with correct information.
3. The Board of Directors is responsible for the reporting of financial statements prepared by the Company whereby the responsibility of the Board of Directors was disclosed together with the auditor report on page 119 and 158 of this year's annual report. Also, the Board of Directors supervises that the management prepares the financial statements and financial information in a correct and complete manner in accordance with the Generally Accepted Accounting Principles of Thailand and the accounting standards determined by the Institute of Certified Accountants and Auditor of Thailand. It is to ensure that proper accounting policies are adopted and adhered to on a continuous basis, together with careful consideration and rationalization to ensure appropriate and adequate preparation and disclosure of significant information in the note to financial statements.

KPMG Phoomchai Audit Ltd. was appointed by the Annual General Meeting of Shareholders for the year 2016 as the auditor of the Company for the financial report of the 9 months period ending September 30, 2016. The auditor was of knowledgeable and expertise, met all the requirements, was independent and was without any conflicts of interest with the Company. As such, the Board of Directors was confident that the financial statements of the Company are correct and trustworthy. As for some of the Company's subsidiaries overseas which does not nominate an auditor from the same audit company as the Company, whether due to some legal limitations or regulations, the Company has determined appropriate measure to ensure that the consolidated financial

statement can be prepared on time. In the past year, the Company was able to prepared and filed the consolidated financial statement as well as the financial statement to the related supervising agencies in a complete and timely manner.

In addition, the Board of Directors realizes the importance of effective internal control, which leads to efficient operation of the Company and the preparation of financial reports in a correct and complete manner. In addition, a mechanism to prevent any material frauds and irregular operation was put in place as the Company appointed the Audit Committee to be responsible for the review and oversight to ensure that the Company has appropriate internal control and effective audit system. This was to ensure that reports and records on the accounting information was correct, complete, and adequate. In addition, the Board of Directors assured confidence among shareholders by assigning the Audit Committee, which consisted of the Independent Directors, to be responsible for the internal control system. Opinions of the Audit Committee on this subject matter was as appeared in the report of Audit Committee on page 120-121 of this year's annual report, and opine that the financial statements of the Company and subsidiaries as at September 30, 2016 were correct, complete, and fairly presented.

4. The Company has assigned the Investor Relations Department to be the contact point for communication and provision of information to institutional investors, shareholders as well as related analysts in a correct and fair manner. The communication channel was available on the Company's website under the "Investor Relation" section. In addition, a department was designated to disseminate and promote operations and projects of the Company via the press to disclose significant information for the public in a correct manner.
5. The Company arranges for communications channels where easy and fair access to information is provided to shareholders, investors, and the public. The information is available in both Thai and English versions and they are available on the website of the Company, which serves as another key portal to its material data. The Company ensures that its website is accessible and constantly updated so that investors and interested parties can access to the Company's information in a correct, fast, and fair manner. In this regard, the information on the Company's website may differ from the disclosed information depending on limitations and website development technology. However, no significant difference should incur in terms of its essence.

As of September 30, 2016, the Company organized a press conference on performance and business direction and its attendance in the Opportunity Day event held by the SET while the meetings with analysts were held in each quarter during the year.

## 2. Oversight of the use of insider information and conflict of interests

### 2.1 Oversight on the use of insider information

The Company regards that the use of insider information is among key responsibilities of directors, executives, and employees whereby all parties are expected to keep the information confidential, especially the internal information which has yet to be disclosed to the public or that which incurs significant impact toward the business operation or share price. It is determined that there would be no abuse of opportunity or information received in the tenure of Directors, senior executives, or employees of the Company for personal gain. Moreover, certain information is restricted and to be disclosed only to Directors and related senior executives of the Company. In addition, the Company requires that executives should report their ownership in securities and the changes thereof to SEC as per the section 59 of the Securities and Exchange Act B.E 2535. Additionally, the Company has determined policies in writing to prohibit Directors, executives, and employees to whom the insider information is disclosed, and their spouse, and children who are minors, to conduct sale and purchase transactions of the Company's securities prior to the announcement of the financial statements of the Company to the public for a period of at least one month. Any violation against the said policy shall incur disciplinary actions, which range from warnings to termination of employment as well as court trial as per the laws. Related announcements and communications are regularly disseminated to Directors, executives, and all employees of the Company in advance.

### 2.2 Conflict of interest

The Board of Directors and executives of the Company are precautionous about any conflict of interest which may occur in practice and oversee that no Directors, executives, and related parties exploited the insider information for personal gain. In addition, it is determined that Directors and executives of the Company should report their interest as required by the law and Board of Directors.

In the occasion where the intercompany transactions entered into between the Company and other persons which may incur conflict of interest or may incur so in the future, the Board of Directors has determined the guideline for implementation which strictly complies with the related laws and regulations. The Audit Committee was assigned to provide the opinion on the necessity and appropriateness of the above mentioned transactions. In a case where the Audit Committee lacks of expertise required for consideration on a particular transaction, it may hire an independent expert or auditor of the Company to provide opinion on the transaction so as to provide adequate information for consideration of the Board of Directors or shareholders as the case may be; and to prevent the conflict of interest. The Board of Directors has determined policies and guideline for preventing Directors, executives, and employees of the Company from exploitation for personal gain whereby Directors, executives, and employees are to avoid conducting related transactions with the Company, which may incur conflict of interest.

In addition, to prevent the conflict of interest, the Company has established the policy overseeing any transactions which may incur the conflict of interest whereby Directors who have any conflict of interest in any agenda shall abstain from voting or not engaging in consideration of the agenda. In addition, policies and methods were determined to prevent executives and related persons to exploit the insider information for personal gain.

As of September 30, 2016, no action was taken by any related supervising agency against the Company with regard to the announcement or disclosure of incorrect significant information and instruction to amend the financial statement. In addition, all financial reports, both quarterly and annually, have been filed in a timely manner and no complaints regarding wrongdoings involving the abuse of insider information by Directors and executives nor any malpractice regarding the conflict of interest were made. This reflected that the policies and guideline for conflict of interest determined by the Board of Directors of the Company were sufficient.

## RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors has roles and responsibilities to oversee management to achieve the targets and in a manner that delivers optimal benefits to shareholders. At the same time, it takes into account the benefit of all stakeholders. Appropriate delegation of structure, qualifications, and scope of authority of the Board of Directors would be beneficial to performance of the Company. Persons to be appointed as Directors should be equipped with knowledge, ability, experience, vision, and honesty; and they could manage their schedule to ensure they deliver full performance as required for Director position. They should have independence required for decision making for the best interest of the Company and shareholders. The Board of Directors has put in place committees or sub-committees to study, consider, filter, and support the works of the Board of Directors in order to enhance their performance. To ensure clear scope of responsibility and work efficiency of the Board of Directors, the following structure, framework, and authority of the Board of Directors and sub-committees were determined as follows:

### 1. Structure and components of the Board of Directors

The Board of Directors shall consist of not less than 5 Directors as per the Articles of Association of the Company.

As of November 16, 2016, the Board of Directors consisted of 9 Directors, one of which was Executive Director and the other 8 was Non-Executive Directors, where 4 of them were Independent Directors. Details of the Board of Directors were as appeared in Section 11. Management structure in the page 53-65 of this year's annual report.

In this regard, the independence of Independent Directors of the Company was qualified as per the laws regarding securities and exchanges and other related laws. Details of the independence requirements of Independent Directors were as appeared in Section 11. Management structure in the page 53-65 of this year's annual report.

### 2. Nomination of Directors

The Board of Directors assigned the Nomination Committee to consider candidates for Director position through consideration of persons whose qualifications, knowledge, ability, experience, age, gender, multi-disciplinary knowledge, professions, specialty, and skills enhance the capability of the Board. The qualification of Director and/or Independent Director as per the law on public company limited, securities

and exchange, and other related laws; and regulations of the Company shall also be taken into account for consideration.

The shortlist candidates will be proposed by the Nomination Committee to the meeting of Board of Directors or meeting of shareholders for consideration as the case maybe. In this regard, the appointment of the directors by the meeting of shareholders are carried out in accordance with the criteria and methods as stipulated in the Articles of Association of the Company and/or the related laws.

### **3. Roles, duties, and responsibilities of the Board of Directors**

The Board of Directors has responsibility towards shareholders to perform their tasks with honesty and honorable intention. It is to devote their time, knowledge, skills, ability, and experience for the benefit of business operation of the Company. It is obliged to provide recommendations and see to it that the operation of the Company is strictly in compliance with the laws, objectives, Article of Association, and resolutions of the meeting of shareholders. In addition, it is to efficiently and effectively oversee, supervise, and monitor the management and operation of the Company according to the policies, business plans, and targets, taking into account the precaution on interests of all stakeholders.

In this regard, the Board of Directors considers, determines, and makes arrangement to put in place the finance and accounting systems, internal audit, risk management and internal control to ensure its propriety, adequacy, and credibility. This is in order to ensure that the operation is carried out in a correct and complete manner in accordance with the related laws. In addition, it is responsible for ensuring that shareholders are treated fairly; interests of shareholders and all stakeholders are protected; and information is disclosed in a correct, complete, and timely manner.

Directors are prohibited from engaging in or being partner or directors of businesses which are similar to that of the Company where they are deemed competitors of the Company and its subsidiaries. It is determined that any directors or persons who are deemed to incur possible conflict of interest or any conflict of interest against the Company or its subsidiaries (as per the Articles of Association, laws, and notifications of SEC and SET) are to abstain from voting in such related agenda.

The Board of Directors is to comply with all criteria and conditions as stipulated by the law in a case where approval of meeting of shareholders is required for any performances or approval of any businesses.

The Board of Directors is authorized to assign one or more Directors to serve as Vice Chairman as deemed appropriate.

The Board of Directors is authorized to empower some Directors and/or executives of the Company as Executive Directors to perform one or several tasks on behalf of the Board of Directors. The scope of empowerment shall be within the authority of the Board of Directors and shall be explicitly described. The Board of Directors is also authorized to appoint sub-committees to support its works and it is authorized to revise the scope, responsibility, and authority of the sub-committees as deemed necessary or appropriate.

The Board of Directors is authorized to appoint a director as the Managing Director to perform duties as determined by the Board of Directors; and it is authorized to revise the scope, responsibility, and authority of the Managing Director as deemed necessary or appropriate.

In this regard, the above empowerment shall not be in the nature of power of attorney or substitute power of attorney that allows the attorney-in-fact to approve transactions where he or persons may incur conflict, interest, or conflict of interest (pertaining to the law, Articles of Association of the Company, notifications and criteria of SEC and SET) against the Company or its subsidiaries unless approval of transactions is made in accordance with the policy and criteria approved by the Board of Directors. In this regard, persons with conflict of interest shall abstain from voting in such agenda.

### **4. Roles, duties, and responsibilities of the Chairman of the Board of Directors**

The key roles and responsibilities of Chairman of the Board of Directors are as follows:

1. To take responsibility as the leader of the Board of Directors to oversee and monitor the management of the Company to achieve the objectives as stated in the policies;
2. To chair the meeting of Board of Directors and meeting of shareholders;
3. To be the deciding vote in case of equal voting results; and
4. To perform other tasks as required by the law.

## 5. Meetings of the Board of Directors and sub-committees

### Board of Directors Meeting

The Board of Directors has determined that an ordinary meeting is to be held on a quarterly basis while extraordinary meetings may be held if necessary. Meeting dates for the entire year are to be scheduled in advance and proposed to the meeting of directors and sub-committees for consideration in order to facilitate directors to allocate time for attendance properly. With regards to the meeting of Board of Directors, the Chairman or assigned persons are to submit the invitation letter along with complete set of meeting documents for each Director at least 7 days prior to the meeting date unless there are any emergencies to protect the rights or benefits of the Company where meeting dates and schedules may be notified earlier or by other methods.

Each meeting of Board of Directors requires at least half of the numbers of all directors to constitute quorum and the Chairman of the Board of Directors is to chair the meeting. In case the Chairman is absent from the meeting or could not perform the task at the meeting of the Board of Directors, the Vice Chairman is to chair the meeting. If there is no

Vice Chairman or the Vice Chairman could not perform the task, directors are entitle to select a director to chair the meeting.

The Board of Directors has determined that the Company Secretariat is to record the minutes of meeting in writing. After the minutes are approved by the Board of Directors, the minutes of meeting are to be stored in a manner that they are ready for audit by related persons at all time.

Although the meeting of Board of Directors are scheduled on a quarterly basis, the management is obliged to submit, on a monthly basis, the monthly performance report to directors via email for acknowledgement during the months where no meeting is held.

### Sub-committees Meeting

Meetings of sub-committees are scheduled in advance for the entire year while additional meetings may be held as necessary. Minutes of the meetings are to be prepared for each meeting.

The numbers of meetings and details of attendance of each Director and sub-committee Director, as of November 16, 2016, are summarized below

### Details of meeting attendance of Directors<sup>(1)</sup>

Name	Board of Directors Meeting/ Attendance	Audit Committee Meeting/ Attendance	Executive Committee Meeting/ Attendance	Nomination Committee Meeting/ Attendance	Remuneration Committee Meeting/ Attendance	Risk Management Committee Meeting/ Attendance	Good Corporate Governance Committee Meeting/ Attendance	Meeting of the Non-Executive Director/ Attendance
Mr. Prasit Kovilaiakool	6/6	-	-	4/4	4/4	-	-	1/1
Mr. Thapana Sirivadhanabhakdi	6/6	-	10/11	4/4	4/4	-	2/2	-
Mr. Vikrom Koompirochana	6/6	8/8	-	4/4	4/4	-	2/2	1/1
Ms. Potjaneer Thanavarant	6/6	8/8	-	-	4/4	-	2/2	1/1
Mr. Chai Jroongtanapibarn	4/6	8/8	-	-	-	6/6	2/2	1/1
Mr. Sithichai Chaikriangkrai	6/6	-	11/11	-	3/4	-	-	-
Mr. Ueychai Tantha-Obhas	5/6	-	11/11	-	-	-	-	-
Mr. Marut Buranasetkul	6/6	-	11/11	-	-	5/6	2/2	-
Mr. Pisanu Vichiensanth	6/6	-	11/11	-	-	4/6	-	-

### Remarks

- (1) In case of absence from the meeting of Board of Directors and sub-committees as per the above table due to inevitable matter, Directors shall notify their absence in advance.

## 6. Leadership and vision

The Board of Directors endorsed the vision, mission, strategies, goals, business plans, and budget of the Company. The meeting of Board of Directors is scheduled at least on a quarterly basis in order to monitor the performance of the Company and to acknowledge significant actions taken by the management. The Board of Directors put in place the mechanism to oversee, monitor, and assess the performance of executives to ensure alignment with the short-term and long-term goals.

The Company has determined the vision and mission which are suitable and in alignment with the business operation of the Company and reviews them constantly to ensure that they accord to the current situations and economy. The vision and mission are disclosed in the Company's website as follows:

### Vision

"To be the leader of Japanese food and beverages for better quality of new generations' life."

### Missions

1. To maintain quality production and business services on healthy food and beverages, to build and maintain popularity of the "Oishi" brand among consumers, and to place importance on production of quality products with sound hygienic management;
2. To use safe raw materials and achieve ultimate satisfaction of customers for our brands to be recognized in Thailand and overseas; and
3. To improve the production process on a continual basis by opting for modern technology in production process and product development, and
4. To increase production and competition efficiency in terms of price and quality to outperform competitors in Thailand and overseas, which will drive the Thai economy and the nation's economic growth.

The Board of Directors' Meeting No. 6/2016 held on November 16, 2016 considered and resolved that those vision and mission remain appropriate and in alignment with the business operation of the Company.

In addition, Thai Beverage Public Company Limited ("ThaiBev") has determined the "2020 Vision" consisting of 5 key strategies i.e. growth, diversity, brand, reach, and professionalism. The vision established the plan and long-term business goal for all businesses under ThaiBev's umbrella to ensure alignment of business direction, which will enhance ThaiBev Group's strength, allocation and management of joint resources, the competitive edge, and sustainable returns for shareholders of each business. At the same time, it provides a challenge opportunity for personnel of ThaiBev Group to enhance their potential and career advances.

## 7. Check and balance of Non-Executive Directors

The Company has determined the policy to organize the structure of the Board of Directors to retain the balance between the ratio of Independent Directors, Executive Directors, and Non-Executive Directors in order to ensure the check and balance on performance of the Board of Directors.

In addition, the Company has policy to encourage Non-Executive Directors to hold meetings among them as deemed appropriate without the attendance of management or Executive Directors so as to provide an opportunity for the Non-Executive Directors to discuss matters or issues regarding business operations or other matters as deemed appropriate. The Non-Executive Directors are to select one among them to chair the meeting.

In 2016, the Non-Executive Directors organized one meeting without attendance of the management and Executive Directors on August 9, 2016.

## 8. Centralization or segregation of position

The Chairman of the Board of Directors and the Managing Director are two separate persons in order to clearly segregate the duties of supervision from management. The Chairman of the Board of Directors serves as the leader of the Board of Directors for consideration and endorsement of overall policies such as vision, mission, strategies, and corporate governance policies while the Managing Director serves as the leader of executives and management whom responsible for the management of the Company in accordance with the policies set forth by the Board of Directors.



## 9. Term of Office

In each Annual General Meeting of shareholders, Directors whose terms are the longest shall retire by rotation at the ratio of one third of all Directors. If the numbers of directors do not allow three portions, the most proximate number to one third shall be referred to instead. In this regard, directors who retire by rotation may be nominated as candidates for re-election by the meeting of shareholders, except for independent directors who should not assume the term in office exceeding 3 consecutive terms or a period of 9 years unless they are qualified to hold the position for a longer period. The Board of Directors may consider the independence, appropriateness, and performance efficiency; and clarify its grounds and the director's performance for consideration of shareholders to re-elect independent directors who have served for more than 3 terms or 9 years for another term.

Apart from retiring by rotation, the Board of Directors may leave the office as stipulated by the laws or the Articles of Association of the Company. In a case where Director position is vacant due to reasons other than retirement by rotation, the Board of Directors are entitled to select persons whose qualifications are not prohibited by the laws to fill in the vacancy unless such office has less than 2 months term. The newly appointed director shall serve at the remaining term of office. In this regard, the appointment requires approval of the Board of Directors with the votes of not less than three-fourth of remaining directors.

## 10. Director assessment

The Company has policies for the Board of Directors and all of the sub-committees to conduct self-assessment at least once a year for the purpose of development and improvement of their performance. The Board of Directors' Meeting

No. 7/2015 held on November 10, 2015, had a resolution approving the revised self-assessment form, both for each committee as well as individual director, the principle of which was in accordance with the self-assessment form of SET. The form was to be used by the directors to assess the performance of the Board of Directors all sub-committee for the year 2015 and onward.

In 2016, the Board of Directors as well as all of the sub-committees had completed the self-assessment form, both for each individual director as well as as a committee.

## 11. Determination of Director Remuneration

The Board of Directors has put in place the system to consider and determine remuneration of Directors, consisting of proper and auditable procedures to enhance confidence of shareholders.

In this regard, the Board of Directors assigned the Remuneration Committee to consider all types of remuneration of directors and members of all sub-committees i.e. monthly and lump sum remuneration as well as other benefit-in-kind (if any). The matter is proposed to the Board of Directors to ensure appropriateness prior to being proposed to the meeting of shareholders for further approval.

All forms of remuneration of directors are determined by the Remuneration Committee through benchmarking against peers and businesses of similar sizes. The remuneration shall be appropriate and in alignment with duties and obligations, performance, and assigned responsibilities. It should be able to attract Directors with proper qualifications and ability to serve the Company or perform duties to achieve the objects, goals, and business direction of the Company.

## 12. Orientation

The Board of Directors arranges the orientation of all new Directors for them to understand expectation of the Company with regards to roles, duties, and responsibility of directors, policies and guideline on corporate governance of the Company; to learn more about business, products, business plans, and operations of the Company; and to visit different operations of the Company to ensure they are ready to serve as director of the Company.

## 13. Director development

The Company has policy to encourage and support all Directors of the Company to attend seminars and participate in training courses organized by the Thai Institute of Directors Association (IOD), SET, and other independent organizations or agencies to promote knowledge, which will benefit the performance efficiency.

In 2016, the following Directors has attended courses held by the IOD:

Name	Position	Course
Mr. Vikrom Koompirochana	Independend Director	Role of the Chairman Program,
	Chairman of the Audit Committee	Class 39/2559
	Chairman of the Nomination Committee	Advanced Audit Committee Program,
	Remuneration Committee	Class 23/2559
	Good Corporate Governance Committee	
Ms. Potjanee Thanavaranit	Independend Director	Driving Company Success with
	Audit Committee	IT Governance (ITG 2/2559)
	Chairman of the Remuneration Committee	
	Chairman of the Good Corporate Governance Committee	

#### 14. Succession plan

The Company prepares and monitors the succession plans for the Managing Director and senior executive positions in order to ensure that the Company has executives who are equipped with knowledge, ability, and experience for succession in key positions in the future. Review and reports are made as deemed appropriate. This is to encourage and ensure readiness for senior executives for the purpose of succession in key positions of the Company.

The Company arranges for its senior executives to attend Director Certification Program (DCP) or Director Accreditation Program (DAP) organized by the Thai Institute of Directors Association to build a solid foundation of understanding on criteria for their duty performance and responsibility of Directors of listed companies, which enhance their readiness and benefit executives in terms of working to support the Board of Directors.

#### 15. Company Secretary

The Board of Directors appointed the Company Secretary to ensure compliance with laws and corporate governance principles whereby the scope, authority, and responsibilities are as follows:

1. Has authority to contact and sign in documents to be submitted to the Stock Exchange of Thailand; and
2. Has roles and responsibilities as stipulated by the laws on securities and exchange and rules and regulations determined Capital Market Supervisory Board and/or other supervising agencies.

#### 16. Sub-committees

The Board of Directors appointed 6 sub-committees to support on oversight of the Company's operation namely the Executive Committee, the Audit Committee, the Risk Management Committee, the Nomination Committee, the Remuneration Committee, and the Good Corporate Governance Committee. The compositions, qualifications, meetings, term of office, scope, duties, and responsibility of the each sub-committee are established by the Board of Directors as stipulated in the related charter or appointment directive.

In addition, the Board of Directors has determined that details of the structure, compositions, roles, duties and responsibilities, performance, attendance, amount of remuneration of the Board of Directors, the sub-committees, and signatory Directors are to be described in Section 11. Management structure on page 53-65 of this year's annual report.

#### 17. Communication and promotion on compliance with corporate governance and Code of Conduct of the Company

The Board of Directors sees significance of dissemination and promotion of awareness and understanding of all employees in the organization regarding compliance with the corporate governance and Code of Conduct of the Company. This is in order to achieve the objectives and determination on developing and elevating the corporate governance of the Company.

Therefore, the Board of Directors has established the policy to communicate to employees about the policy on corporate governance and Code of Conduct of the Company on a continual basis. Also, activities to promote knowledge and understanding of procedures to monitor compliance with policies and the Code of Conduct of the company have been organized for the purpose of improvement and development of compliance to rules and regulations to ensure the entire organization have the common goals.

#### 18. Internal control and audit system

The Company has put in place extensive internal control for all aspects so as to ensure that the operations of the Company are in compliance with the related goals, principles, and regulations. The audit mechanism is also put in effect to ensure check and balance which is sufficient to protect, secure, and oversee the capital of shareholders and assets of the Company. Command line for approval was established along with liability of executives and employees. Work regulations were determined in writing and the Internal Audit department conducts audit of all functions to ensure correct and careful operations in a manner that prevents frauds and corruption while ensuring compliance with related rules and regulations. The Audit Committee monitors the operation of the Company to ensure effective internal control and trustworthy financial system through consideration of the direct report from the Internal Audit Department of the Company.

The Company encourages and supports the Internal Audit Department to work with independence in order to ensure the efficient check and balance by having it reporting directly to the Audit Committee. This is to ensure that the operation of the Company is carried out strictly and effectively in compliance with the guideline. In each meeting of the Audit Committee, the head of Internal Audit Department reports on significant findings to the Audit Committee for acknowledgement. In addition, the Audit Committee is to submit the report and recommendation thereof to the management in order to notify them about any areas where there is opportunity for improvement. In this regard, the Internal Audit Department works to support the Audit Committee with regards to complaints and leads filed by internal and external parties.

## 19. Risk Management

The Board of Directors recognizes the importance of management of risks which may incur to the Company. As such, the Risk Management Committee was established and consisted of director and executives of key functions of the Company to take responsibility in assessment and management of risks of the company as well as corruption risk. The Risk Management Committee shall discuss to assess the primary, secondary and immaterial risks and makes suggestions on amendments, management or minimization of negative effects from different types of risks. Moreover, it monitors the progress to ensure appropriate and continual implementation and prepares related report to be proposed to the Board of Directors on a quarterly basis, which forms part of the annual report. Primary risks of the Company are as per details in Section 7. Risk factors on page 40–43 of this year's annual report.

In this regard, the Board of Directors has established the policy on corporate governance and Code of Conduct of Oishi Group as guideline for business practice for directors, executives, and employees of the Company. The Board of Directors review and revise the corporate governance principle on a regular basis. In 2014, the Board of Directors established the Good Corporate Governance Committee to support the work of the Board of Directors on corporate governance. The Good Corporate Governance Committee has reviewed and revised the policy to be adaptable to any possible changes as result of business operation, environment, situations, including rules and regulations. The revised corporate governance policy was effective from 11 November 2014 onwards and was disclosed in the Company's website under the topic of corporate governance.

In 2016, the Board of Directors, executives, and employees of the Company ensured compliance with the corporate governance and Code of Conduct of Oishi Group. Monitoring and assessment of policy compliance was conducted on a regular basis. In the past year, the Company violated no laws or regulations of SEC and SET and was rated by Thai Institute of Directors Association as "Very Good" with regard to good corporate governance of listed company for the year 2016 as well.



---

## CORPORATE SOCIAL RESPONSIBILITY REPORT

---

## CORPORATE SOCIAL RESPONSIBILITY REPORT

### **CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY AND PERFORMANCE FOR BUSINESS AND SOCIAL SUSTAINABILITY (CSR-IN-PROCESS)**

Through the determination of Oishi Group Public Company Limited to operate its business with social responsibility in all aspects, society and environment, as well as the well-being of its employee involving the concept “Safety must be provided when working”, as a result, in 2016, the Company’s beverage production plant located in the Navanakorn Industrial Estate was awarded the “National Outstanding Industrial Establishment Award for Safety 2016” by the Ministry of Labor for its outstanding production process and work environment that meet international standards. This achievement is a pride and the inspiration for the Company to continuously improve its products and services while giving back to society through various social activities. The Company has applied guidelines for social and environmental responsibility as a part of its business operation (CSR-In-Process) by setting and implementing the following policies.

#### **1. Good Corporate Governance**

The Company has formulated the structure and process of establishing relationships between the Board of Directors, the managements and the shareholders to enhance its competitiveness which will foster sustainable growth and value for the shareholders

with consideration on other stakeholders, the Company has established the Good Corporate Governance Policy, which has been published on the Company’s website under category “About Oishi”, sub-category “Corporate Governance”. The Good Corporate Governance Policy consists of five main sections as followed.

##### **1.1 Rights of Shareholders**

The Company realizes that its shareholders are part owners of the Company and control the Company via appointment of the Board of Directors as their representatives. Hence, the Company has always respected all of the shareholder’s rights being major shareholders, minor shareholders, foreign shareholders or institutional investors, and is determined not to act in any way that deprives the fundamental rights of shareholders while facilitating shareholders to exercise their given rights.

##### **1.2 Equitable Treatment of Shareholders**

The Company emphasizes the fair and equitable treatment of all shareholders, being major shareholders, institutional investors, foreign shareholders or minor shareholders. It has established a policy to oversee, protect and support all shareholders to be treated fairly and equally to build shareholder’s confidence and trust, which are the most important factors for future investments with the Company.



### 1.3 Roles of Stakeholders

The Company emphasizes the importance of all internal and external stakeholder rights. All stakeholders of the Company shall be provided with the best care of the Company based on their rights under the relevant laws. The Company has established the process to encourage cooperation between the Company and the stakeholders to enhance the stability and sustainability of the business. In addition, the Board of Directors has set successful policy for stakeholder equality according to its targets, model and method. In compliance with the policy, the Board of Directors has prepared the Company's business ethics to notify all directors, executives and employees of the standard operating procedures expected by the Company, including treatment of shareholders, customers, business partners, competitors, overall society, and the treatment among the employees. The Company's business ethics has been published on its website under category "About Oishi", sub-category "Corporate Governance". The Board of Directors has also established the mechanism and process to monitor and ensure strict and continuous compliance so that all stakeholders may rest assured they will be protected and treated well by the Company.

### 1.4 Disclosure and Transparency

The Company has disclosed significant information, including financial and non-financial information, accurately, completely, timely and transparently via an easily

accessible channel upon equitability and reliability basis. It has also established the effective process to monitor the use of internal information and conflict of interest. In 2016, the Company has neither late submission of its financial reports, being quarterly report or annual report, nor received any complaints of wrongdoings concerning the use of internal information by the directors and executives or misconduct in controlling conflict of interest. Therefore, it is apparent that the policy or the guideline established by the Company is effective for properly controlling such matters.

### 1.5 Responsibilities of the Board of Directors

The Company has established the structure, qualifications and authority of the Board of Directors that are appropriate and beneficial to the effectiveness of its performance. The person appointed as the Company's director shall possess acceptable knowledge, competence, experience, vision and integrity and able to contribute his/her full time and dedication as the director of the Company. The Company's director shall also possess the freedom to make decisions for the maximum benefit of the Company and all shareholders. Moreover, the Board of Directors has set up committees and sub-committees to study, consider, screen and support the activities of the Board of Directors, in order to optimize efficiency, ensure clear and effective performances of the Board of Directors, and maximize the benefits of all groups of stakeholders.



Details of compliance with the good corporate governance are provided in the Corporate Governance and Compliance Report: page 123-140 of this year's annual report.

## 2. Fair Business Operation

The Company and its subsidiaries have conducted their businesses in compliance with the related laws and regulations with transparency, disclosure of completed and traceable information. The Company also conducts its business according to the Company's business ethics and corporate governance policy. It adheres to the principles of good governance, business ethics and social environmental responsibilities; applies fair business competition strategy; creates quality products that meet international standards to establish trust and a positive image in addition to the benefits in terms of quality and price for its customers. Moreover, the Company treats all interested parties fairly and equally by taking into account benefits and possible impact to its shareholders, employees, community, society, environment, business partners, customers, the public, governmental organizations and other stakeholders as they are all considered significant elements that will encourage, foster and support the Company's operations for prosperity and sustainable growth.

Furthermore, the Company has established a clear policy to oppose and reject all forms of internal and external fraud and corruption as part of the Company's business ethics and

corporate governance policy. The policy also contains fraud and corruption prevention process through effective internal controls and internal audit systems and a systematic risk management process for fraud and corruption.

## 3. Anti-Corruption

The Company operates its business with transparency and adherence to integrity by formulating anti-corruption guidelines as part of its corporate governance policy and supporting activities that provides knowledge, creates values and cultivates all executives and employees to respect the related laws and regulations and insists on neither doing any corruption for one's own interest nor accepting an accomplishment obtained by corruption. The Company's anti-corruption process and operating guidelines are as follows.

- 1.1 To establish business risk management by identifying risks and causes of corruption for stringent corrective and preventive actions, ensure maintenance and compliance with the operating guidelines for anti-corruption, and continually review on relevant operating procedures.
- 1.2 To build up trust by expressing business leadership through a role model of anti-corruption, as well as supporting and monitoring continuous and strict compliance with the anti-corruption procedures.





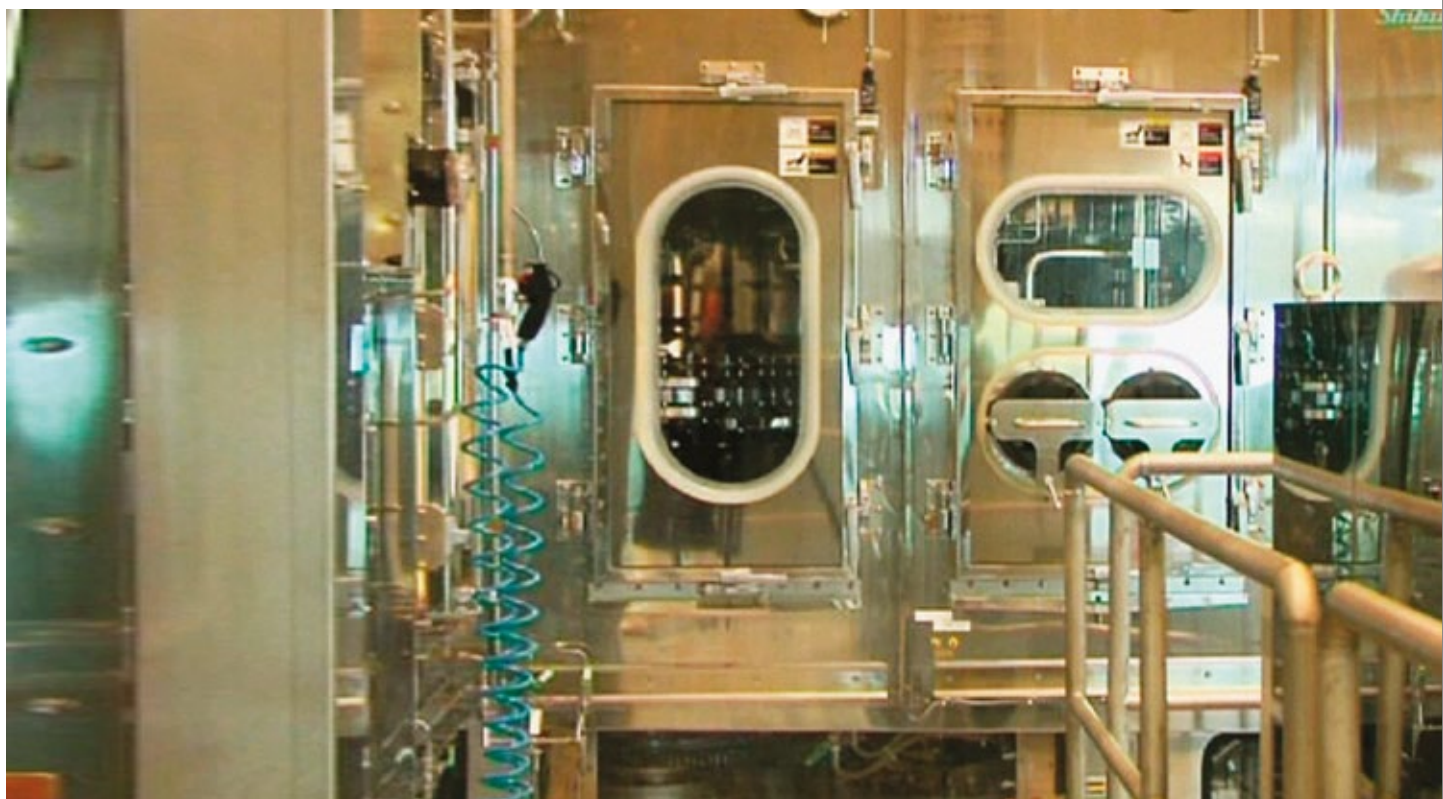
- 1.3 To encourage, raise awareness, create values and foster integrity attitude among employees.
- 1.4 To establish and maintain an effective anti-corruption system by having proper audits and balance of power, incorporating communication channels for corruption reports and complaints into the Company's corporate governance policy, and determining the regulations for handling complaints, whistle blowing and protection, in accordance with the corporate governance policy of the Company and its subsidiaries to ensure that all complaints and evidence will be properly and systematically managed and that all whistle blowers, complainants and employees will be well treated and protected.
- 1.5 To encourage employees and business partners to report non-compliance with the business policy and unfair practices via the channels provided and under the procedures stated in Clause 1.4.
- 1.6 To perform anti-corruption by providing support or taking part in the anti-corruption organization or other relevant agencies engaging in the same manner of the anti-corruption missions.

#### 4. Respect for Human Rights

The Company adheres to its corporate culture and business ethics in terms of respect for human rights. It has established procedures on human rights abuses and violations as part of the Company's corporate governance policy by declaring its clear intention not to support or conduct business with any entrepreneur involving in human rights abuses and violations, to treat all employees fairly and equally and promote equality by providing them with welfare, occupation health, safety and appropriate remuneration, as well as to avoid all forms of child labor.

#### 5. Fair Labor Practices

To maintain the principles of good governance in its business operations, the Company treats all employees fairly and in compliance with the relevant laws and regulations i.e. respecting employees' rights to work according to the principles of human rights without discrimination; providing equality in the process of screening and recruiting human resources that are appropriate with each position; considering appropriate benefits including revenue and welfare; and promoting career path and opportunity by encouraging all employees to learn and develop their potential in order to exalt professionalism.



## 6. Responsibility for Consumers

The Company determined to develop high-standard products and services that pose no harm to consumers and no environmental impact. Given the importance of every step of manufacturing and service management, in the food business, the Company's "Central Kitchen" is a food production plant that meets international standards as every production process meets the universal export standards under the internationally accredited product and service quality management systems including GMP/HACCP and BRC (British Retail Consortium) regarding food safety systems with Grade A assessment. The plant is registered as an establishment for exports by the Department of Fisheries with an excellent assessment level (Category 1 factory). In addition, the Company has applied "QSC + 2Vs" strategy which refers to the quality of food that is hygienically cooked and processed and uses selected fresh, clean and safe natural ingredients. In addition, the Company is the first company in Asia applying "IQHSM" (Integrated Quality Hygiene Safety Management) or "Internationally Integrated Quality, Hygiene and Safety of Food" to its restaurant business management since 2008, resulting ISO 9001 (2008) Codex GMP/GHP 2003 and Codex HACCP 2003 accreditation.

As for the beverage business, the Company is a role model for Thai businesses in applying the Cold Aseptic Filling technology from Japan to the manufacturing process of "Oishi Green Tea" beverage. The natural quality green tea leaves processed by this technology maintain the authentic taste and value of Japanese traditional tea brewing. The Company's manufacturing plant is also the first plant in Thailand that uses the Double Clean Room technology which guarantees that the manufacturing process is under the cleanest environment comparable to a hospital's operation room.

In addition, the Company's beverage production plant located in the Navanakorn Industrial Estate, Pathum Thani Province and its industrial plant in Saraburi Province have been granted international standard accreditation based on the good manufacturing practices for food TAS 9023-2007 GMP Codex Alimentarius and other international standard accreditation in other systems such as TAS 9024-2007 HACCP Codex Alimentarius Hazard Analysis and Critical Point System (HACCP); ISO9001:2008 (Quality Management System); ISO22000:2005 (Food Safety Management System); ISO 14001:2004 (Environment Management System); HALAL Food Standards; and Green Industry Level 3, as well as the Acidified and Low-Acid Canned Foods (LACF) accredited by US FDA with regard to the processed and sealed low-acid foods. Moreover, the Company's beverage



production plant in Saraburi Province has been certified by the international food safety standard of BRC Issue 6 Global Standard For Food Safety. The consumers, therefore, can rest assured that they have chosen the highly safe products under the international standards mentioned above.

### 7. Community and Social Development

The Company has been in operation of its business for over 10 years in the Navanakorn Industrial Estate, Pathum Thani Province, the Amata Nakorn Industrial Estate, Chonburi Province, Wang Muang District in Saraburi Province, and Ban Bueng District, Chonburi Province. This resulted in abundant of employments in these areas, generating income and occupations for people in the communities and contributing to community stability. Moreover, the Company has created corporate alliances for participation in social responsibility by encouraging employees of Oishi Trading Co., Ltd., a subsidiary company located in the factory, to develop and share knowledge to the nearby communities through various activities in a bid to stimulate community participation in social activities and the power of network to push forward sustainable social development and environmental protection.

### 8. Environmental Management

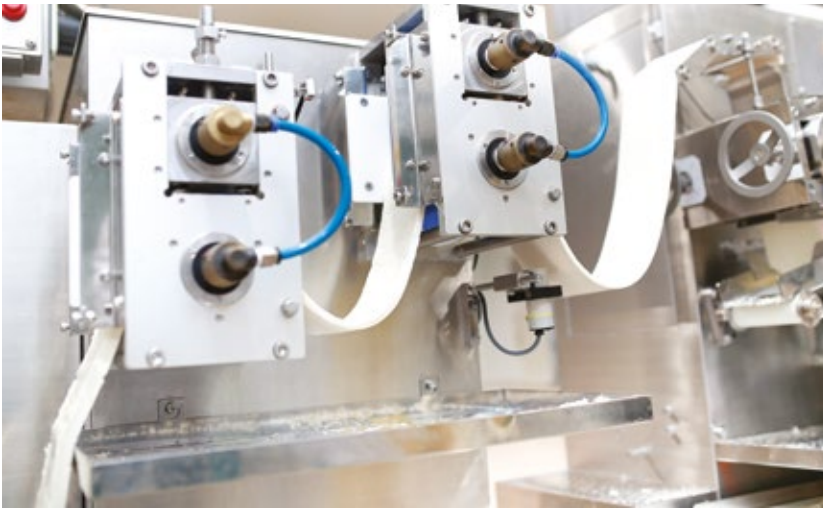
One of the Company's key policies, apart from developing operating processes for highest effectiveness, is emphasizing environmental management with responsibility and sustainability. This includes the pollution control, the energy consumption reduction and the effective use of resources. By carrying out these processes, the Company does not only obtain an environmental advantage, it also benefits from cost reduction as follows.

- **Oishi Green Tea Production Plant in the Navanakorn Industrial Estate** is the world's modern plant designed under the concept of a green factory for environment. It has applied energy-saving technologies to the building structure such as Econo-Pilot Cooling System that is used in Japan's industrial sector, and lightweight wall panels which help absorb external heat and saves energy up to 50%. Some parts of buildings are a transparent design to benefit from natural light as much as possible and to effectively reduce the electricity use. Additionally, the Company applies the improvement concept "Kaizen" to its manufacturing process as follows:





- Replace Air Compressor system which is the main air power unit for the tea bottle blowing process with Hi-Speed Motor Blower to reduce electricity loss by hundreds of thousands of baht a year.
- Install new equipment to bring Condensate water in the tea brewing process to be reused in the boiler system in order to produce Steam for the manufacturing process. Apart from the quality of the reused Condensate water that meets the manufacturing standard, this helps reduce energy in the Pre-heat process before going to the boiler.
- Install VSD equipment to control electric power distribution of High Pressure Pump to be concordant with RO water production. This helps save electricity in the RO water production and maintains the water quality standard.
- Replace T8 bulbs with LED bulbs to reduce electricity use by more than 60%
- Install pump to bring condensate water in RO water production system for reuse to reduce the temperature of the cooling system and water consumption in the cooling system.
- Reduce pressure of Air compressor of the bottle blowing machine from 40 bar to 34 bar to cut electricity use of Air compressor while the quality of bottle is maintained under to the specified standard.
- **Central Kitchen in Ban Bueng District, Chonburi Province** is a raw material manufacturing plant that meets international standards. It serves as a hub to prepare fresh food as ingredients for the Company's Japanese restaurants and the manufacturing of gyoza, sandwich products and seasonings such as sauce, dipping sauce and soup. As a high volume of water is used at the Central Kitchen, the Company has placed an emphasis on **"Wastewater Treatment System Management"**. All wastewater will be transferred to the factory's wastewater tank or **"Equalization Tank"** that adjusts pH balance and ensures consistency of overall wastewater condition. Then wastewater will be further treated in **"Aerated Lagoon"** by the floating-type Aerator which adds sufficient oxygen to the wastewater to naturally decompose organic substances. After that the wastewater will be transferred to "Polishing Pond" for condition adjustment and sedimentation of dirt and residue. The treated wastewater will then be reused to plant trees in the factory. Presently, the factory cuts electricity use in the aeration process by turning on 3 aeration fans and turning off another 2 fans while the quality of the wastewater discharged from the aerated lagoon is under controlling criteria. In addition, the Operate Boiler method is improved to reduce LPG consumption, resulting in a cut in LPG imports from 4 times a month to only 3 times a month. Also, the set point of cold water temperature in the chiller system is raised from 7 degrees Celsius to 8 degrees Celsius which is sufficient



to generate cool air flow for maintaining an ambient temperature of 25 degrees Celsius, saving 17% electricity use of the chiller system. These actions help save energy and cut the factory's expenses by hundreds of thousands of baht a year.

#### 9. Innovation and Diffusion of Innovation from Social Responsibility Activities

In compliance with Thailand's Roadmap or "Thailand 4.0", which is a new economic model aiming to turn the traditional economic structure into an "Innovation-Driven Economy", the Company, as the leader in Japanese style food and beverage, has relentlessly applied new technologies to create modern and socially responsible innovations to serve customer needs and establish highest customer satisfaction, especially in environmental innovation such as the use of advanced Cold Aseptic Filling system for the production of PET bottle production which helps reduce plastic use by 30% compared to the Hot Filling system. With more light-weight packaging due to less plastic use, the Company can considerably cut energy and fuel consumption in transportation, resulting in a highly cost saving and effective use of resources. Moreover, the Company believes that continual innovation development will create a balance of community, society and environment along with stable and sustainable business growth.

#### VARIOUS FORMS OF DONATIONS AND SOCIAL CONTRIBUTIONS OTHER THAN NORMAL BUSINESS OPERATION (CSR- AFTER- PROCESS)

In 2016, the Company maintained its position as market leader in Japanese-style food and beverage business and experienced robust growth in terms of sales and brand image as a result of the creation of innovative products, marketing activities and services that are modern, valuable and meet international standards under state-of-the-art and meticulous manufacturing innovation based on Japanese quality. Meanwhile, the Company has been determined to create social activities that are consistent with **Brand Essence** including (1) **Premium Mass Market Lead Innovation**; (2) **Uncompromised Japanese Quality and Taste**; and (3) **Playful Creativity**, and also **Brand Character** including (1) **Generous**; (2) **Playful**; and (3) **Sincere**. Furthermore, the Company has continually supported various social activities under "Give" project which covers education, environment, quality of life and urgent assistance in times of natural disaster locally and internationally.



The activities conducted by the Company in the past year are summarized as follows.

## 1) Activity for Child and Youth Development

### 1.1 "Im Jang" Project

The Company is determined to cultivate the concept of being good persons by fortifying morality among youths by using Oishi food and beverage products as a significant tool. It initiated "Im Jang" Project in which employees having volunteer spirit are invited to a special meal donation for children at Wat Anek Dittharam School in Nonthaburi. There are also recreation activities fused with morality lessons such as story-telling, performances and invention of "Nong Sue Sat Pencil" (The Honest pencil), where youths write an essay titled "Good Child...Must Be Honest" for the contest to win scholarships from the Company. Children also watch video clips which tell good stories about discipline, morality and, particularly, honesty which is the concept of the Company's good corporate governance concept.





## 2) Activity for the well-being of People in Society

### 2.1 "Oishi" supports Siriraj Activity for the Country "Make Good Deeds with Your Fingertips" Project

Promoting healthiness among Thai people is a significant part of the Company's initiatives which include supporting "Make Good Deeds with Your Fingertips" Project initiated by Siriraj Hospital to raise funds for the construction of "Nawaminbopit 84 Years Building" by providing Oishi Food Trucks to sell food and beverage products to potential donors at Parc Paragon, Siam Paragon on May 17-19, 2016. The activity has gained much attention from many participants and the proceeds from all products without deductions will be donated to the building construction project.



## 2.2 Sharing Society with “Kon La Hand We Can Help” Project

The Company supported the charitable activity of TCC Land Asset World Co., Ltd. (“TCC Land”), which is our associated company, in “Kon La Hand...We Can Help 2016” project by selling products at special prices. The activity has gained much attention from many visitors who shopped for Oishi food and beverage products. All proceeds without deductions will be presented to TCC Land to help several foundations and projects such as Phradabos Foundation in “Phradabos Project for the Southern Border Provinces”, Anandamahidol Foundation in “Royal Thai Army Physicians Project for Three Southern Border Provinces”, C.C.F. Foundation Under the Patronage of HRS Princess Maha Chakri Sirindhorn in “Project to Bring Back Smiles to...Children in Southern Border Provinces” and Amirrunmuminin Foundation for Orphans in Three Southern Border Provinces”.





### 2.3 "Oishi" donates beverages to support Highway Police Road Safety Project during Songkran Festival

Due to the rising number of road accidents during the Songkran Festival, the Company has continually taken part of promoting safe driving during the festival. It has donated more than 10,000 bottles of Oishi beverages to the Highway Police to distribute to more than 10,000 drivers and passengers at the police's four main service points such as Highway Police Service Unit in Wang Noi, Ayutthaya and Highway Police Service Unit in Wang Manow, Phetchaburi.



---

#### 2.4 Oishi employees make blood donations

Thailand still faces shortage of blood for emergency situations, so employees of the Company's beverage production unit in the Navanakorn Industrial Estate make blood donations every 3 months. The blood donation service is provided by the Thammasat Chalermsak Hospital in the factory. About 80 – 100 employees make blood donations each time in hopes of saving Thai people lives.





### 3) Educational Activity

#### 3.1 Granting scholarships to student camp

Education is another aspect that has been emphasized in the Company's "Give" project. It covers camp activities that enable youths to learn about sacrifice and how to spend their free time in worthwhile ways and do good deeds for society. The Company has donated money and Oishi beverages to support "Academic Camp of Thammasat University" which is held to provide upper secondary school students with guidelines on education planning and preparedness for university admission.

#### 3.2 Granting scholarships to children of employees

The Company realizes the importance of the quality of life of its human resources, especially in terms of education, so it has continually granted more than 80 scholarships to the children of employees every year as part of creating a promising future for youths and to boost employee's morale.



---

#### 4) Environmental Activity

##### 4.1 Oishi promotes eco-friendliness among children

Employees working in the Company's four manufacturing plants, including food and beverage sections, participated in the social activity at the Children Village School in Kanchanaburi where underprivileged, orphaned and poor children from around the country are provided with educational opportunity and life skill development in terms of knowledge and occupation based on their potential. A team from the Company raises public awareness by demonstrating the organic farming process and home-grown vegetable planting and teaching students how to plant trees in containers for their homes and to increase green areas at the school.

---



---

## FINANCIAL STATEMENTS

---

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Oishi Group Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Oishi Group Public Company Limited and its subsidiaries (the "Group") and of Oishi Group Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2016, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

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

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2016 and their financial performance and cash flows for the nine-month period then ended in accordance with Thai Financial Reporting Standards.

#### *Other matter*

I draw attention to the following; the Company changed its financial year-end from 31 December to 30 September. Consequently, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the accounting period ended 30 September 2016 comprise only nine months whereas the comparative information presented for the year ended 31 December 2015 comprise 12 months, which results in the periods presented being not comparable. Therefore, supplementary information in Note 33 has been prepared by the Group and the Company as additional information in the form of unaudited consolidated and separate statements of comprehensive income and cash flows and segment information for the nine-month period ended 30 September 2015. I have not audited the supplementary information and do not express any audit opinion on such information.



**(Nittaya Chetchotiros)**  
**Certified Public Accountant**  
**Registration No. 4439**

**KPMG Phoomchai Audit Ltd.**  
**Bangkok**  
**16 November 2016**

## STATEMENT OF FINANCIAL POSITION

Oishi Group Public Company Limited and its Subsidiaries

(In Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
Assets	Note	2016	2015	2016	2015
<b>Current assets</b>					
Cash and cash equivalents	5	593,642,994	595,203,961	545,272,624	543,349,414
Current investment		3,660,000	3,660,000	–	–
Trade accounts receivable	4, 6	424,361,216	534,440,367	120,392,096	34,907,364
Other receivables	4	134,013,498	79,764,748	83,045,676	60,198,627
Dividend receivable from subsidiary	4	–	–	–	167,999,600
Short-term loans to subsidiaries	4	–	–	1,957,000,000	2,222,000,000
Inventories	7	490,477,966	392,815,488	46,228,230	49,692,399
Other current assets		71,385,141	27,503,513	7,628,345	6,440,867
<b>Total current assets</b>		<b>1,717,540,815</b>	<b>1,633,388,077</b>	<b>2,759,566,971</b>	<b>3,084,588,271</b>
<b>Non-current assets</b>					
Investments in subsidiaries	8	–	–	680,106,680	669,772,780
Property, plant and equipment	9	7,154,977,277	7,003,042,563	478,214,113	675,470,996
Intangible assets		39,100,834	27,981,567	16,677,278	14,633,423
Leasehold rights		46,816,609	51,335,400	28,571,420	30,429,851
Deferred tax assets	10	45,524,407	106,087,440	8,000,799	17,485,011
Other non-current assets	4, 11	274,118,701	267,038,841	191,896,357	191,315,593
<b>Total non-current assets</b>		<b>7,560,537,828</b>	<b>7,455,485,811</b>	<b>1,403,466,647</b>	<b>1,599,107,654</b>
<b>Total assets</b>		<b>9,278,078,643</b>	<b>9,088,873,888</b>	<b>4,163,033,618</b>	<b>4,683,695,925</b>

These accompanying notes are an integral part of these financial statements.



## STATEMENT OF FINANCIAL POSITION

Oishi Group Public Company Limited and its Subsidiaries

(In Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
Liabilities and equity	Note	2016	2015	2016	2015
<b>Current liabilities</b>					
Trade accounts payable	4, 13	970,381,185	1,003,950,281	284,693,944	290,272,421
Current portion of long-term loan from financial institutions	12	500,000,000	600,000,000	–	600,000,000
Current portion of debentures	12	–	1,000,000,000	–	1,000,000,000
Payables for acquisition of assets		92,804,634	179,630,746	17,175,381	12,614,543
Short-term loan from subsidiary	4, 12	–	–	51,000,000	51,000,000
Current portion of finance lease liabilities	12	22,695,972	19,813,943	–	–
Other payables	4, 14	942,155,471	561,003,174	314,663,501	241,588,970
Income tax payable		3,101,318	5,183	–	–
Other current liabilities		44,626,412	51,705,914	21,729,212	21,842,775
<b>Total current liabilities</b>		<b>2,575,764,992</b>	<b>3,416,109,241</b>	<b>689,262,038</b>	<b>2,217,318,709</b>
<b>Non-current liabilities</b>					
Long-term loan from financial institutions	12	–	500,000,000	–	–
Debentures	12	2,000,000,000	1,000,000,000	2,000,000,000	1,000,000,000
Finance lease liabilities	12	12,969,127	30,261,296	–	–
Defined employee benefit obligations	15	66,177,623	53,310,772	44,928,556	36,785,499
Other non-current liabilities		14,223,906	5,963,795	–	–
<b>Total non-current liabilities</b>		<b>2,093,370,656</b>	<b>1,589,535,863</b>	<b>2,044,928,556</b>	<b>1,036,785,499</b>
<b>Total liabilities</b>		<b>4,669,135,648</b>	<b>5,005,645,104</b>	<b>2,734,190,594</b>	<b>3,254,104,208</b>

These accompanying notes are an integral part of these financial statements.



# STATEMENT OF FINANCIAL POSITION

Oishi Group Public Company Limited and its Subsidiaries

(In Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
Liabilities and equity	Note	2016	2015	2016	2015
<b>Equity</b>					
Share capital:	16				
Authorised share capital		375,000,000	375,000,000	375,000,000	375,000,000
Issued and paid-up share capital		375,000,000	375,000,000	375,000,000	375,000,000
Premium on ordinary shares	16	609,402,184	609,402,184	609,402,184	609,402,184
Retained earnings					
Appropriated to legal reserve	17	37,500,000	37,500,000	37,500,000	37,500,000
Unappropriated		3,412,897,006	3,007,913,342	406,940,840	407,689,533
Other components of equity	17				
Currency translation differences		(2,051,939)	(1,731,036)	-	-
Revaluation surplus on land		164,735,468	36,859,415	-	-
<b>Equity attributable to owners of the Company</b>		<b>4,597,482,719</b>	<b>4,064,943,905</b>	<b>1,428,843,024</b>	<b>1,429,591,717</b>
Non-controlling interests		11,460,276	18,284,879	-	-
<b>Total equity</b>		<b>4,608,942,995</b>	<b>4,083,228,784</b>	<b>1,428,843,024</b>	<b>1,429,591,717</b>
<b>Total liabilities and equity</b>		<b>9,278,078,643</b>	<b>9,088,873,888</b>	<b>4,163,033,618</b>	<b>4,683,695,925</b>

These accompanying notes are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

Oishi Group Public Company Limited and its Subsidiaries

(In Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	Note	2016	2015	2016	2015
<b>Income</b>	4, 18				
Revenue from sale of goods	25	10,284,232,588	12,793,312,277	3,865,633,789	5,449,378,661
Revenue from rendering of services	25	114,873,268	85,501,446	–	–
Dividend income from subsidiaries	8	–	–	419,999,000	461,998,900
Interest income		3,694,923	1,040,259	64,508,809	84,389,451
Other income		105,623,842	83,306,634	49,627,255	59,426,157
<b>Total income</b>		<b>10,508,424,621</b>	<b>12,963,160,616</b>	<b>4,399,768,853</b>	<b>6,055,193,169</b>
<b>Expenses</b>	4, 18				
Cost of sale of goods	7	6,499,421,615	8,370,058,241	2,249,823,166	3,266,249,614
Cost of rendering of services		107,778,407	76,756,570	–	–
Selling expenses	19	1,263,452,060	1,667,607,157	463,788,058	697,126,985
Administrative expenses	20	1,657,114,736	2,036,687,719	1,141,878,633	1,606,913,191
Finance costs	23	60,850,181	105,534,748	52,582,844	80,170,104
<b>Total expenses</b>		<b>9,588,616,999</b>	<b>12,256,644,435</b>	<b>3,908,072,701</b>	<b>5,650,459,894</b>
<b>Profit before income tax expense</b>		<b>919,807,622</b>	<b>706,516,181</b>	<b>491,696,152</b>	<b>404,733,275</b>
Income tax benefit (expense)	24	(39,550,886)	(2,780,722)	(11,927,168)	10,500,013
<b>Profit for the period/year</b>		<b>880,256,736</b>	<b>703,735,459</b>	<b>479,768,984</b>	<b>415,233,288</b>

These accompanying notes are an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

Oishi Group Public Company Limited and its Subsidiaries

(In Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
		2016	2015	2016	2015
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Revaluation of land	9	159,845,066	-	-	-
Defined employee benefit plan actuarial gains (losses)	15	(5,193,895)	30,172,161	(2,990,846)	19,683,503
Income tax on other comprehensive income	24	(30,880,289)	(4,790,816)	598,169	(3,933,342)
		<u>123,770,882</u>	<u>25,381,345</u>	<u>(2,392,677)</u>	<u>15,750,161</u>
<b>Items that are or may be reclassified to profit or loss</b>					
Foreign currency translation differences for foreign operations		(188,407)	399,759	-	-
<b>Other comprehensive income for the period/year, net of income tax</b>		<u>123,582,475</u>	<u>25,781,104</u>	<u>(2,392,677)</u>	<u>15,750,161</u>
<b>Total comprehensive income for the period/year</b>		<u>1,003,839,211</u>	<u>729,516,563</u>	<u>477,376,307</u>	<u>430,983,449</u>
<b>Profit attributable to:</b>					
Owners of the Company		887,213,835	712,191,013	479,768,984	415,233,288
Non-controlling interests		(6,957,099)	(8,455,554)	-	-
<b>Profit for the period/year</b>		<u>880,256,736</u>	<u>703,735,459</u>	<u>479,768,984</u>	<u>415,233,288</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		1,010,663,814	738,015,070	477,376,307	430,983,449
Non-controlling interests		(6,824,603)	(8,498,507)	-	-
<b>Total comprehensive income for the period/year</b>		<u>1,003,839,211</u>	<u>729,516,563</u>	<u>477,376,307</u>	<u>430,983,449</u>
<b>Basic earnings per share</b>	26	<u>4.73</u>	<u>3.80</u>	<u>2.56</u>	<u>2.21</u>

These accompanying notes are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Oishi Group Public Company Limited and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS											(In Baht)		
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other components of equity				Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Appropriated to legal reserve	Unappropriated	Currency translation differences	Revaluation surplus on land	Total other components of equity					
Year ended 31 December 2015													
Balance at 1 January 2015		375,000,000	609,402,184	37,500,000	2,570,340,984	(2,173,748)	36,859,415	34,685,667	3,626,928,835	7,271,296	3,634,200,131		
Transaction with owners, recorded directly in equity													
Dividends to owners of the Company	27	-	-	-	(300,000,000)	-	-	-	(300,000,000)	-	(300,000,000)		
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	19,512,090	19,512,090		
Total transaction with owners, recorded directly in equity		-	-	-	(300,000,000)	-	-	-	(300,000,000)	19,512,090	(280,487,910)		
Comprehensive income for the year													
Profit or loss		-	-	-	712,191,013	-	-	-	712,191,013	(8,455,554)	703,735,459		
Other comprehensive income		-	-	-	25,381,345	442,712	-	442,712	25,824,057	(42,953)	25,781,104		
Total comprehensive income for the year		-	-	-	737,572,358	442,712	-	442,712	738,015,070	(8,498,507)	729,516,563		
Balance at 31 December 2015													
		375,000,000	609,402,184	37,500,000	3,007,913,342	(1,731,036)	36,859,415	35,128,379	4,064,943,905	18,284,879	4,083,228,784		

These accompanying notes are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Oishi Group Public Company Limited and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS										(In Baht)	
	Note	Retained earnings			Other components of equity				Equity attributable to owners of the Company	Non-controlling interests	Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Appropriated to legal reserve	Unappropriated	Currency translation differences	Revaluation surplus on land	Total other components of equity			
Nine-month period ended 30 September 2016											
Balance at 1 January 2016		375,000,000	609,402,184	37,500,000	3,007,913,342	(1,731,036)	36,859,415	35,128,379	4,064,943,905	18,284,879	4,083,228,784
Transaction with owners, recorded directly in equity											
Dividends to owners of the Company	27	-	-	-	(478,125,000)	-	-	-	(478,125,000)	-	(478,125,000)
Total transaction with owners, recorded directly in equity		-	-	-	(478,125,000)	-	-	-	(478,125,000)	-	(478,125,000)
Comprehensive income for the period											
Profit or loss		-	-	-	887,213,835	-	-	-	887,213,835	(6,957,099)	880,256,736
Other comprehensive income		-	-	-	(4,105,171)	(320,903)	127,876,053	127,555,150	123,449,979	132,496	123,582,475
Total comprehensive income for the period		-	-	-	883,108,664	(320,903)	127,876,053	127,555,150	1,010,663,814	(6,824,603)	1,003,839,211
Balance at 30 September 2016		375,000,000	609,402,184	37,500,000	3,412,897,006	(2,051,939)	164,735,468	162,683,529	4,597,482,719	11,460,276	4,608,942,995

These accompanying notes are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Oishi Group Public Company Limited and its Subsidiaries

SEPARATE FINANCIAL STATEMENTS							(In Baht)
					Retained earnings		
	Note	Issued and paid-up share capital	Premium on ordinary shares	Appropriated to legal reserve	Unappropriated		Total equity
Year ended 31 December 2015							
Balance at 1 January 2015		375,000,000	609,402,184	37,500,000	276,706,084		1,298,608,268
Transaction with owners, recorded directly in equity							
Dividends to owners of the Company	27	-	-	-	(300,000,000)		(300,000,000)
Total transaction with owners, recorded directly in equity		-	-	-	(300,000,000)		(300,000,000)
Comprehensive income for the year							
Profit		-	-	-	415,233,288		415,233,288
Other comprehensive income		-	-	-	15,750,161		15,750,161
Total comprehensive income for the year		-	-	-	430,983,449		430,983,449
Balance at 31 December 2015		375,000,000	609,402,184	37,500,000	407,689,533		1,429,591,717

These accompanying notes are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Oishi Group Public Company Limited and its Subsidiaries

(In Baht)

SEPARATE FINANCIAL STATEMENTS						
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total equity
	Note			Appropriated to legal reserve	Unappropriated	
Nine-month period ended 30 September 2016						
Balance at 1 January 2016		375,000,000	609,402,184	37,500,000	407,689,533	1,429,591,717
Transaction with owners, recorded directly in equity						
Dividends to owners of the Company	27	-	-	-	(478,125,000)	(478,125,000)
Total transaction with owners, recorded directly in equity		-	-	-	(478,125,000)	(478,125,000)
Comprehensive income for the period						
Profit		-	-	-	479,768,984	479,768,984
Other comprehensive loss		-	-	-	(2,392,677)	(2,392,677)
Total comprehensive income for the period		-	-	-	477,376,307	477,376,307
Balance at 30 September 2016						
		375,000,000	609,402,184	37,500,000	406,940,840	1,428,843,024

These accompanying notes are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

Oishi Group Public Company Limited and its Subsidiaries

(In Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
		2016	2015	2016	2015
<b>Cash flows from operating activities</b>					
Profit for the period/year		880,256,736	703,735,459	479,768,984	415,233,288
<i>Adjustments for</i>					
Depreciation and amortisation	9	766,898,567	983,453,241	237,367,567	349,331,580
Write-off of obsolete and deteriorated inventories	7	23,307,287	16,110,488	–	2,310,168
Interest income		(3,694,923)	(1,040,259)	(64,508,809)	(84,389,451)
Dividend income from subsidiaries	4, 8	–	–	(419,999,000)	(461,998,900)
Finance costs	23	60,850,181	105,534,748	52,582,844	80,170,104
Unrealised (gain) loss on exchange		433,099	4,682,633	109,676	(3,499)
Loss on disposal of and write-off of plant and equipment		2,169,346	29,561,069	2,099,814	28,596,494
Loss on disposal of and write-off of intangible assets		–	25,318	–	–
Reversal of income tax payable		–	532,451	–	–
Employee benefit expenses	15	7,158,171	14,382,748	4,893,711	10,341,133
Income tax (benefit) expense	24	39,550,886	2,780,722	11,927,168	(10,500,013)
		<u>1,776,929,350</u>	<u>1,859,758,618</u>	<u>304,241,955</u>	<u>329,090,904</u>
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable		110,044,363	(23,016,488)	(85,484,732)	19,615,043
Other receivables		(54,555,820)	77,628,415	(21,870,975)	(6,071,598)
Inventories		(120,969,765)	32,993,703	3,464,169	21,858,383
Other current assets		(43,591,332)	22,841,427	(1,187,478)	4,864,482
Other non-current assets		(1,837,686)	(15,799,609)	121,332	12,152,392
Trade accounts payable		(34,073,452)	(175,162,791)	(5,578,477)	(186,196,632)
Other payables		387,949,320	(350,357,384)	77,684,398	(169,436,081)
Other current liabilities		(7,079,502)	(1,645,692)	(113,563)	1,019,414
Other non-current liabilities		8,260,111	(23,183,711)	–	–
Cash generated from operating activities		<u>2,021,075,587</u>	<u>1,404,056,488</u>	<u>271,276,629</u>	<u>26,896,307</u>
Transfer in of employee benefit obligations	15	801,194	139,688	1,383,824	576,418
Transfer out of employee benefit obligations	15	(286,411)	(861,490)	(1,125,323)	(5,268,528)
Employee benefit paid	15	–	(2,228,521)	–	(796,980)
Advance payment for corporate tax received		379,419	–	–	–
Income tax paid		(12,393,599)	(6,930,643)	(2,546,883)	(2,071,393)
<b>Net cash from operating activities</b>		<u>2,009,576,190</u>	<u>1,394,175,522</u>	<u>268,988,247</u>	<u>19,335,824</u>

These accompanying notes are an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

Oishi Group Public Company Limited and its Subsidiaries

(In Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
		2016	2015	2016	2015
<b>Cash flows from investing activities</b>					
Interest received		1,983,346	1,040,259	63,423,059	87,426,601
Dividends received		–	–	587,998,600	293,999,300
Increase in short-term loans to subsidiaries	4	–	–	(5,582,302,000)	(4,870,427,000)
Repayment of short-term loans from subsidiaries	4	–	–	5,847,302,000	4,862,427,000
Net cash outflow on investment in a subsidiary	8	–	–	(10,333,900)	–
Proceeds from capital increase in non-controlling interests in a subsidiary		–	19,512,090	–	–
Purchase of plant and equipment		(839,521,998)	(769,355,962)	(34,473,935)	(84,070,918)
Sale of plant and equipment		1,420,486	8,676,925	1,153,852	8,285,732
Purchase of intangible assets		(16,827,201)	(7,629,764)	(4,571,704)	(2,612,807)
Sale of intangible assets		20,705	–	56,702	242,774
<b>Net cash from (used in) investing activities</b>		<b>(852,924,662)</b>	<b>(747,756,452)</b>	<b>868,252,674</b>	<b>295,270,682</b>
<b>Cash flows from financing activities</b>					
Interest paid		(63,578,880)	(100,659,174)	(57,192,711)	(78,864,089)
Dividends paid to owners of the Company	27	(478,125,000)	(300,000,000)	(478,125,000)	(300,000,000)
Proceeds from short-term loans from financial institutions		650,000,000	8,370,000,000	–	–
Repayment of short-term loans from financial institutions		(650,000,000)	(9,243,000,000)	–	–
Proceeds from short-term loans from subsidiaries		–	–	–	24,783,000
Repayment of short-term loans from subsidiaries	4	–	–	–	(62,783,000)
Proceeds from long-term loan from financial institutions		–	500,000,000	–	–
Repayment of long-term loan from financial institutions		(600,000,000)	(400,000,000)	(600,000,000)	(400,000,000)
Proceeds from issuance of debentures		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Repayment of debentures		(1,000,000,000)	–	(1,000,000,000)	–
Finance lease payments		(16,320,208)	(19,951,684)	–	–
<b>Net cash from (used in) financing activities</b>		<b>(1,158,024,088)</b>	<b>(193,610,858)</b>	<b>(1,135,317,711)</b>	<b>183,135,911</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1,372,560)</b>	<b>452,808,212</b>	<b>1,923,210</b>	<b>497,742,417</b>
Cash and cash equivalents at 1 January		595,203,961	141,995,990	543,349,414	45,606,997
Effect of exchange rate changes on balances held in foreign currencies		(188,407)	399,759	–	–
<b>Cash and cash equivalents at 30 September/ 31 December</b>	<b>5</b>	<b>593,642,994</b>	<b>595,203,961</b>	<b>545,272,624</b>	<b>543,349,414</b>
<b>Non-cash transactions</b>					
Payables for acquisition of assets		92,804,634	179,630,746	17,175,381	12,614,543

These accompanying notes are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Inventories
8	Investments in subsidiaries
9	Property, plant and equipment
10	Deferred tax
11	Other non-current assets
12	Interest-bearing liabilities
13	Trade accounts payable
14	Other payables
15	Employee benefit obligations
16	Share capital
17	Reserves
18	Operating segments
19	Selling expenses
20	Administrative expenses
21	Employee benefit expenses
22	Expenses by nature
23	Finance costs
24	Income tax expense
25	Promotional privileges
26	Earnings per share
27	Dividends
28	Financial instruments
29	Commitments with non-related parties
30	Events after the reporting period
31	Thai Financial Reporting Standards (TFRS) not yet adopted
32	Reclassification of accounts
33	Supplementary information

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 16 November 2016.

## 1. GENERAL INFORMATION

Oishi Group Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 57 Park Ventures Ecoplex, 19–20<sup>th</sup> Floor, Wireless Road, Kwang Lumpini, Khet Patumwan, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand in August 2004.

The parent company during the financial period was Thai Beverage Public Company Limited, which was incorporated in Thailand.

The principal activities of the Company are engaged in the Japanese restaurant and distribution of beverage. The principal activities of the Group are production and distribution of food and beverage, and Japanese restaurant and snack. Details of the Company’s subsidiaries as at 30 September 2016 and 31 December 2015 were as explained in Note 8.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### (a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in Note 31.

### (b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Land	Revaluation
Employee benefit obligations	Present value of defined employee benefit obligation, as explained in Note 3 (n)

### (c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to financial statements to the nearest thousand unless otherwise stated

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### (d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 3 (s) & 10	Current and deferred taxation
Note 10	Utilisation of tax losses
Note 15	Measurement of defined employee benefit obligations
Note 28	Valuation of financial instruments

#### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Finance Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

If there are some significant valuation issues, they will be reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 9 Property, plant and equipment
- Note 28 Financial instruments

### **(e) Change in accounting period**

At the Board of Directors meeting held on 25 February 2016, the Board of Directors approved to change the Company's accounting period from the period starting from 1 January and ending on 31 December to the period starting from 1 October and ending on 30 September. Subsequently at the Annual General meeting of the shareholders held on 27 April 2016, the shareholders approved the amendment to the Articles of Association of the Company regarding the change of the accounting period. The Company completed the registration with Department of Business Development, Ministry of Commerce, and obtained an approval from Revenue Department for this change, which has an effect on the Company's first change of accounting period ended 30 September 2016. Consequently, the financial statements for the period ended 30 September 2016 have been prepared from 1 January 2016 to 30 September 2016. As such, the amounts presented in the statements of comprehensive income, changes in equity and cash flows of comparative information are not directly comparable.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *Non-controlling interests*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### **(b) Foreign currencies**

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operation are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

### **(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (such as government bonds).

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### *Fair value hedges*

Where a derivative hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

### **(d) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

### **(e) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### **(f) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

### **(g) Investments**

#### *Investments in subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

#### *Investments in government bonds*

Investments in government bonds that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

#### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### (h) *Property, plant and equipment*

#### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land which is stated at its revalued amount. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

##### *Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

##### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity. The Group's policy requires an appraisal to be conducted every five years or when there are factors that might materially impact the value of the land, to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus on land in other components of equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

##### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.



## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5–10	years
Buildings and building improvements	5–30	years
Decoration, office equipment, and furniture and fixtures	3–10	years
Internal systems	5–20	years
Tools and machinery for manufacturing	3–20	years
Restaurant utensils	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **(i) Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	10	years
-------------------	----	-------

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **(j) Leasehold rights**

Leasehold rights of building area are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised as an expense in profit or loss on a straight-line basis over the term of the agreements.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### **(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

#### *Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversals of impairment*

An impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(l) Interest-bearing liabilities**

Interest-bearing liabilities are recognised as stated in the agreement.

### **(m) Trade and other accounts payable**

Trade and other accounts payable are stated at cost

### **(n) Employee benefits**

#### *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

#### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

### *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **(o) Provision**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

### **(p) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

### *Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### *Dividend income*

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

### *Interest income and other income*

Interest income and other income are recognised in profit or loss as it accrues.

### **(q) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in profit or loss using the effective interest rate method.

### **(r) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

### **(s) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **(t) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### **(u) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## **4. RELATED PARTIES**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in Note 8. Relationship with key management and other related parties were as follows:

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Group (whether executive or otherwise)
Thai Beverage PCL.	Thailand	Parent company and common directorship
Sangsom Co., Ltd.	Thailand	Direct subsidiary of parent company
Sura Bangyikhan Co., Ltd.	Thailand	Direct subsidiary of parent company
Red Bull Distillery (1988) Co., Ltd.	Thailand	Direct subsidiary of parent company
Kanchanasingkorn Co., Ltd.	Thailand	Direct subsidiary of parent company
Sura Piset Phatra Lanna Co., Ltd.	Thailand	Direct subsidiary of parent company
Beer Thai (1991) PCL.	Thailand	Direct subsidiary of parent company
Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary of parent company
Cosmos Brewery (Thailand) Co., Ltd.	Thailand	Direct subsidiary of parent company
Krittayabun Co., Ltd.	Thailand	Direct subsidiary of parent company
Modern Trade Management Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomburapa Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomklung Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomchok Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomkit Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomcharoen Co., Ltd.	Thailand	Direct subsidiary of parent company
Pompalang Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomnakorn Co., Ltd.	Thailand	Direct subsidiary of parent company
Pomthip (2012) Co., Ltd.	Thailand	Direct subsidiary of parent company
Num Yuk Co., Ltd.	Thailand	Direct subsidiary of parent company
Numthurakij Co., Ltd.	Thailand	Direct subsidiary of parent company
Nummuang Co., Ltd.	Thailand	Direct subsidiary of parent company
Numnakorn Co., Ltd.	Thailand	Direct subsidiary of parent company
Num Palang Co., Ltd.	Thailand	Direct subsidiary of parent company
Numkijjakarn Co., Ltd.	Thailand	Direct subsidiary of parent company
Numrunrod Co., Ltd.	Thailand	Direct subsidiary of parent company
Numthip Co., Ltd.	Thailand	Direct subsidiary of parent company
Cash Van Management Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Beverage Energy Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary of parent company

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Name of entities	Country of incorporation/ nationality	Nature of relationships
Thai Beverage Training Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary of parent company
Pan International (Thailand) Co., Ltd.	Thailand	Direct subsidiary of parent company
Thai Drink Co., Ltd.	Thailand	Direct subsidiary of parent company
Horeca Management Co., Ltd.	Thailand	Direct subsidiary of parent company
Food Of Asia Co., Ltd.	Thailand	Direct subsidiary of parent company
Dhospaak Co., Ltd.	Thailand	Direct subsidiary of parent company
Chang International Co., Ltd.	Thailand	Direct subsidiary of parent company
S P M Foods & Beverages Co., Ltd.	Thailand	Indirect subsidiary of parent company
Sermsuk PCL.	Thailand	Indirect subsidiary of parent company
Serm Suk Beverage Co., Ltd.	Thailand	Indirect subsidiary of parent company
Max Asia Co., Ltd.	Thailand	Indirect subsidiary of parent company
Super Brands Company Pte. Ltd.	Singapore	Indirect subsidiary of parent company
Petform (Thailand) Co., Ltd.	Thailand	Associate of an indirect subsidiary of parent company
F&N Dairies (Thailand) Limited	Thailand	Associate of an indirect subsidiary of parent company
F&N United Ltd.	Thailand	Associate of an indirect subsidiary of parent company
F&N Beverages Marketing Sdn. Bhd.	Malaysia	Associate of an indirect subsidiary of parent company
F&N Beverages Manufacturing Sdn. Bhd.	Malaysia	Associate of an indirect subsidiary of parent company
F&N Foods Pte. Ltd.	Singapore	Associate of an indirect subsidiary of parent company
F&N Interflavine Pte. Ltd.	Singapore	Associate of an indirect subsidiary of parent company
Lertrattakarn Co., Ltd.	Thailand	Directors and equity holders of parent company hold substantial shares indirectly
North Park Golf And Sports Club Co., Ltd.	Thailand	Directors and controlling equity holders of parent company are directors and hold substantial shares indirectly
Berli Jucker PCL.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Berli Jucker Foods Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Berli Jucker Logistics Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
The Southeast Insurance PCL.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
The Southeast Life Insurance PCL.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Name of entities	Country of incorporation/ nationality	Nature of relationships
Southeast Capital Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Thippatana Arcade Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
F&B International Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
TCC Hotel Collection Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Business Process Outsourcing Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
The Street Retail Development Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
TCCCL Ladphao Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Bang Pa-In Paper Mill Industry Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Big C Supercenter Plc.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Phitsanulok Big C Limited	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
The Chonburi Sugar Corp. Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
TCC Logistics and Warehouse Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Pisetkij Co., Ltd.	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Pacific Leisure (Thailand) Limited	Thailand	Directors and controlling equity holders of parent company hold substantial shares indirectly
Thai Retail Investment Fund	Thailand	Directors and controlling equity holders of parent company hold substantial units indirectly
Thai Commercial Investment Freehold and Leasehold Fund	Thailand	Directors and controlling equity holders of parent company hold units indirectly
Golden Ventures Leasehold Real Estate Investment Trust	Thailand	Directors and controlling equity holders of parent company hold units indirectly



## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Purchase and sale of goods	Cost plus margin / contractually agreed price
Revenue from rendering of services	Contractually agreed price
Purchase and sale of fixed assets	Net book value / mutually agreed price
Rental income and expense	Contractually agreed price
Management service income	Contractually agreed price
Management fee	Contractually agreed price
Interest income and expense	Interest rate close to interest of financial institution
Dividend income	Right to receive dividends
Other income and expense	Mutually agreed price

Significant transactions for the nine-month period ended 30 September 2016 and for the year ended 31 December 2015 with related parties were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
<b>Parent</b>				
Revenue from sale of goods	833	2,181	578	523
Management fee	7,020	9,360	7,020	9,360
<b>Subsidiaries</b>				
Revenue from sale of goods	–	–	1,898	7,041
Dividend income	–	–	419,999	461,999
Interest income	–	–	61,581	83,993
Management service income	–	–	14,564	20,317
Other income	–	–	14,808	17,753
Sale of equipment	–	–	509	3,646
Purchase of goods	–	–	211,624	121,814

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
Purchase of equipment	-	-	1,306	1,528
Rental expenses	-	-	4,215	5,558
Interest expenses	-	-	526	821
Other expenses	-	-	16,660	14,601
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	39,992	45,959	38,402	44,764
Post-employment benefits	460	739	429	676
<b>Total key management personnel compensation</b>	<b>40,452</b>	<b>46,698</b>	<b>38,831</b>	<b>45,440</b>
<b>Other related parties</b>				
Revenue from sale of goods	4,876,214	5,777,333	284,299	382,770
Revenue from rendering of services	36,560	30,037	-	-
Other income	61,066	23,429	5,496	10,945
Purchase of goods	784,212	893,958	133,323	207,522
Purchase of equipment	6,794	11,963	15	502
Management fee	1,590	-	1,590	-
Rental expenses	89,308	72,610	45,620	35,749
Other expenses	385,431	190,842	82,118	37,641

### Directors' remuneration

At the annual general meeting of the shareholders of the Company held on 27 April 2016, the shareholders approved the directors' remuneration and bonus for the year 2016 in the amount not exceeding Baht 10 million and Baht 29 million, respectively.

At the annual general meeting of the shareholders of the Company held on 27 April 2015, the shareholders approved the directors' remuneration and bonus for the year 2015 in the amount not exceeding Baht 10 million and Baht 21 million, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Balances as at 30 September 2016 and 31 December 2015 with related parties were as follows:

(in thousand Baht)

Trade accounts receivable- related parties	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Parent	1,590	1,554	18	39
Subsidiaries	-	-	106	572
Other related parties	197,313	281,657	35,580	26,835
<b>Total</b>	<b>198,903</b>	<b>283,211</b>	<b>35,704</b>	<b>27,446</b>

(in thousand Baht)

Other receivables – related parties	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Subsidiaries	-	-	60,730	42,152
Other related parties	43,396	20,808	3,269	3,268
<b>Total</b>	<b>43,396</b>	<b>20,808</b>	<b>63,999</b>	<b>45,420</b>

The currency denomination of other receivables-related parties as at 30 September 2016 and 31 December 2015 was as follow:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Thai Baht (THB)	4,425	20,808	58,300	44,180
Malaysian Ringgit (MYR)	38,971	-	-	-
United States Dollars (USD)	-	-	5,699	1,240
<b>Total</b>	<b>43,396</b>	<b>20,808</b>	<b>63,999</b>	<b>45,420</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Dividend receivable from subsidiary	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Subsidiary	-	-	-	168,000

Dividends receivable from subsidiary of the Company as at 31 December 2015 was denominated entirely in Thai Baht.

(% per annum)

(in thousand Baht)

Short-term loans to subsidiaries	INTEREST RATE		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December	30 September	31 December
	2016	2015	2016	2015	2016	2015
Oishi Trading Co., Ltd.	2.51	4.00	-	-	1,822,000	2,029,000
Oishi Ramen Co., Ltd.	2.51	4.00	-	-	135,000	193,000
<b>Total</b>			-	-	<b>1,957,000</b>	<b>2,222,000</b>

Movements during the nine-month period ended 30 September 2016 and the year ended 31 December 2015 of short-term loans to subsidiaries were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
At 1 January	-	-	2,222,000	2,214,000
Increase	-	-	5,582,302	4,870,427
Decrease	-	-	(5,847,302)	(4,862,427)
<b>At 30 September/31 December</b>	<b>-</b>	<b>-</b>	<b>1,957,000</b>	<b>2,222,000</b>

Short-term loans to subsidiaries of the Company as at 30 September 2016 and 31 December 2015 were denominated entirely in Thai Baht.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Deposit-related parties	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Other related parties	<u>27,488</u>	<u>14,445</u>	<u>19,669</u>	<u>9,334</u>

(in thousand Baht)

Trade accounts payable – related parties	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Subsidiaries	–	–	37,815	13,320
Other related parties	<u>132,352</u>	<u>139,254</u>	<u>17,471</u>	<u>46,487</u>
<b>Total</b>	<u><b>132,352</b></u>	<u><b>139,254</b></u>	<u><b>55,286</b></u>	<u><b>59,807</b></u>

(% per annum)

(in thousand Baht)

Short-term loans from subsidiary	INTEREST RATE		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December	30 September	31 December
	2016	2015	2016	2015	2016	2015
Oishi Snack Co., Ltd.	1.375	1.375	<u>–</u>	<u>–</u>	<u>51,000</u>	<u>51,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Movements during the nine-month period ended 30 September 2016 and the year ended 31 December 2015 of short-term loan from subsidiary were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
At 1 January	-	-	51,000	89,000
Increase	-	-	-	24,783
Decrease	-	-	-	(62,783)
<b>At 30 September/31 December</b>	<b>-</b>	<b>-</b>	<b>51,000</b>	<b>51,000</b>

Short-term loan from subsidiary of the Company as at 30 September 2016 and 31 December 2015 were denominated entirely in Thai Baht.

(in thousand Baht)

Other payables – related parties	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Parent	840	1,669	839	1,669
Subsidiaries	-	-	43,217	42,853
Other related parties	354,992	148,399	55,637	23,019
<b>Total</b>	<b>355,832</b>	<b>150,068</b>	<b>99,693</b>	<b>67,541</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Commitments with related parties	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
<b>Capital Commitments</b>				
Contracted but not provided for:				
Purchase orders for goods and supplies	–	295	–	–
<b>Future minimum lease payment under non-cancellable operating lease commitments</b>				
Within one year	39,386	28,755	27,230	20,814
After one year but within five years	37,693	48,102	34,035	41,224
After five years	498	–	2,200	3,214
<b>Total</b>	<b>77,577</b>	<b>76,857</b>	<b>63,465</b>	<b>65,252</b>
<b>Other commitments</b>				
Service agreements	118,762	136,048	48,397	47,860
Advertise contracts	448	–	–	–
Purchase orders for goods and supplies	94	20,020	–	1
Others	2,769	50	2,764	3
<b>Total</b>	<b>122,073</b>	<b>156,118</b>	<b>51,161</b>	<b>47,864</b>

### Significant agreements under non-cancellable operating lease commitments

#### Property lease agreements

On 15 May 2015, the Company entered into a building area lease agreement with a related company. The agreement is for a period of three years from 15 May 2015 to 14 May 2018 with renewal additional term of three years each if not less than three months' written notice is given by any one party to the other prior to the expiry date. The Company is committed to pay a monthly rental fee based on the rates as stipulated in the agreement.

On 31 August 2015, Oishi Trading Co., Ltd. ("lessee"), the Company's subsidiary, entered into a land and together with construction thereon lease agreement in Saraburi province with a related company ("lessor"). The agreement is for a period of three years from 1 September 2015 to 31 August 2018. If the lessee wishes to renew the agreement, the lessee shall give written notice to the lessor not less than 30 days prior to the agreement termination. The lessor shall grant the lessee land and together with construction thereon lease for an additional period of two years at a time, starting from the agreement termination or the end of the renewal period. The said subsidiary is committed to pay a monthly rental fee based on the rates as stipulated in the agreement.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

On 1 September 2015, Oishi Trading Co., Ltd. ("lessee"), the Company's subsidiary, entered into a factory building lease agreement in Chonburi province with a related company ("lessor"). The agreement is for a period of three years from 1 September 2015 to 31 August 2018. If the lessee wishes to renew the agreement, the lessee shall give written notice to the lessor not less than 30 days prior to the agreement termination. The lessor shall grant the lessee building lease for an additional period of one year at a time, starting from the agreement termination or the end of the renewal period. The said subsidiary is committed to pay a monthly rental fee based on the rates as stipulated in the agreement.

On 1 October 2015, the Company and its subsidiaries entered into area lease agreements with a related company. The agreements are for a period of three years from 1 October 2015 to 30 September 2018. If any one party wish to renew the agreement, it shall give written notice to the other not less than seven months prior to the contract termination for an additional period of three years at a time, starting from the agreement termination or the end of the renewal period. The Company and the said subsidiaries are committed to pay a monthly rental fee based on the rates as stipulated in the agreement.

The Company and Oishi Trading Co., Ltd., the Company's subsidiary, entered into car lease agreements with a related company. The agreements are for a period of five years, due within 2016 to 2020. The Company and the said subsidiary are committed to pay a monthly rental fee based on the rates as stipulated in the agreement.

### *Area building sublease memorandums*

The Company entered into an area building sublease memorandum with Oishi Ramen Co., Ltd., the Company's subsidiary, to sublease areas of two department stores for which the subsidiary owns the leasehold rights. The Company is committed to pay a monthly rental fee based on the rates as stipulated in the agreement.

### **Other agreements**

#### *Sales distributor appointment agreements*

On 30 December 2013, the Company and Oishi Trading Co., Ltd., the Company's subsidiary, entered into appointment agreements with related companies to act as a distributor of the Company and the said subsidiary for ready-to-drink products. The agreements shall be in effect for a period of three years, effective from 1 January 2014 to 31 December 2016. The renewals are subject to receipt of written notice to renew the agreements at least six months prior to the expiry date.

On 1 March 2015, Oishi Trading Co., Ltd., the Company's subsidiary, entered into an appointment agreement with a related company to act as a distributor of the said subsidiary for green tea products. The agreement shall be in effect for a period of three years, effective from 1 March 2015 to 28 February 2018. This agreement shall be automatically renewed for additional term of one year each, unless there is a written notice not to renew this agreement at least 90 days prior to the expiration of the initial term or any renewal term.

On 1 April 2016, Oishi Trading Co., Ltd., the Company's subsidiary, entered in to an appointment agreement with the Company to act as its distributor for the chilled, frozen food and bakery products. The agreement shall be in effect for a period of three years, effective from 1 April 2016 to 31 March 2019. This agreement shall be renewed for additional term of one year each, unless there is a written notice not to renew this agreement by Oishi Trading Co., Ltd. at least 90 days prior to the expiration of the initial term or any renewal term.



## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### *Production and distribution of goods agreement*

On 1 August 2012, the Company entered into an appointment agreement with a related company to act as a manufacturer and distributor for green tea returnable bottles at the price and conditions as stipulated in the agreement. The agreement shall be in effect for a period of five years, effective from 1 August 2012 to 31 July 2017 with renewal for additional term of five years each if not less than 90 days prior written notice is given by any one party to the other.

On 1 July 2015, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a manufacturing and distribution agreement for herbal beverage with a related company at the price and conditions as stipulated in the agreement. The agreement shall be in effect for a period of three years, effective from 1 July 2015 to 30 June 2018 with renewal for additional term of three years each if not less than six months prior written notice is given by any one party to the other.

### *Management service agreements*

On 29 May 2012, the Company entered into a management service agreement with a related company for providing management administration service to the Company. The agreement is for a period of one year from 1 January 2012 to 31 December 2012. This agreement shall be renewed for additional term of one year each, unless there is a written notice not to renew this agreement at least three months prior to the expiration of the initial term or any renewal term. The Company is committed to pay a service fee monthly based on the rates as stipulated in the agreement.

On 10 July 2014, the Company entered into a Management Service Agreement with Oishi Myanmar Limited, an indirect subsidiary in the Republic of the Union of Myanmar, to provide management administration service to Oishi Myanmar Limited. The agreement shall be in effect from 10 July 2014 onwards, unless any party agrees to terminate this agreement or as stipulated in the agreement. The Company agreed to charge a service fee monthly based on the rates as stipulated in the agreement.

On 29 April 2015, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a management service agreement with a related company for providing management administration service to the said subsidiary. The agreement shall be in effect from 1 May 2015 onwards. If any one party wish to terminate the agreement, it shall give written notice to the other not less than two months. The said subsidiary is committed to pay a service fee monthly based on the rates as stipulated in the agreement.

On 28 April 2016, the Company entered into a management service agreement with a related company for providing management administration service to the Company. The agreement shall be in effect for a period of one year, from 1 June 2016 to 31 May 2017. This agreement shall be renewed for additional term of one year each, unless there is a written notice not to renew this agreement at least 30 days prior to the expiration of the initial term or any renewal term. The Company is committed to pay a service fee monthly based on the rates as stipulated in the agreement.

On 1 May 2016, the Company entered into a management service agreement with a related company for providing management administration service to the Company. The agreement shall be in effect for a period of one year, from 1 May 2016 to 30 April 2017. This agreement shall be renewed for additional term of one year each, unless there is a written notice not to renew this agreement at least 30 days prior to the expiration of the initial term or any renewal term. The Company is committed to pay a service fee monthly based on the rates as stipulated in the agreement.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### *Purchase and sale agreements*

On 12 May 2015, the Company entered into a sale and purchase of ice cream agreement with a related company at the price and conditions as stipulated in the agreement. The agreement is for a period of three years, from 16 June 2015 to 15 June 2018.

On 1 September 2015, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a purchase of hot-filled PET bottle agreement with a related company according to the quantity required from the subsidiary at the price as stipulated in the agreement. The agreement is for a period of three years, from 1 September 2015 to 31 August 2018.

On 19 May 2016, the Company entered into a purchase and sale of canned soda green tea beverage agreement with a related company according to the quantity required from the Company at the price as stipulated in the agreement. The agreement is for a period of one year, effective from 20 May 2016 to 19 May 2017. Unless there is a written notice not to renew this agreement at least three months prior to the expiration date, this agreement shall be renewed for additional terms of one year at a time, starting from the contract termination or the end of the renewal period.

### *Rights of business operation agreement*

On 1 March 2016, the Company entered into an agreement to grant the right to operate the restaurant business of the Group within Thailand with a related company according to the right granted and fee as stipulated in the agreement. The agreement is for a period of ten years from 1 March 2016 onwards. Unless there is a written notice to terminate this agreement at least 90 days prior to the expiration date, this agreement shall be renewed for additional terms of five years at a time, starting from the agreement termination or the end of the renewal period.

### *Warehouse management service agreement*

On 28 January 2015, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a warehouse management service agreement. The agreement is for a period of three years, from 1 December 2014 to 30 November 2017. Unless there is a written notice to terminate this agreement at least 30 days prior to the expiration date, this agreement shall be renewed for additional terms of one year at a time, starting from the contract termination or the end of the renewal period. The Company is committed to pay a service fee monthly based on the rates as stipulated in the agreement.

### *Service agreement*

The Company entered into a service agreement with Oishi Ramen Co., Ltd., the Company's subsidiary, for providing service in restaurant business. The agreement is for a period of one year, from 1 January 2015 to 31 December 2015 with total service fee totaling not exceeding Baht 18,000,000 over the term of the agreement. Subsequently on 1 January 2016, the counterparty renewed the agreement for another one year with the conditions as stipulated in the original agreement

### *Products supply agreement*

On 1 March 2016, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a product supply agreement for manufacturing dairy products with a related company at the price and conditions as stipulated in the agreement. The agreement is for a period of five years, from 1 October 2015 to 30 September 2020. This agreement shall be renewed for additional terms of one year each, unless there is a written notice not to renew this agreement at least 180 days prior to the expiry date.

### *Rights of products distribution memorandum*

On 4 April 2016, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a memorandum for the rights to distribute beverage under the name of "Oishi" in the Convention Center with a related company in accordance with the terms and conditions as stipulated in the memorandum. The memorandum shall be in effect for a period of two years, effective from 1 March 2016 to 28 February 2018.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 5. CASH AND CASH EQUIVALENTS

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Cash on hand	17,610	26,232	12,439	19,538
Cash at banks – current accounts	24,787	13,546	462	525
Cash at banks – savings accounts	551,246	555,426	532,372	523,286
<b>Total</b>	<b>593,643</b>	<b>595,204</b>	<b>545,273</b>	<b>543,349</b>

The currency denomination of cash and cash equivalents as at 30 September 2016 and 31 December 2015 were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Thai Baht (THB) and functional currency insubsiaries	578,668	591,490	545,273	543,349
United States Dollars (USD)	14,975	3,714	–	–
<b>Total</b>	<b>593,643</b>	<b>595,204</b>	<b>545,273</b>	<b>543,349</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 6. TRADE ACCOUNTS RECEIVABLE

(in thousand Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
		2016	2015	2016	2015
Related parties	4	198,903	283,211	35,704	27,446
Other parties		225,458	251,229	84,688	7,461
<b>Total</b>		<b>424,361</b>	<b>534,440</b>	<b>120,392</b>	<b>34,907</b>

Aging analyses for trade accounts receivable were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
<b>Related parties</b>				
Within credit terms	197,109	283,041	35,654	27,446
Overdue:				
Less than 3 months	120	163	50	-
3 – 6 months	69	3	-	-
6 – 12 months	1,535	4	-	-
Over than 12 months	70	-	-	-
<b>Total</b>	<b>198,903</b>	<b>283,211</b>	<b>35,704</b>	<b>27,446</b>
<b>Other parties</b>				
Within credit terms	146,356	141,501	71,482	-
Overdue:				
Less than 3 months	74,795	108,577	12,781	-
3 – 6 months	3,145	46	425	-
6 – 12 months	143	558	-	-
Over than 12 months	1,019	547	-	-
<b>Total</b>	<b>225,458</b>	<b>251,229</b>	<b>84,688</b>	<b>7,461</b>
<b>Grand total</b>	<b>424,361</b>	<b>534,440</b>	<b>120,392</b>	<b>34,907</b>

The normal credit term granted by the Group ranges from 30 days to 60 days.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

The currency denomination of trade accounts receivable as at 30 September 2016 and 31 December 2015 were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Thai Baht (THB)	411,371	525,691	120,392	34,907
Malaysian Ringgit (MYR)	10,463	6,280	-	-
United States Dollars (USD)	2,527	2,469	-	-
<b>Total</b>	<b>424,361</b>	<b>534,440</b>	<b>120,392</b>	<b>34,907</b>

### 7. INVENTORIES

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Finished goods	164,021	99,619	1,061	1,257
Work in progress	11,269	4,158	-	-
Raw materials	276,789	264,989	39,392	45,216
Production supplies	44,996	37,254	5,775	5,521
	497,075	406,020	46,228	51,994
Less allowance for obsolete and deteriorated inventories	(6,597)	(13,205)	-	(2,302)
<b>Net</b>	<b>490,478</b>	<b>392,815</b>	<b>46,228</b>	<b>49,692</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)				
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
Inventories recognised as an expense in ‘cost of sale of goods’:				
– Cost	6,476,115	8,353,947	2,249,823	3,263,940
– Write-off of obsolete and deteriorated inventories	29,915	18,680	2,302	6,024
– Reversal of allowance for obsolete and deteriorated inventories	(6,608)	(2,569)	(2,302)	(3,714)
<b>Net</b>	<b>6,499,422</b>	<b>8,370,058</b>	<b>2,249,823</b>	<b>3,266,250</b>

### 8. INVESTMENTS IN SUBSIDIARIES

(in thousand Baht)		
	SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015
At 1 January	669,773	669,773
Increase in subsidiary's share capital	10,334	–
<b>At 30 September/31 December</b>	<b>680,107</b>	<b>669,773</b>

On 9 September 2016, Oishi International Holdings Limited, a direct subsidiary of the Company in Hong Kong Special Administrative Region of the People's Republic of China, increased its authorised and called-up share capital by issuing HKD 11.70 million (11,700,000 ordinary shares with a HKD 1 par value) from HKD 9.40 million (9,400,000 ordinary shares with a HKD 1 par value). The payment of additional called-up share capital was made in September 2016.

On 14 September 2016, Oishi F&B (Singapore) Pte. Ltd, an indirect subsidiary of the Company in Singapore, increased its authorised and called-up share capital by issuing SGD 1.90 million (1,900,000 ordinary shares with a SGD 1 par value) from SGD 1.52 million (1,520,000 ordinary shares with a SGD 1 par value). The payment of additional called-up share capital was made in September 2016.

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Investments in subsidiaries as at 30 September 2016 and 31 December 2015, and dividend income from those investments for the nine-month periods then ended and for the years then ended, were as follows:

SEPARATE FINANCIAL STATEMENTS									
			Ownership interest 30 กันยายน 31 ธันวาคม (%)	Paid-up capital 30 กันยายน 31 ธันวาคม (in thousands)	Cost 30 กันยายน 31 ธันวาคม (in thousand Baht)	Dividend income For the nine-month period ended year ended 31 ธันวาคม 31 ธันวาคม			
	Type of business	Country of incorporation	2016	2015	2016	2015	2016	2015	2015
<b>Direct subsidiaries</b>									
Oishi Trading Co., Ltd.	Manufacture and distribution of food and beverage	Thailand	99.99	99.99	420,000 บาท	420,000 บาท	420,000	419,999	461,999
Oishi Ramen Co., Ltd.	Japanese restaurant	Thailand	99.99	99.99	158,000 บาท	158,000 บาท	158,000	-	-
Oishi Snack Co., Ltd.	Distribution of food	Thailand	99.99	99.99	52,000 บาท	52,000 บาท	52,000	-	-
Oishi International Holdings Limited	International distribution of beverage	Hong Kong	100.00	100.00	HKD 11,700	HKD 9,400	50,107	-	-
Total							680,107	419,999	461,999
<b>Indirect subsidiaries</b>									
Oishi F&B (Singapore) Pte. Ltd.	Brand management and consulting services	Singapore	100.00	100.00	SGD 1,900	SGD 1,520			
Oishi Myanmar Limited	Japanese restaurant	Myanmar	55.00	55.00	USD 2,100	USD 2,100			
Oishi Group Limited Liability Company	Marketing management consulting services	Vietnam	100.00	100.00	USD 50	USD 50			

None of the Group's subsidiaries are publicly listed and consequently do not have published price quotation.

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

## 9. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED FINANCIAL STATEMENTS											(in thousand Baht)
	Land	Land improvements	Buildings and building improvements	Decoration	Internal systems	Tools and machinery for manufacturing	Office equipment, furniture and fixtures	Restaurant utensils	Vehicles	Assets under construction and installation	Total
<b>Cost/ revaluation</b>											
At 1 January 2015	503,281	24,623	1,863,941	827,570	1,487,242	4,957,235	395,251	147,225	4,457	435,529	10,646,354
Additions	-	-	20,143	70,346	79,227	126,755	38,388	27,100	15	275,874	637,848
Disposals	-	-	61,331	54,916	207,581	215,743	40,366	2,116	-	(609,195)	(27,142)
Disposals	-	-	(201)	(75,811)	(50,942)	(86,449)	(30,567)	(30,167)	(540)	-	(274,677)
<b>At 31 December 2015 and</b>											
1 January 2016	503,281	24,623	1,945,214	877,021	1,723,108	5,213,284	443,438	146,274	3,932	102,208	10,982,383
Additions	-	-	4,986	4,266	9,472	28,565	16,595	7,412	15	681,352	752,663
Surplus on revaluation	159,845	-	-	-	-	-	-	-	-	-	159,845
Transfers	-	-	28,732	26,886	60,415	55,960	9,656	3,936	-	(187,043)	(1,458)
Disposals	-	-	-	(19,282)	(16,054)	(12,788)	(8,711)	(3,455)	-	-	(60,290)
<b>At 30 September 2016</b>	<b>663,126</b>	<b>24,623</b>	<b>1,978,932</b>	<b>888,891</b>	<b>1,776,941</b>	<b>5,285,021</b>	<b>460,978</b>	<b>154,167</b>	<b>3,947</b>	<b>596,517</b>	<b>11,833,143</b>



# NOTES TO

Oishi Group Public Company Limited and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS											(in thousand Baht)
	Land	Land improvements	Buildings and building improvements	Decoration	Internal systems	Tools and machinery for manufacturing	Office equipment, furniture and fixtures	Restaurant utensils	Vehicles	Assets under construction and installation	Total
<b>Depreciation</b>											
At 1 January 2015	-	8,831	369,006	386,542	553,130	1,662,176	206,315	80,862	3,475	-	3,270,337
Depreciation charge for the year	-	2,565	95,373	138,202	197,350	445,636	69,209	22,194	193	-	970,722
Transfers	-	-	(365)	(316)	(3,824)	(17,981)	(2,785)	(9)	-	-	(25,280)
Disposals	-	-	(84)	(60,481)	(41,433)	(79,381)	(26,508)	(28,013)	(539)	-	(236,439)
<b>At 31 December 2015 and 1 January 2016</b>											
1 January 2016	-	11,396	463,930	463,947	705,223	2,010,450	246,231	75,034	3,129	-	3,979,340
Depreciation charge for the year	-	1,495	74,619	108,125	157,782	342,963	53,566	17,996	146	-	756,692
Transfers	-	-	-	(4)	(259)	(858)	(46)	-	-	-	(1,167)
Disposals	-	-	-	(18,653)	(15,614)	(12,026)	(7,251)	(3,155)	-	-	(56,699)
<b>At 30 September 2016</b>											
	-	12,891	538,549	553,415	847,132	2,340,529	292,500	89,875	3,275	-	4,678,166

NOTES TO  
THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS											(in thousand Baht)
	Land	Land improvements	Buildings and building improvements	Decoration	Internal systems	Tools and machinery for manufacturing	Office equipment, furniture and fixtures	Restaurant utensils	Vehicles	Assets under construction and installation	Total
Net book value											
At 1 January 2015											
Owned assets	503,281	15,792	1,494,935	441,028	934,112	3,295,059	188,936	66,363	982	365,529	7,306,017
Assets under finance leases	-	-	-	-	-	-	-	-	-	70,000	70,000
	503,281	15,792	1,494,935	441,028	934,112	3,295,059	188,936	66,363	982	435,529	7,376,017
At 31 December 2015 and 1 January 2016											
Owned assets	503,281	13,227	1,481,284	413,074	1,017,885	3,136,452	197,207	71,240	803	102,208	6,936,661
Assets under finance leases	-	-	-	-	-	66,382	-	-	-	-	66,382
	503,281	13,227	1,481,284	413,074	1,017,885	3,202,834	197,207	71,240	803	102,208	7,003,043
At 30 September 2016											
Owned assets	663,126	11,732	1,440,383	335,476	929,809	2,881,614	168,478	64,292	672	596,517	7,092,099
Assets under finance leases	-	-	-	-	-	62,878	-	-	-	-	62,878
	663,126	11,732	1,440,383	335,476	929,809	2,944,492	168,478	64,292	672	596,517	7,154,977

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 30 September 2016 amounted to Baht 1,411.21 million (31 December 2015: Baht 1,146.53 million).

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

SEPARATE FINANCIAL STATEMENTS									(in thousand Baht)
	Cost	Decoration	Internal systems	Tools and machinery for manufacturing	Office equipment,, furniture and fixtures	Restaurant utensils	Vehicles	Assets under construction and installation	Total
At 1 January 2015		667,231	602,611	581,206	259,143	118,086	860	-	2,229,137
Additions		8,878	7,101	19,071	11,756	8,550	-	21,914	77,270
Transfers		10,758	7,507	1,651	1,262	304	-	(21,482)	-
Disposals		(72,247)	(48,302)	(61,647)	(26,832)	(28,299)	(540)	-	(237,867)
At 31 December 2015 and 1 January 2016		614,620	568,917	540,281	245,329	98,641	320	432	2,068,540
Additions		3,947	2,482	7,238	11,708	5,908	-	7,752	39,035
Transfers		1,882	433	464	293	402	-	(3,474)	-
Disposals		(17,402)	(14,983)	(11,618)	(7,882)	(3,254)	-	-	(55,139)
At 30 September 2016		603,047	556,849	536,365	249,448	101,697	320	4,710	2,052,436

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

		SEPARATE FINANCIAL STATEMENTS							(in thousand Baht)
		Decoration	Internal systems	Tools and machinery for manufacturing	Office equipment, furniture and fixtures	Restaurant utensils	Vehicles	Assets under construction and installation	Total
<b>Depreciation</b>									
At 1 January 2015		358,298	335,833	337,365	143,268	74,673	860	-	1,250,297
Depreciation charge for the year		105,122	94,572	87,082	41,766	15,216	-	-	343,758
Disposals		(56,959)	(38,855)	(55,239)	(23,015)	(26,378)	(540)	-	(200,986)
At 31 December 2015 and 1 January 2016		406,461	391,550	369,208	162,019	63,511	320	-	1,393,069
Depreciation charge for the year		71,748	62,907	58,676	28,700	11,007	-	-	233,038
Disposals		(16,780)	(14,549)	(10,985)	(6,565)	(3,006)	-	-	(51,885)
Transfers		(4)	-	(9)	13	-	-	-	-
At 30 September 2016		461,425	439,908	416,890	184,167	71,512	320	-	1,574,222
<b>Net book value</b>									
<b>Owned assets</b>									
At 1 January 2015		308,933	266,778	243,841	115,875	43,413	-	-	978,840
At 31 December 2015 and 1 January 2016		208,159	177,367	171,073	83,310	35,130	-	432	675,471
At 30 September 2016		141,622	116,941	119,475	65,281	30,185	-	4,710	478,214

The gross amount of the Company's fully depreciated equipment that was still in use as at 30 September 2016 amounted to Baht 609.64 million (31 December 2015: Baht 392.51 million).

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

## Measurement of fair value

### *Fair value hierarchy*

The fair value of land was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for land of Baht 663 million in consolidated financial statements has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

### *Level 3 fair value*

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

		(in million Baht)
		CONSOLIDATED FINANCIAL STATEMENTS
Balance at 1 January 2016		503
<b>Credited other comprehensive income</b>		
Revaluation of land		160
<b>Balance at 30 September 2016</b>		<b>663</b>

### *Valuation technique and significant unobservable inputs*

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparison market approach	Recent sales and listings of comparable lands and made adjustments for differences between the subject land and those actual sales and listings regard as comparable	The estimated fair value increase (decrease) if the price per area increase (decrease).

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 10. DEFERRED TAX

Deferred tax assets and liabilities as at 30 September 2016 and 31 December 2015 were as follows:

(in thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS				
	Assets		Liabilities	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Total	86,708	115,302	(41,184)	(9,215)
Set off of tax	(41,184)	(9,215)	41,184	9,215
<b>Net deferred tax assets</b>	<b>45,524</b>	<b>106,087</b>	<b>-</b>	<b>-</b>

(in thousand Baht)

SEPARATE FINANCIAL STATEMENTS				
	Assets		Liabilities	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Deferred tax assets	8,001	17,485	-	-

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Movements in total deferred tax assets and liabilities during the nine-month period ended 30 September 2016 and the year ended 31 December 2015 were as follows:

(in thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS				
	(Charged) / credited to:			
	At 1 January 2016	Profit or loss (Note 24)	Other comprehensive income	At 30 September 2016
<b>Deferred tax assets</b>				
Inventories	464	(65)	–	399
Defined employee benefit obligations	8,490	940	1,089	10,519
Tax loss carry forward	106,348	(31,035)	–	75,313
Others	–	477	–	477
<b>Total</b>	<b>115,302</b>	<b>(29,683)</b>	<b>1,089</b>	<b>86,708</b>
<b>Deferred tax liability</b>				
Revaluation surplus on land	(9,215)	–	(31,969)	(41,184)
<b>Net</b>	<b>106,087</b>	<b>(29,683)</b>	<b>(30,880)</b>	<b>45,524</b>

(in thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS				
	(Charged) / credited to:			
	At 1 January 2015	Profit or loss (Note 24)	Other comprehensive income	At 30 December 2015
<b>Deferred tax assets</b>				
Inventories	1,224	(760)	–	464
Defined employee benefit obligations	12,447	834	(4,791)	8,490
Tax loss carry forward	108,130	(1,782)	–	106,348
<b>Total</b>	<b>121,801</b>	<b>(1,708)</b>	<b>(4,791)</b>	<b>115,302</b>
<b>Deferred tax liability</b>				
Revaluation surplus on land	(9,215)	–	–	(9,215)
<b>Net</b>	<b>112,586</b>	<b>(1,708)</b>	<b>(4,791)</b>	<b>106,087</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

### SEPARATE FINANCIAL STATEMENTS

	(Charged) / credited to:			
	At 1 January 2016	Profit or loss (Note 24)	Other comprehensive income	At 30 September 2016
<b>Deferred tax assets</b>				
Inventories	460	(460)	–	–
Defined employee benefit obligations	6,649	754	598	8,001
Tax loss carry forward	10,376	(10,376)	–	–
<b>Total</b>	<b>17,485</b>	<b>(10,082)</b>	<b>598</b>	<b>8,001</b>

(in thousand Baht)

### SEPARATE FINANCIAL STATEMENTS

	(Charged) / credited to:			
	At 1 January 2015	Profit or loss (Note 24)	Other comprehensive income	At 30 December 2015
<b>Deferred tax assets</b>				
Inventories	1,203	(743)	–	460
Defined employee benefit obligations	9,715	867	(3,933)	6,649
Tax loss carry forward	–	10,376	–	10,376
<b>Total</b>	<b>10,918</b>	<b>10,500</b>	<b>(3,933)</b>	<b>17,485</b>



## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 11. OTHER NON-CURRENT ASSETS

(in thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
	Note	2016	2015	2016	2015
<b>Related parties</b>					
Deposits	4	27,488	14,445	19,669	9,334
<b>Other parties</b>					
Deposits		212,742	217,438	155,857	158,507
Receivable from Revenue Department		33,336	28,094	16,095	15,394
Others		553	7,062	275	8,081
<b>Total</b>		<b>274,119</b>	<b>267,039</b>	<b>191,896</b>	<b>191,316</b>

### 12. INTEREST-BEARING LIABILITIES

(in thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
	Note	2016	2015	2016	2015
<b>Current</b>					
Current portion of long-term loan from a financial institution					
Unsecured		500,000	600,000	–	600,000
Current portion of debentures					
Unsecured		–	1,000,000	–	1,000,000
Short-term loans from subsidiary					
Unsecured	4	–	–	51,000	51,000
Current portion of finance lease liabilities		22,696	19,814	–	–
<b>Total current interest-bearing liabilities</b>		<b>522,696</b>	<b>1,619,814</b>	<b>51,000</b>	<b>1,651,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
<b>Non-current</b>					
Long-term loans from financial institutions Unsecured		–	500,000	–	–
Debentures Unsecured		2,000,000	1,000,000	2,000,000	1,000,000
Total long-term loans		2,000,000	1,500,000	2,000,000	1,000,000
Finance lease liabilities		12,969	30,261	–	–
<b>Total non-current interest-bearing liabilities</b>		<b>2,012,969</b>	<b>1,530,261</b>	<b>2,000,000</b>	<b>1,000,000</b>
<b>Grand total</b>		<b>2,535,665</b>	<b>3,150,075</b>	<b>2,051,000</b>	<b>2,651,000</b>

As at 30 September 2016, the principal features and details of the loans of the Group were as follows:

### **Long-term loans from financial institutions**

#### **(a) Long-term loans from financial institutions**

The Company's subsidiary had a long-term loan agreement with a financial institution with the principal of Baht 500 million which is to be monthly repaid in five installments of Baht 100 million each, commencing in February 2017. Interest is payable monthly at the fixed rate of 2.25% per annum. The subsidiary must comply with certain covenants and restrictions as specified in the loan agreement.

#### **(b) Debentures**

In 2012, the shareholders of the Company approved the Company to issue debentures not exceeding Baht 3,000 million with period not exceeding 10 years. In case, the Company redeems or repays the said debentures, the Company can issue additional debentures as substitute under the conditions and limits (Revolving).

As at 30 September 2016, the Company had outstanding unsubordinated, unsecured debentures and without a shareholder representative with the name registered in the amount of Baht 2,000 million (2,000,000 units at par value of Baht 1,000 each). These debentures mature on 9 December 2018 and 6 July 2019 with fixed coupon rate of 2.51% per annum and 2.20% per annum, respectively, and payable every six-month period.

The Company must comply with the conditions and interest-bearing debt to equity ratios over the term of the debentures.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 30 September 2016 and 31 December 2015 were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Within one year	500,000	1,600,000	51,000	1,651,000
After one year but within five years	2,000,000	1,500,000	2,000,000	1,000,000
<b>Total</b>	<b>2,500,000</b>	<b>3,100,000</b>	<b>2,051,000</b>	<b>2,651,000</b>

As at 30 September 2016, the Group and the Company had unutilised facilities totaling Baht 3,023.86 million and USD 3.25 million, and Baht 2,660.12 million respectively (2015: Baht 4,380.94 million and USD 19.65 million, and Baht 2,860.12 million, respectively).

### *Finance lease liabilities*

Finance lease liabilities as at 30 September 2016 and 31 December 2015 were payable as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS					
	30 September 2016			31 December 2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	24,183	(1,487)	22,696	22,214	(2,400)	19,814
After one year but within five years	13,188	(219)	12,969	31,477	(1,216)	30,261
<b>Total</b>	<b>37,371</b>	<b>(1,706)</b>	<b>35,665</b>	<b>53,691</b>	<b>(3,616)</b>	<b>50,075</b>

Interest-bearing liabilities of the Group and the Company as at 30 September 2016 and 31 December 2015 were denominated entirely in Thai Baht.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 13. TRADE ACCOUNTS PAYABLE

(in thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
	Note	2016	2015	2016	2015
Related parties	4	132,352	139,254	55,286	59,807
Other parties		838,029	864,696	229,408	230,465
<b>Total</b>		<b>970,381</b>	<b>1,003,950</b>	<b>284,694</b>	<b>290,272</b>

The currency denomination of trade accounts payable as at 30 September 2016 and 31 December 2015 were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Thai Baht (THB) and functional currency in subsidiaries	970,070	1,003,858	284,694	290,272
United States Dollars (USD)	261	92	-	-
Euro (EUR)	50	-	-	-
<b>Total</b>	<b>970,381</b>	<b>1,003,950</b>	<b>284,694</b>	<b>290,272</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 14. OTHER PAYABLES

(in thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
	Note	2016	2015	2016	2015
<b>Related parties</b>	4	<b>355,832</b>	<b>150,068</b>	<b>99,693</b>	<b>67,541</b>
<b>Other parties</b>					
Personnel expenses		177,788	86,712	99,156	64,981
Marketing expenses		200,300	78,524	15,124	5,438
Utilities expenses		52,617	45,208	22,735	17,213
Retention		22,852	34,832	4,409	9,989
Advances received		13,267	13,746	13,209	13,676
Others		119,499	151,913	60,338	62,751
<b>Total</b>		<b>942,155</b>	<b>561,003</b>	<b>314,664</b>	<b>241,589</b>

The currency denomination of other payables as at 30 September 2016 and 31 December 2015 were as follows:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Thai Baht (THB) and functional currency in subsidiaries	887,991	557,282	314,664	241,589
Malaysia Ringgit (MYR)	49,196	2,896	–	–
Singapore Dollars (SGD)	4,968	825	–	–
<b>Total</b>	<b>942,155</b>	<b>561,003</b>	<b>314,664</b>	<b>241,589</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 15. EMPLOYEE BENEFIT OBLIGATIONS

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
<b>Statement of financial position:</b>				
<b>Obligations for:</b>				
Post-employment benefits				
- Compensation plan based on Thai Labour law	<u>66,178</u>	<u>53,311</u>	<u>44,929</u>	<u>36,785</u>

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits				
- Compensation plan based on Thai Labour law	<u>7,158</u>	<u>14,383</u>	<u>4,894</u>	<u>10,341</u>
<b>Recognised in other comprehensive income:</b>				
Actuarial (gains) losses recognised in the period/year	<u>5,194</u>	<u>(30,172)</u>	<u>2,991</u>	<u>(19,684)</u>
Cumulative actuarial (gains) losses recognised	<u>7,374</u>	<u>2,180</u>	<u>(1,484)</u>	<u>(4,475)</u>

#### *Compensation plan based on Thai Labour law*

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Movement in the present value of the defined benefit obligations:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
Defined benefit obligations at 1 January	53,311	72,051	36,785	51,617
<b>Include in profit or loss</b>				
Current service cost	5,999	12,005	4,094	8,638
Interest on obligation	1,159	2,378	800	1,703
	<u>7,158</u>	<u>14,383</u>	<u>4,894</u>	<u>10,341</u>
<b>Include in other comprehensive income</b>				
Actuarial (gains) losses	5,194	(30,172)	2,991	(19,684)
	<u>5,194</u>	<u>(30,172)</u>	<u>2,991</u>	<u>(19,684)</u>
<b>Other</b>				
Transfer from related companies	801	140	1,384	576
Transfer to related companies	(286)	(862)	(1,125)	(5,268)
Benefit paid	-	(2,229)	-	(797)
	<u>515</u>	<u>(2,951)</u>	<u>259</u>	<u>(5,489)</u>
<b>Defined benefit obligations at 30 September/31 December</b>	<u><u>66,178</u></u>	<u><u>53,311</u></u>	<u><u>44,929</u></u>	<u><u>36,785</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Actuarial (gains) losses recognised in other comprehensive income arising from:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
Demographic assumptions	–	(32,648)	–	(20,092)
Financial assumptions	2,852	(3,568)	1,810	(2,268)
Experience adjustment	2,342	6,044	1,181	2,676
<b>Total</b>	<b>5,194</b>	<b>(30,172)</b>	<b>2,991</b>	<b>(19,684)</b>

### Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

(%)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Discount rate	2.50	2.90	2.50	2.90
Future salary growth	5.00	5.00	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 30 September 2016, the weighted-average duration of the defined benefit obligation was 13 years (31 December 2015: 15 years).



## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### Sensitivity analysis

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

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Increase	Decrease	Increase	Decrease
<b>Defined benefit obligation as at 30 September 2016</b>				
Discount rate (0.5% movement)	(3,538)	3,833	(2,245)	2,428
Future salary growth (0.5% movement)	3,720	(3,472)	2,356	(2,204)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### 16. SHARE CAPITAL

(in Baht)

(thousand shares/thousand Baht)

		CONSOLIDATED/SEPARATED FINANCIAL STATEMENT			
		For nine-month period ended 30 September 2016		For the year ended 31 December 2015	
Par value		Number	Baht	Number	Baht
per share					
<b>Authorised</b>					
At 1 January					
– ordinary shares	2	187,500	375,000	187,500	375,000
<b>At 30 September/31 December</b>					
– ordinary shares	2	187,500	375,000	187,500	375,000
<b>Issued and paid-up</b>					
At 1 January					
– ordinary shares	2	187,500	375,000	187,500	375,000
<b>At 30 September/31 December</b>					
– ordinary shares	2	187,500	375,000	187,500	375,000

#### Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 17. RESERVES

Reserves comprise:

#### *Appropriations of profit and/or retained earnings*

##### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

##### *Other components of equity*

##### **Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

##### **Valuation surplus**

The valuation surplus account within equity comprises the cumulative net change in the valuation of land included in the financial statements at valuation until such land is sold or otherwise disposed of.

##### **Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

### 18. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Food segment      Japanese restaurant, ramen, snack and frozen foods
- Beverage segment      Production and distribution of green tea, fruit juice flavoured drinks, herbal drinks and drinking water

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net profit, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment net profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

## Information about reportable segments:

(in million Baht)

	Food segment		Beverage segment		Total	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015	2016	2015
Revenue from sale of goods						
– Other parties	4,897	6,570	510	444	5,407	7,014
– Related parties	9	2	4,868	5,777	4,877	5,779
Revenue from rendering of services						
– Other parties	–	–	78	56	78	56
– Related parties	–	–	37	30	37	30
Interest income	3	1	1	–	4	1
Other income	24	39	82	44	106	83
<b>Total income</b>	<b>4,933</b>	<b>6,612</b>	<b>5,576</b>	<b>6,351</b>	<b>10,509</b>	<b>12,963</b>
Cost of sale of goods	2,806	3,941	3,693	4,429	6,499	8,370
Cost of rendering of services	–	–	108	77	108	77
Selling expenses	581	794	683	873	1,264	1,667
Administrative expenses	1,444	1,802	213	235	1,657	2,037
Finance costs	–	–	61	105	61	105
<b>Total expenses</b>	<b>4,831</b>	<b>6,537</b>	<b>4,758</b>	<b>5,719</b>	<b>9,589</b>	<b>12,256</b>
<b>Profit before income tax expense</b>	<b>102</b>	<b>75</b>	<b>818</b>	<b>632</b>	<b>920</b>	<b>707</b>
Income tax (expense) benefit	(21)	(12)	(19)	9	(40)	(3)
<b>Profit for the period/year</b>	<b>81</b>	<b>63</b>	<b>799</b>	<b>641</b>	<b>880</b>	<b>704</b>
<b>Profit attributable to:</b>						
Owners of the Company	88	71	799	641	887	712
Non-controlling interests	(7)	(8)	–	–	(7)	(8)
<b>Profit for the period/year</b>	<b>81</b>	<b>63</b>	<b>799</b>	<b>641</b>	<b>880</b>	<b>704</b>
Capital expenditure	166	445	603	200	769	645
Depreciation and amortisation	388	508	379	475	767	983

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in million Baht)

	Food segment		Beverage segment		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2016	2015	2016	2015	2016	2015
<b>Assets and liabilities</b>						
Inventories	137	208	353	185	490	393
Property, plant and equipment	1,877	2,013	5,278	4,990	7,155	7,003
Other assets	785	804	848	889	1,633	1,693
<b>Total assets</b>	<b>2,799</b>	<b>3,025</b>	<b>6,479</b>	<b>6,064</b>	<b>9,278</b>	<b>9,089</b>
Trade accounts payable	456	512	514	492	970	1,004
Interest-bearing liabilities	–	–	2,536	3,150	2,536	3,150
Other liabilities	494	420	669	432	1,163	852
<b>Total liabilities</b>	<b>950</b>	<b>932</b>	<b>3,719</b>	<b>4,074</b>	<b>4,669</b>	<b>5,006</b>

### Geographic segments

Operating units of the Group are mainly located in Thailand. Portions of product produced from these units are exported directly or indirectly through foreign subsidiaries to external customers. Certain operating units of subsidiaries are located in foreign countries.

In presenting information on the basis of geographical segments, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### Geographical information

The geographical financial information of the Group in the consolidated financial statements as at 30 September 2016 and 31 December 2015 and nine-month period ended 30 September 2016 and for the year ended 31 December 2015 was as follows:

(in million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS			
	Revenue			
	For the nine-month period ended	For the year ended	Property, plant and equipment	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Thailand	9,942	12,525	7,125	6,966
Overseas	567	438	30	37
<b>Total</b>	<b>10,509</b>	<b>12,963</b>	<b>7,155</b>	<b>7,003</b>

### Major customer

Revenue from major customers of the Group's food and drink segments represents approximately Baht 5,508 million (31 December 2015: Baht 6,398 million) of the Group's total revenues.

## 19. SELLING EXPENSES

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended	For the year ended	For the nine-month period ended	For the year ended
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
Advertising and promotion expenses	702,476	941,697	100,055	217,476
Rental expenses	436,889	550,047	316,630	447,985
Personnel expenses	55,134	81,919	27,979	21,134
Transportation expenses	33,588	49,371	6,425	651
Others	35,365	44,573	12,699	9,881
<b>Total</b>	<b>1,263,452</b>	<b>1,667,607</b>	<b>463,788</b>	<b>697,127</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 20. ADMINISTRATIVE EXPENSES

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
Personnel expenses	839,327	1,057,906	629,533	868,672
Depreciation and amortisation	286,636	365,220	178,264	261,750
Office expenses	246,360	308,085	180,012	259,448
Others	284,792	305,477	154,070	217,043
<b>Total</b>	<b>1,657,115</b>	<b>2,036,688</b>	<b>1,141,879</b>	<b>1,606,913</b>

### 21. EMPLOYEE BENEFIT EXPENSES

(in thousand Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
		2016	2015	2016	2015
Salaries and wages		1,015,855	1,326,546	613,422	863,191
Remuneration		25,000	21,000	25,000	21,000
Pension costs – defined employee benefit plans	15	7,158	14,383	4,894	10,341
Pension costs – contribution plans		10,578	12,334	6,643	8,714
Others		363,508	436,300	143,978	181,245
<b>Total</b>		<b>1,422,099</b>	<b>1,810,563</b>	<b>793,937</b>	<b>1,084,491</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### *Defined employee benefit plan*

Details of the defined employee benefit plans are given in Note 15.

### *Contribution plans*

The contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 5% of their basic salaries and by the Group at rates ranging from 2% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

## 22. EXPENSES BY NATURE

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

(in thousand Baht)					
		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	Note	2016	2015	2016	2015
Changes in inventories of					
finished goods and work in progress		(71,513)	3,633	196	8,030
Raw materials and consumables		4,627,340	6,395,448	1,531,577	2,868,782
Employee benefit expenses		1,396,563	1,810,132	793,896	1,084,491
Depreciation and amortisation		739,510	978,462	237,367	349,332
Advertising and promotion expenses	19	702,476	941,697	100,055	217,476
Rental expenses		530,731	594,393	366,461	482,888
Idle cost		61,668	7,098	–	–
Finance costs	23	60,850	104,892	52,583	80,170
Others		1,540,992	1,420,889	825,938	559,291
<b>Total expenses</b>		<b>9,588,617</b>	<b>12,256,644</b>	<b>3,908,073</b>	<b>5,650,460</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 23. FINANCE COSTS

(in thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	Note	2016	2015	2016	2015
<b>Interest expense</b>					
Subsidiaries	4	–	–	526	821
Financial institutions		60,850	105,535	52,057	79,349
<b>Total</b>		<b>60,850</b>	<b>105,535</b>	<b>52,583</b>	<b>80,170</b>

### 24. INCOME TAX EXPENSE

*Income tax recognised in profit or loss*

(in thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	Note	2016	2015	2016	2015
<b>Current tax expense</b>					
Current period		11,511	1,073	2,687	–
Over provided in prior years		(1,643)	–	(842)	–
		<b>9,868</b>	<b>1,073</b>	<b>1,845</b>	<b>–</b>
<b>Deferred tax expense</b>	10				
Movements in temporary differences		(1,352)	(74)	(294)	(124)
Benefit of tax losses recognised		31,035	1,782	10,376	(10,376)
		<b>29,683</b>	<b>1,708</b>	<b>10,082</b>	<b>(10,500)</b>
<b>Total income tax expense (benefit)</b>		<b>39,551</b>	<b>2,781</b>	<b>11,927</b>	<b>(10,500)</b>



## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### *Income tax recognised in other comprehensive income*

(in thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS						
	For the nine-month period ended 30 September 2016			For the year ended 31 December 2015		
	Before tax	Tax expense (benefit)	Net of tax	Before tax	Tax expense (benefit)	Net of tax
Revaluation of land	159,845	(31,969)	127,876	-	-	-
Defined benefit plan actuarial gains (losses)	(5,194)	1,089	(4,105)	30,172	(4,791)	25,381
<b>Total</b>	<b>154,651</b>	<b>(30,880)</b>	<b>123,771</b>	<b>30,172</b>	<b>(4,791)</b>	<b>25,381</b>

(in thousand Baht)

SEPARATE FINANCIAL STATEMENTS						
	For the nine-month period ended 30 September 2016			For the year ended 31 December 2015		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Defined benefit plan actuarial gains (losses)	(2,991)	598	(2,393)	19,684	(3,933)	15,751

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the nine-month period ended 30 September 2016		For the year ended 31 December 2015	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before total income tax expense		919,808		706,516
Income tax using the Thai corporation tax rate	20.00	183,962	20.00	141,303
Income not subject to tax		(139,408)		(142,590)
Expenses for tax incentive		(7,501)		(1,005)
Expenses not deductible for tax purposes		924		2,421
Over provided in prior years		(1,643)		-
Current year losses for which no deferred tax asset was recognised		3,217		2,652
<b>Total</b>	<b>4.30</b>	<b>39,551</b>	<b>0.39</b>	<b>2,781</b>

	SEPARATE FINANCIAL STATEMENTS			
	For the nine-month period ended 30 September 2016		For the year ended 31 December 2015	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before total income tax expense		491,696		404,733
Income tax using the Thai corporation tax rate	20.00	98,339	20.00	80,947
Income not subject to tax		(84,000)		(92,400)
Expenses for tax incentive		(1,659)		(1,005)
Expenses not deductible for tax purposes		89		1,958
Over provided in prior years		(842)		-
<b>Total</b>	<b>2.43</b>	<b>11,927</b>	<b>(2.59)</b>	<b>(10,500)</b>

### Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 25. PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, a subsidiary of the Company has been granted privileges by the Board of Investment. The privileges granted include:

- (a) exemption from import duties on machinery used for production which has been granted privileges by the Board of Investment;
- (b) exemption from corporate income tax on net profit from the business operations under the said promotional privileges for 8 years from the date that income is first derived from such operations. In case of loss during the tax exemption, it could be deducted from the net profit after the exemption period not exceeding five years from the date of expiration; and
- (c) exemption from the inclusion of dividend income derived under the promotional privileges for computation of corporate income tax.

As a promoted company, the said subsidiary must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS					
	For the nine-month period ended 30 September 2016			For the year ended 31 December 2015		
	Promoted business	Non- promoted business	Total	Promoted business	Non- promoted business	Total
Local sales and rendering of services	3,431,873	6,444,233	9,876,106	4,356,971	8,094,495	12,451,466
Export sales and rendering of services	275,737	247,263	523,000	220,577	206,771	427,348
<b>Total</b>	<b>3,707,610</b>	<b>6,691,496</b>	<b>10,399,106</b>	<b>4,577,548</b>	<b>8,301,266</b>	<b>12,878,814</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

SEPARATE FINANCIAL STATEMENTS						
For the nine-month period ended 30 September 2016			For the year ended 31 December 2015			
	Promoted business	Non- promoted business	Total	Promoted business	Non- promoted business	Total
Local sales	–	3,865,634	3,865,634	–	5,449,379	5,449,379

### 26. EARNINGS PER SHARE

The calculations of basic earnings per share for the nine-month period ended 30 September 2016 and for the year ended 31 December 2015 were based on the profit for the period/year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period/year as follows:

(in million Baht/in million shares)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
	2016	2015	2016	2015
Profit attributable to ordinary shareholders of the Company (basic)	887.21	712.19	479.77	415.23
Number of ordinary shares outstanding	187.50	187.50	187.50	187.50
Earnings per share (basic) (in Baht)	4.73	3.80	2.56	2.21

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 27. DIVIDENDS

At the Board of Directors of the Company's meeting held on 9 August 2016, the Board of Directors approved the appropriation of interim dividend of Baht 1.10 per share, totaling Baht 206.25 million, which was paid to the shareholders in September 2016.

At the annual general meeting of the shareholders of the Company held on 27 April 2016, the shareholders approved the appropriation of dividend of Baht 2.00 per share, totaling Baht 375 million. In September 2015, the Company paid an interim dividend of Baht 0.55 per share, totaling Baht 103.13 million. The remaining payment shall be Baht 1.45 per share, totaling Baht 271.88 million, which was paid to the shareholders in May 2016.

At the Board of Directors of the Company's meeting held on 11 August 2015, the Board of Directors approved the appropriation of interim dividend of Baht 0.55 per share, totaling Baht 103.13 million, which was paid to the shareholders in September 2015.

At the annual general meeting of the shareholders of the Company held on 27 April 2015, the shareholders approved the appropriation of dividend of Baht 1.60 per share, totaling Baht 300 million. In September 2014, the Company paid an interim dividend of Baht 0.55 per share, totaling Baht 103.13 million. The remaining payment shall be Baht 1.05 per share, totaling Baht 196.88 million, which was paid to the shareholders in May 2015.

### 28. FINANCIAL INSTRUMENTS

#### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### *Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

#### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 12). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

The effective interest rates of interest-bearing financial liabilities as at 30 September 2016 and 31 December 2015 and the periods in which those liabilities mature or re-price were as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
<b>2016</b>				
<b>Current</b>				
Current portion of long-term loan from financial institutions	2.25	500,000	–	500,000
Current portion of finance lease liabilities	5.82	22,696	–	22,696
<b>Non-current</b>				
Debentures	2.20 – 2.51	–	2,000,000	2,000,000
Financial lease liabilities	5.82	–	12,969	12,969
<b>Total</b>		<b>522,696</b>	<b>2,012,969</b>	<b>2,535,665</b>
<b>2015</b>				
<b>Current</b>				
Current portion of long-term loan from financial institutions	3.85	600,000	–	600,000
Current portion of debenture	4.00	1,000,000	–	1,000,000
Current portion of finance lease liabilities	5.82	19,814	–	19,814
<b>Non-current</b>				
Long-term loan from financial institutions	2.25	–	500,000	500,000
Debentures	2.51	–	1,000,000	1,000,000
Financial lease liabilities	5.82	–	30,261	30,261
<b>Total</b>		<b>1,619,814</b>	<b>1,530,261</b>	<b>3,150,075</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### SEPARATE FINANCIAL STATEMENTS

	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
<b>2016</b>				
<b>Current</b>				
Short-term loan from subsidiary	1.375	51,000	-	51,000
<b>Non-current</b>				
Debentures	2.20 - 2.51	-	2,000,000	2,000,000
<b>Total</b>		<b>51,000</b>	<b>2,000,000</b>	<b>2,051,000</b>
<b>2015</b>				
<b>Current</b>				
Current portion of long-term loan from financial institutions	3.85	600,000	-	600,000
Current portion of debentures	4.00	1,000,000	-	1,000,000
Short-term loans from subsidiary	1.375	51,000	-	51,000
<b>Non-current</b>				
Debentures	2.51	-	1,000,000	1,000,000
<b>Total</b>		<b>1,651,000</b>	<b>1,000,000</b>	<b>2,651,000</b>

#### Foreign currency risk

The Group is exposed to foreign currency risk relating to machinery purchase agreements. The Group primarily utilised forward exchange contracts with maturity period of less than one year to hedge such agreements during the year. The Group is also exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies and at the reporting date there were no significant concentrations of foreign currencies risk.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

As at 30 September 2016 and 31 December 2015, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

(in thousand Baht)					
		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
	Note	2016	2015	2016	2015
<b>Japanese Yen</b>					
Payables for acquisition of assets		-	(55,707)	-	-
<b>Gross balance in statement of financial position exposure</b>		-	(55,707)	-	-
Currency forwards		-	54,886	-	-
<b>Net exposure</b>		-	(821)	-	-
<b>Euro</b>					
Trade accounts payable	13	(50)	-	-	-
Payables for acquisition of assets		(19,052)	(16,143)	-	-
<b>Gross balance in statement of financial position exposure</b>		(19,102)	(16,143)	-	-
Currency forwards		-	16,040	-	-
<b>Net exposure</b>		(19,102)	(103)	-	-
<b>United States Dollars</b>					
Cash and cash equivalents	5	14,975	3,714	-	-
Trade accounts receivable	6	2,527	2,469	-	-
Other receivables – related parties	4	-	-	5,699	1,240
Trade accounts payable	13	(261)	(92)	-	-
<b>Gross balance in statement of financial position exposure</b>		17,241	6,091	5,699	1,240
<b>Singapore Dollars</b>					
Other payables	14	(4,968)	(825)	-	-
<b>Gross balance in statement of financial position exposure</b>		(4,968)	(825)	-	-



## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		30 September	31 December	30 September	31 December
	Note	2016	2015	2016	2015
<i>Malaysian Ringgit</i>					
Trade accounts receivable	6	10,463	6,280	–	–
Other receivables – related parties	4	38,971	–	–	–
Other payables	14	(49,196)	(2,896)	–	–
<b>Gross balance in statement of financial position exposure</b>		<b>238</b>	<b>3,384</b>	<b>–</b>	<b>–</b>

### ***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

### ***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### *Fair values of financial assets and liabilities*

As at 30 September 2016 and 31 December 2015, fair values of financial assets and liabilities is taken to approximate the carrying value, except the following items:

(in million Baht)

CONSOLIDATED FINANCIAL STATEMENTS							
	Carrying value			Fair value			
	Current	Non-current	Total	Level 1	Level 2	Level 3	Total
<b>30 September 2016</b>							
<i>Financial liabilities not measured at fair value</i>							
Long-term loan from financial institutions	500	–	500	–	500	–	500
Debentures	–	2,000	2,000	–	2,012	–	2,012
Finance lease liabilities	23	13	36	–	–	36	36

(in million Baht)

SEPARATE FINANCIAL STATEMENTS							
	Carrying value			Fair value			
	Current	Non-current	Total	Level 1	Level 2	Level 3	Total
<b>30 September 2016</b>							
<i>Financial liabilities not measured at fair value</i>							
Debentures	–	2,000	2,000	–	2,012	–	2,012

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in million Baht)

### CONSOLIDATED FINANCIAL STATEMENTS

	Carrying value			Fair value			
	Current	Non-current	Total	Level 1	Level 2	Level 3	Total
<b>31 December 2015</b>							
<b><i>Financial liabilities not measured at fair value</i></b>							
Long-term loan from financial institutions	600	500	1,100	-	1,099	-	1,099
Debentures	1,000	1,000	2,000	-	2,014	-	2,014
Finance lease liabilities	20	30	50	-	-	52	52
<b><i>Financial liabilities measured at fair value</i></b>							
Foreign currency forwards contracts in liability position	0.1	-	0.1	-	0.1	-	0.1

(in million Baht)

### SEPARATE FINANCIAL STATEMENTS

	Carrying value			Fair value			
	Current	Non-current	Total	Level 1	Level 2	Level 3	Total
<b>31 December 2015</b>							
<b><i>Financial liabilities</i></b>							
Long-term loan from financial institutions	600	-	600	-	600	-	600
Debentures	1,000	1,000	2,000	-	2,014	-	2,014

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Fair values of current portion of financial assets and liabilities are taken to approximate the carrying value due to the relatively short-term maturity.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are calculated by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

### *Financial instruments not measured at fair value*

ประเภท	เทคนิคการประเมินมูลค่า
เงินกู้ยืม	วิธีคิดลดกระแสเงินสด
หุ้นกู้	อ้างอิงราคาจากนายหน้า
หนี้สินตามสัญญาเช่าการเงิน	วิธีคิดลดกระแสเงินสด

## 29. COMMITMENTS WITH NON-RELATED PARTIES

(in million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Machinery and equipment	289,003	96,958	14,898	3,717
Buildings and other constructions	23,933	2,235	-	-
<b>Total</b>	<b>312,936</b>	<b>99,193</b>	<b>14,898</b>	<b>3,717</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

The majority of the capital commitments is from PET Cold Aseptic Filling Line 4 project.

(in million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
<b>Non-cancellable operating lease commitments</b>				
Within one year	190,935	231,075	126,237	170,555
After one year but within five years	124,470	194,187	81,717	120,387
After five years	6,636	8,150	6,636	8,150
<b>Total</b>	<b>322,041</b>	<b>433,412</b>	<b>214,590</b>	<b>299,092</b>

### **Significant agreements under non-cancellable operating lease commitments**

#### *Area lease agreements*

The Company entered into area lease agreements with local companies for restaurant business operation. The agreements are for one year to three years, due within 2016 to 2019. The Company is committed to pay monthly rental fees based on fixed rates or percentage of sale as conditions stipulated in the agreements.

Oishi Ramen Co., Ltd., the Company's subsidiary, entered into area lease agreements for restaurant business with local companies. The agreements are for one year to three years, ending between 2016 to 2019. The said subsidiary is committed to pay monthly rental fees based on fixed rates or percentage of sale as conditions stipulated in the agreements.

#### *Forklift agreements*

Oishi Trading Co., Ltd., the Company's subsidiary, entered into forklifts and other equipment lease agreements with local companies. The periods of the agreements are for three years, ending in 2017. The Company is committed to pay monthly rental fees as conditions stipulated in the agreements.

#### *Store lease agreements*

Oishi Trading Co., Ltd., the Company's subsidiary, entered into store lease agreement with a local company. The agreement is for one year, ending in 2017. The Company is committed to pay monthly rental fees as conditions stipulated in the agreement.

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
<b><i>Other Commitments</i></b>				
Service agreements	447,553	499,481	289,532	339,115
Letters of credit	170,257	73,177	–	–
Bank guarantees	35,880	35,880	–	–
Advertisement contracts	3,416	2,052	–	–
Purchase orders for goods and supplies	1,933	15,177	–	–
Forward contracts	–	70,927	–	–
Others	22,292	14,243	1,988	438
<b>Total</b>	<b>681,331</b>	<b>710,937</b>	<b>291,520</b>	<b>339,553</b>

### ***Other agreements***

#### *Sale and purchase of material and package agreement*

On 19 November 2014, the Company and Oishi Ramen Co., Ltd., the Company's subsidiary, entered into sale and purchase of material and package agreement with a local company for distributing products to the Group's restaurants and for materials and packaging management to the Company and its subsidiary. The Company and its subsidiary agreed to pay the service charge at the rate specified in the agreements. The agreements will expire on 31 December 2016.

#### *Transportation agreements*

On 1 February 2010, the Company and Oishi Trading Co., Ltd., the Company's subsidiary, entered into transportation agreement with a local company to transport products from factory to the defined destination. Transportation cost is calculated for each trip at the rate as stipulated in the agreements. The agreements shall be in effect for a period of three years, effective from 1 January 2010 to 31 December 2012. Subsequently on 1 July 2010, the Company and its subsidiary amended the period of agreements to be two years from 1 July 2010 to 30 June 2012. The agreements will be extended for successive one year term if no prior written notices are given by any one party to the other.

#### *Purchase natural gas agreement*

On 30 September 2009, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a purchase natural gas agreement with a local company. The subsidiary agreed to pay the fee and complied with the conditions as stipulated in the agreement. The agreement shall be in effect for a period of seven years, effective from 21 December 2009 to 30 November 2016 with renewal if not less than 90 days prior written notice is given by any one party to the other.

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

## *Contract manufacturing agreement*

On 1 May 2015, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a contract manufacturing agreement with a local company at the price and conditions as specified in the agreement. The agreement is for five years period from 1 May 2015 to 30 April 2020.

## **30. EVENTS AFTER THE REPORTING PERIOD**

- a) On 11 October 2016, Oishi Myanmar Limited, a indirect subsidiary of the Company in the Republic of the Union of Myanmar, increased its authorised share capital to USD 4.50 million (4,500,000 ordinary shares with a USD 1 par value) from USD 2.10 million (2,100,000 ordinary shares with a USD 1 par value). The payment of additional called-up share capital was partially made of USD 0.60 million in October 2016, totaling authorised and called-up share capital to USD 2.70 million.
- b) At the Board of Directors of the Company's meeting held on 16 November 2016, the Board of Directors agreed to concur a dividend payment of Baht 2.50 per share, totaling Baht 468.75 million. In September 2016, the Company paid an interim dividend of Baht 1.10 per share, totaling Baht 206.25 million. The remaining dividend payment shall be Baht 1.40 per share, totaling Baht 262.50 million, which will be paid to the shareholders in 2017.

## **31. THAI FINANCIAL REPORTING STANDARDS (TFRS) NOT YET ADOPTED**

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 33 (revised 2016)	Earnings Per Share
TAS 36 (revised 2016)	Impairment of Assets

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

TFRS	Topic
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TFRS 3 (revised 2016)	Business Combinations
TFRS 8 (revised 2016)	Operating Segments
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 25 (revised 2016)	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 21 (revised 2016)	Levies
FAP Announcement No. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

### 32. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the statements of financial position as at 31 December 2015, which are included in the 2016 financial statements for comparative purpose, have been reclassified to conform to the presentation in the nine-month period ended 30 September 2016 financial statements.

(in thousand Baht)

2558						
	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	Before reclassifi- cation	Reclassifi- cation	After reclassifi- cation	Before reclassifi- cation	Reclassifi- cation	After reclassifi- cation
<i>Statements of comprehensive income for the year ended 31 December 2015</i>						
Selling expenses	1,546,438	121,169	1,667,607	666,112	31,015	697,127
Administrative expenses	<u>2,157,857</u>	<u>(121,169)</u>	<u>2,036,688</u>	<u>1,637,928</u>	<u>(31,015)</u>	<u>1,606,913</u>
		<u>-</u>			<u>-</u>	

The reclassification has been made because in the opinion of management, the new classification is more appropriate to the Group's business.

### 33. SUPPLEMENTARY INFORMATIONS

As per Note 2 (e), change in accounting period, the consolidated and separate financial statements for the nine-month period ended 30 September 2016 have been firstly prepared and presented for the period from 1 January 2016 to 30 September 2016, in accordance with the required format of the financial statements presentation.

For the benefit of the users in comparing and analysing the financial information, the Group and the Company have prepared the supplementary information in the form of the unaudited consolidated and separate statements of comprehensive income and cash flows and segment information for the nine-month period ended 30 September 2015, as details below:

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Statements of comprehensive income	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
<b>Income</b>				
Revenue from sale of goods	10,284,233	9,591,896	3,865,634	4,213,431
Revenue from rendering of services	114,873	49,637	-	-
Dividend income from subsidiaries	-	-	419,999	293,999
Interest income	3,695	626	64,509	61,611
Other income	105,624	62,500	49,627	45,696
<b>Total income</b>	<b>10,508,425</b>	<b>9,704,659</b>	<b>4,399,769</b>	<b>4,614,737</b>
<b>Expenses</b>				
Cost of sale of goods	6,499,421	6,316,932	2,249,823	2,549,495
Cost of rendering of services	107,779	47,906	-	-
Selling expenses	1,263,452	1,267,585	463,788	545,616
Administrative expenses	1,657,115	1,528,142	1,141,879	1,218,260
Finance costs	60,850	80,137	52,583	59,358
<b>Total expenses</b>	<b>9,588,617</b>	<b>9,240,702</b>	<b>3,908,073</b>	<b>4,372,729</b>
<b>Profit before income tax expense</b>	<b>919,808</b>	<b>463,957</b>	<b>491,696</b>	<b>242,008</b>
Income tax benefit (expense)	(39,551)	(3,130)	(11,927)	6,848
<b>Profit for the period</b>	<b>880,257</b>	<b>460,827</b>	<b>479,769</b>	<b>248,856</b>
<b>Other comprehensive income</b>				
<b>Items that will never be reclassified to profit or loss</b>				
Revaluation of land	159,845	-	-	-
Defined employee benefit plan actuarial losses	(5,194)	-	(2,991)	-
Income tax on other comprehensive income	(30,880)	-	598	-
	<b>123,771</b>	<b>-</b>	<b>(2,393)</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Statements of comprehensive income	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	(189)	259	-	-
<b>Other comprehensive income for the period, net of income tax</b>	<b>123,582</b>	<b>259</b>	<b>(2,393)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>1,003,839</b>	<b>461,086</b>	<b>477,376</b>	<b>248,856</b>
<b>Profit attributable to:</b>				
Owners of the Company	887,214	467,139	479,769	248,856
Non-controlling interests	(6,957)	(6,312)	-	-
<b>Profit for the period</b>	<b>880,257</b>	<b>460,827</b>	<b>479,769</b>	<b>248,856</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	1,010,664	467,515	477,376	248,856
Non-controlling interests	(6,825)	(6,429)	-	-
<b>Total comprehensive income for the period</b>	<b>1,003,839</b>	<b>461,086</b>	<b>477,376</b>	<b>248,856</b>
<b>Basic earnings per share (in Baht)</b>	<b>4.73</b>	<b>2.49</b>	<b>2.56</b>	<b>1.33</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Statements of cash flows	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
<b><i>Cash flows from operating activities</i></b>				
Profit for the period	880,257	460,827	479,769	248,856
<i>Adjustments for</i>				
Depreciation and amortisation	766,899	730,186	237,367	265,803
Write-off of obsolete and deteriorated inventories	23,307	2,617	-	7
Interest income	(3,695)	(626)	(64,509)	(61,611)
Dividend income from subsidiaries	-	-	(419,999)	(293,999)
Finance costs	60,850	80,137	52,583	59,358
Unrealised (gain) loss on exchange	433	17,480	110	(2)
Loss on disposal of and write-off of plant and equipment	2,169	28,406	2,100	27,562
Loss on disposal of and write-off of intangible assets	-	2	-	-
Defined employee benefit expenses	7,158	10,787	4,894	7,756
Income tax (benefit) expense	39,551	3,130	11,927	(6,849)
	<b>1,776,929</b>	<b>1,332,946</b>	<b>304,242</b>	<b>246,881</b>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	110,044	89,631	(85,485)	48,998
Other receivables	(54,556)	57,545	(21,871)	(24,981)
Inventories	(120,970)	9,180	3,464	25,581
Other current assets	(43,591)	17,647	(1,187)	3,964
Other non-current assets	(1,837)	(11,350)	121	10,672
Trade accounts payable	(34,073)	(223,419)	(5,578)	(227,925)
Other payables	387,949	(202,169)	77,684	(97,388)
Other current liabilities	(7,079)	(7,436)	(113)	(3,804)
Other non-current liabilities	8,260	(13,700)	-	-
Cash generated from (used in) operating activities	2,021,076	1,048,875	271,277	(18,002)

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

(in thousand Baht)

Statements of cash flows	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
Transfer in of defined employee benefit obligations	801	-	1,384	-
Transfer out of defined employee benefit obligations	(286)	-	(1,125)	-
Defined employee benefit paid	-	(1,192)	-	-
Advance payment for corporate tax received	379	-	-	-
Income tax paid	(12,394)	(3,396)	(2,547)	(1,497)
<b>Net cash from (used in) operating activities</b>	<b>2,009,576</b>	<b>1,044,287</b>	<b>268,989</b>	<b>(19,499)</b>
<i><b>Cash flows from investing activities</b></i>				
Interest received	1,983	626	63,423	61,913
Dividends received	-	-	587,999	293,999
Increase in short-term loans to subsidiaries	-	-	(5,582,302)	(3,039,637)
Repayment of short-term loan to subsidiary	-	-	5,847,302	3,144,137
Net cash outflow on investment in a subsidiary	-	-	(10,334)	-
Proceeds from capital increase in non-controlling interests in a subsidiary	-	19,512	-	-
Purchase of plant and equipment	(839,522)	(632,904)	(34,474)	(68,982)
Sale of plant and equipment	1,420	7,006	1,154	6,625
Purchase of intangible assets	(16,827)	(2,654)	(4,572)	(618)
Sale of intangible assets	21	-	57	243
<b>Net cash from (used in) investing activities</b>	<b>(852,925)</b>	<b>(608,414)</b>	<b>868,253</b>	<b>397,680</b>

## NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

Statements of cash flows	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(63,579)	(87,713)	(57,193)	(69,466)
Dividends paid to owners of the Company	(478,125)	(300,000)	(478,125)	(300,000)
Proceeds from short-term loans from financial institutions	650,000	6,437,000	-	-
Repayment of short-term loans from financial institutions	(650,000)	(7,063,000)	-	-
Proceeds from short-term loans from subsidiaries	-	-	-	24,783
Repayment of short-term loans from subsidiaries	-	-	-	(62,783)
Proceeds from long-term loan from financial institutions	-	500,000	-	-
Repayment of long-term loan from financial institutions	(600,000)	-	(600,000)	-
Proceeds from issuance of debentures	1,000,000	-	1,000,000	-
Repayment of debentures	(1,000,000)	-	(1,000,000)	-
Finance lease payments	(16,320)	(14,680)	-	-
<b>Net cash used in financing activities</b>	<b>(1,158,024)</b>	<b>(528,393)</b>	<b>(1,135,318)</b>	<b>(407,466)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,373)</b>	<b>(92,520)</b>	<b>1,924</b>	<b>(29,285)</b>
Cash and cash equivalents at 1 January	595,204	141,996	543,349	45,607
Effect of exchange rate changes on balances held in foreign currencies	(188)	259	-	-
<b>Cash and cash equivalents at 30 September</b>	<b>593,643</b>	<b>49,735</b>	<b>545,273</b>	<b>16,322</b>
<b><i>Non-cash transactions</i></b>				
Payables for acquisition of assets	92,805	156,824	17,175	12,873

(in thousand Baht)

# NOTES TO THE FINANCIAL STATEMENTS

Oishi Group Public Company Limited and its Subsidiaries

## Information about reportable segments

(in million Baht)						
Nine-month period ended	Food segment		Beverage segment		Total	
30 September	2016	2015 (Unaudited)	2016	2015 (Unaudited)	2016	2015 (Unaudited)
Revenue from sale of goods						
– Other parties	4,897	4,925	510	292	5,407	5,217
– Related parties	9	1	4,868	4,374	4,877	4,375
Revenue from rendering of services						
– Other parties	–	–	78	31	78	31
– Related parties	–	–	37	19	37	19
Interest income	3	–	1	1	4	1
Other income	24	34	82	28	106	62
<b>Total income Total assets</b>	<b>4,933</b>	<b>4,960</b>	<b>5,576</b>	<b>4,745</b>	<b>10,509</b>	<b>9,705</b>
Cost of sale of goods	2,806	2,970	3,693	3,347	6,499	6,317
Cost of rendering of services	–	–	108	48	108	48
Selling expenses	581	599	683	669	1,264	1,268
Administrative expenses	1,444	1,359	213	169	1,657	1,528
Finance costs	–	–	61	80	61	80
<b>Total expenses</b>	<b>4,831</b>	<b>4,928</b>	<b>4,758</b>	<b>4,313</b>	<b>9,589</b>	<b>9,241</b>
<b>Profit before income tax expense</b>	<b>102</b>	<b>32</b>	<b>818</b>	<b>432</b>	<b>920</b>	<b>464</b>
Income tax (expense) benefit	(21)	(7)	(19)	4	(40)	(3)
<b>Profit for the period</b>	<b>81</b>	<b>25</b>	<b>799</b>	<b>436</b>	<b>880</b>	<b>461</b>
<b>Profit attributable to:</b>						
Owners of the Company	88	31	799	436	887	467
Non-controlling interests	(7)	(6)	–	–	(7)	(6)
<b>Profit for the period</b>	<b>81</b>	<b>25</b>	<b>799</b>	<b>436</b>	<b>880</b>	<b>461</b>
Capital expenditure	166	327	603	138	769	465
Depreciation and amortisation	388	378	379	352	767	730



For more information,  
please see the Company's Annual Registration Statement (Form 56-1) on  
**[www.sec.or.th](http://www.sec.or.th) or [www.oishigroup.com](http://www.oishigroup.com)**







OISHI Mobile App



**Oishi Group Public Company Limited**  
Registration No. 0107547000150

No. 57, Park Ventures Ecoplex, 19<sup>th</sup>-20<sup>th</sup> Floor, Wireless Rd.,  
Lumpini, Pathumwan, Bangkok 10330, Thailand  
TEL. 66(0)2 785 8888 Fax, 66(0)2 785 8889  
**[www.oishigroup.com](http://www.oishigroup.com)**