



T S FLOUR MILL PUBLIC COMPANY LIMITED

"We" are a leading wheat flour manufacturer who emphasizes on professional excellence in terms of commerce

ANNUAL REPORT 2017





Index

	Page
General Information	2
Summary financial information	4
Message from the Chairman of the Board	5
Message from the Executive Chairman	6
Message from the Audit Committee	7
The Boards of Directors	10
Nature of Business	12
Business lines and Product segmentations	17
Risk Factors	31
Asset using in the business	35
The structure of stockholders and management	39
- Information of the board of directors and Executives	76
- Information of position of directors and Executives	87
Corporate Governace	59
Corporate Social Responsibilities : CSR	88
Relate Party Transactions	104
Management Discussion and Analysys	113
An annual financial statement in 2017	125



General Information

Company's name	: T S Flour Mill Public Company Limited
Type of Business	: Producing and distributing wheat flour
Location and Storehouse	: 90/9 moo 1 Soi Siamsilo Poochaosamingphrai Road Samrongklang, Phrapadaeng, Samutprakarn, 10130
Registration Number	: 0107553000131
Telephone	: 02-017-9999
Telefax	: 02-017-9999
E-mail Address	: info@tmill.co.th
Website	: www.tmill.co.th
Registered capital	: 399,000,000 THB (Three Hundred and Ninety Nine Million baht) Consisting of common stock 399,000,000 units. Each unit is equal 1 THB Paid-up capital, 344,706,426 units. The amount 344,706,426 THB (Three hundred forty four million seven hundred six thousand four hundred twenty six baht.)

Reference

Registrar	: Thailand Securities Depository Co., Ltd. 93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindaeng, Bangkok 10400, Thailand Telephone : 02-009-9381 Telefax : 02-009-9476 TSD Call center: 02-009-9000 E-mail : TSDCallCenter@set.or Website: http://www.tsd.co.th
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The Representative of the Noteholders : None

Auditor	: SAM NAK – NGAN A.M.C. Co., Ltd. By Mr. Ampol Chamnongwat Certified Public Accountant No.4663 OR Miss Prapasi Leelasupa Certified Public Accountant No.4664 OR Mr.Naris Saowalaksakul Certified Public Accountant No.5369
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Silom Road, Silom, Bangrak,
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Telephone : 0-2231-3980-7
Telefax : 0-2231-3988
E-mail:audit3@amc-mri.com

Internal auditors : Dharmniti Auditing Co., Ltd.
By Mr.Saksri Ampawan
178 Dharmniti Building, 5th Floor, Soi Permsup (Prachachuen 20),
Bangsue, Bangkok, 10800.
Telephone : 0-2596-0500 Ext. 520,521
E-mail Center@dir.co.th

Financial Advisor : None

Advisor or manager under the management agreement.

: None

VISION

“WE” are a leading wheat flour manufacturer who emphasizes on professional excellence in terms of commerce and product quality.

MISSION

1. Ongoing commitment to deliver the highest quality products and services to all customer groups.
2. Encourage leadership in all levels of employees and create learning organization.
3. Emphasis on benefits of shareholders in terms of continuous growth of profit rate.
4. Model of professionalism, transparency and good governance.
5. Model of business operation in accordance with the standard of morality, ethics, and social responsibility.

**Summary financial information**

	2015	2016	2017
Financial Statement (Million Baht)			
Total Income	1,286.8	1,349.5	1,306.1
Cost and Expenses	1,191.4	1,245.6	1,157.4
Profit before interest and Income tax.	95.4	103.9	148.7
Financial Cost	24.1	16.4	15.3
Income tax	14.4	18.1	28.0
Net profit	56.9	69.5	105.5
STATEMENTS OF FINANCIAL POSITIONS (Million Baht)			
Assets	1,800.8	1,566.7	1,773.1
Liabilities	1,007.3	757.9	939.5
shareholders' equity	793.5	808.8	833.6
Financial Ratios			
Number of Shares issued (Million Shares)	342	342.2	344.7
Book value per share (Baht)	2.32	2.36	2.42
Earning per share (Baht)	0.19	0.20	0.31
Dividend (Baht)	0.08	0.15	0.18
Dividend Payout Ratios (%)	40.10	78.73	81.11
Operating profit margin (%)	6.42	6.96	11.19
Return on Equity (%)	8.21	8.68	12.85
Return on Assets (%)	3.82	4.13	6.32
Debt to equity shareholders	1.27	0.94	1.13

Message from the Chairman of the Board



Mr. Pricha Attavipach

Chairman of the Board

TS Flour Mill Public Company Limited (Thailand) Company of Thailand. In the agribusiness and food industry (AGRO) is listed on the Market for Alternative Investment (mai), the company produces flour, which control the quality, hygiene and safety of food products such as ISO 22000, GMP, HACCP and HALAL to provide consumers with the highest quality consumer products from wheat flour. And can be traced back. To ensure maximum.

Wheat flour is the main raw material used to produce food that is. Instant noodle soup, fresh bread, cakes, buns yourself fritter and so the growth of the industry will grow as the demand of the population is increasing or popular trends in food consumption of wheat flour increased as well. Together.

The Company is committed to continuously delivering quality products and services to customers. In addition to a focus on growing the business. To develop the market, build customer relationships. And a focus on human resource development and management within the organization together. The project supports community events to build relationships. Show social responsibility and encourage community development in many areas.

Finally, on behalf of the Board of Directors for **T S Flour Mill Public Company Limited**, thanks to the executives of the Company that can be business operations of the company in 2017. We have always made profits for shareholders because of professionalism of our management who are full of visions and experience in management, development of technology, work procedures and develop the capacity and skills of our employees and personnel in all departments continuously. We are and have always been committed to our corporate governance policy and management using good governance principles, morality and honesty to all parties as our guideline for operation.



Mr. Pricha Attavipach

Chairman of the Board

Message from the Executive Chairman


Performance in 2017 of T S Flour Mill Public Company Limited, A net profit of 105.49 million baht. Increase from 2016, amounting to 35.99 million baht, or 57.77 percent.

Since the year 2017, the company has expanded its production capacity from 500 tons of wheat per day, the average annual capacity utilization of 66% on the year, the situation in the market is still very competitive. However, Executives Committee and management team has adjust the policy and plan strategies to comply for the situations, that it can be successful based on the results of operations.



Mr. Prapas Chutimaworaphan
Executive Chairman

As the Board of Directors would like to thank the management and all employees that is dedicated and efficacy in their work, efforts in developing the company to progressive growth. Thank you for the shareholders, customers, suppliers and business partners. Including the related parties that contributes to the support and trust in the management team. Hereby, pledging to the commitment of management with prudence, transparency and adherence to good corporate governance principles to develop the Company relentless.



Mr. Prapas Chutimaworaphan
Executive Chairman

Message from the Audit Committee



Mr.Somchai Vanavit
Chairman of Audit Committee

The Audit Committee of TS Flour Mill Public Company Limited is currently comprised of independent directors with requirements and best practices of the Audit Committee of the Stock Exchange of Thailand which was appointed by the Board of Directors. The Audit Committee consists of 3 members as follows:

- | | | |
|----|---------------------------|-----------------------------|
| 1) | Mr.Somchai Vanavit | Chairman of Audit Committee |
| 2) | Mr.Anek Khamchum | Audit Committee |
| 3) | Mr.Chaleumchai Wongwaiwit | Audit Committee |

Note : Mrs. Natphan , the company secretary is appointed as the Secretary to the Audit Committee.

In 2017, the Audit Committee has fulfilled its mission as assigned by the Board of Directors and the Charter of the Audit Committee. The Audit Committee has 4 meetings with senior management, auditors and internal auditors. The matters that the Audit Committee has considered and operated can be summarized as follows:

The Audit Committee reviewed financial statements of the Company quarterly and annually and has invited auditors to attend all meetings with agendas to review quarterly and annual financial statements. The Audit Committee has reviewed the financial statements by asking advices from the auditors for the accuracy and completeness of the financial statements. There were enough adequacies of financial statement disclosures affecting the financial statements to ensure that the preparation of financial statements in accordance with applicable law and International Financial Reporting Standards and generally accepted accounting principles. The Audit Committee has agreed with the auditors that the financial statements are accurate and meet financial reporting standards.

The Audit Committee was responsible for internal control and internal audit. The Audit Committee reviewed the Company's internal control system and internal audit to be appropriate and effective, prevented the occurrence of conflict or violation of laws and regulations of the company. The Audit Committee provided recommendations to management to ensure that the operations are concise, thorough and accurate and monitor and improve the recommendations of the result of examination of the internal and external auditors to provide for a more efficient and effective..The Audit Committee is of the opinion that the internal control Is adequate and no issue was found to be significant.

In 2017, the Audit Committee has elected Mr.Saksri Ampawan from Dharmniti Auditing Co., Ltd. as the internal auditor of the Company. Ms. Chaovana Viwatpanachati is a CPA who received approval from SEC to assess the adequacy of the internal control and internal audit systems. She assessed the adequacy, appropriateness and effectiveness of the internal control system and provided feedback to the company of which to be modified to operate with transparency consistent with good corporate governance principles.

Compliance with the Securities and Exchange Commission, provision of The Stock Exchange of Thailand and the laws relating to the Company's business. The Audit Committee has conducted a review of compliance with the Securities and Exchange Commission, provision of The Stock Exchange of Thailand and the laws relating to the Company's business. The Audit Committee have the opinion that the Company has complied with the law and no issue was found to be significant.

The Audit committee selected auditors and determine their remunerations by considering the quality and status of Auditors with significant restrictions or regulations of SET or other related organizations and have constructive dialogue between the Committee and the auditors of the Company. On a quarterly basis to discuss the audit and discuss the findings of the inspection and find ways to resolve issues.

However, The Audit Committee has considered the performance of the external auditor, Mr. Ampol Chamnongwat, Miss Prapasi Leelasupa, Mr. Naris Saowalaksakul from SAM NAK – NGAN A.M.C. Co., Ltd. for the past accounting period and determined the remuneration of the auditor before presenting him to the Board of Directors for approval. The General Meeting of Shareholders of 2017 appointed, Mr. Ampol Chamnongwat, Miss Prapasi Leelasupa, Mr. Naris Saowalaksakul from SAM NAK – NGAN A.M.C. Co., Ltd. to be CPA as the auditors of the Company.

Risk Management The Board of Directors and management focus and careful of risk management of the Company. As well as providing advice and recommendations to improve even further for support the operations of the Company. The Company Risk Management Committee responsible for assessing and reviewing risk, the risk management plan, risk control, monitoring and evaluation and reporting to the Board of Directors.

The Audit Committee has considered and commented on related transaction or transaction with conflict of interest to determine whether the transaction is fair and reasonable according to the criteria of SET and SEC by taking into account the interests of stakeholders every quarter regularly.

Corporate Social Responsibility The board of directors and management recognizes the importance with corporate social responsibility, has set up a Corporate Social Responsibility Committee to consider and propose the policy, plan and sustainability strategy and corporate social responsibility including to communication to employee to understanding at all levels thoroughly. And is responsible for monitor operation plan for company sustainable development and to review the effectiveness to the Board of Directors to acknowledge and determine the matter involved..

Anti-Corruption The board of directors and management are aware of the corruption and corrupt. The board has established an anti-corruption committee to consider and propose the system, plan and and monitor the anti-corruption of internal and external to the company. The Company is communicated to the employees to have the knowledge and understanding and aware of the anti-corruption. The Company has set a policy and signed the Declaration of Intention of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)..

On February 12, 2017, the company has been certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

The Committee was operating independently within the scope and responsibilities as assigned by the Board of Directors and the Charter of the Audit Committee. The Audit Committee is of the opinion that the financial report of the Company has been prepared correctly in accordance with generally accepted practices and the disclosure of information was accurate and suitable with no major issues contrary to the facts and financial reporting standards and the regulations of the Government.



The company is operating under a system of internal controls and manage risks effectively and efficiently, compliance with laws and regulations, disclosure is accurate enough, consistent performer with good corporate governance, transparent and credible include responsibility to economic, social and environmental. This assures that G Capital Public Company Limited are ready to grow and maintain an organization with good corporate governance.

A handwritten signature in blue ink, appearing to read 'Somchai Vanavit'.

Mr.Somchai Vanavit

Chairman of Audit Committee

The Boards of Directors



Mr. Pricha Attavipach
Chairman of the Board



Mr. Prapas Chutimaworaphan
Executive Chairman



Mr. Somchai Vanavit
Chairman of Audit Committee



Dr. Charnkrij Dejvitak
Executive Vice Chairman & Managing Director



Mr. Chanachai Chutimaworaphan
Executive Director



Mr. Dhanadon Sujiphinyo
Executive Director

The Boards of Directors (Continued)



Mr.Narong Chenlapwatanakul
Executive Director



Mr.Chalush Chinthummit
Executive Director



Dr.Supasorn Chayowan
Committee



Mr.Somchai Chinthummit
Committee



Mr.Chalermchai Wongwaiwit
Audit Committee



Mr.Anek Khamchum
Audit Committee



Nature of Business

Policy and overall business operations.

T S Flour Mill Public Company Limited, Thailand's new manufacturer, was incorporated in 2007 and has always focused on quality of products starting from choosing high quality wheat with suitable amount of protein and gluten, processing them to quality wheat flour. Each type of our flour is suitable for different kinds of products of customers including bakery and food such as bread, noodles, instant noodles, pizza, pie, donut, biscuit, steamed bun, deep-fried stick dough, flat bread, biscuit sponge cake and cake.

The Company Limited selects only high technology machinery using Computer Integrated Manufacturing (CIM) which allows precise, clean and hygienic quality control of each type of wheat flour formula through hazardous analysis critical control points which affect chemical, biochemical and physical quality of wheat flour. Food safety is also our top priority.

The Company Limited has also been certified of the standard in quality system, hygiene and safety of products by ISO 22000, GMP, HACCP and HALAL to ensure the best quality wheat flour products for customers and traceability for the utmost confidence in us.

The Company Limited has a research and development team which provides tailor-made flour and comes up with novel products to satisfy customer's various needs.

Our sales and marketing team and after sales team are always undergoing training to increase sales skills with knowledge and understanding in the Company's products and develop more efficient after sales service.

Vision, Mission, Goals

T S Flour Mill Public Company Limited has the vision, mission and goals of the Company.

Vision

"WE" are a leading wheat flour manufacturer who emphasizes on professional excellence in terms of commerce and product quality

Mission

1. Ongoing commitment to deliver the highest quality products and services to all customer groups.
2. Encourage leadership in all levels of employees and create learning organization.
3. Emphasis on benefits of shareholders in terms of continuous growth of profit rate.
4. Model of professionalism, transparency and good governance.
5. Model of business operation in accordance with the standard of morality, ethics, and social responsibility.

Goals

1. The Company will carry factories forward in order to use production capacity effectively and efficiently so that the Company will have enough products support the demand of increasing consumers in the future.
2. The Company plans to broaden the customer's target to become diversity. The Company not only focuses on huge industry but also mid-sized industry in order to liquidate the cluster of huge industry business. Furthermore, the Company seeks the opportunity to expand group of customers in rural area. Since the Company mainly concentrates on Bangkok and circumference of Bangkok, the new market expansion will help the company has various channels gaining more profit to shareholders.
3. The Company has new project of developing and creating new products so as to add more value through products resulting in high profit to shareholders as well.

Background and Key Development

T S Flour Mill Public Company Limited ("the Company" or "TMILL")'s former name was Thai Sugar Warehouse Company Limited. It was incorporated by the cooperation of sugar factories namely factories in the Konkaen Sugar Public Company Limited, Prachuab Industry Company Limited and Mit Kaset Industry Company Limited and was registered on 3 February 1977 with the registered capital of 10 million baht. The company carried out the business of warehouse storage service for mainly brown sugar and white sugar. In April 1991, Thai Sugar Terminal Company Limited ("TSTE") bought shares from existing shareholders due to change in shareholding structure in TSTE companies, causing TSTE to hold 61.30% of the company's registered capital and the company to become a subsidiary of TSTE. In 2001, the company applied for the cancellation of license to conduct warehouse business and registered the change of company's name to Thai Sugar Inter Trade Company Limited. It lease out real estate to TSTE including bulk cargo warehouse for storing brown sugar while awaiting vessel shipment. In 2005, the Company increased its registered capital to 200 million baht and changed its name to T S Flour Mill Company Limited to conduct the wheat flour factory business with TSTE holding 97.13% of the new registered capital.

On 15 February 2007, the Company increased its registered capital by 200 million baht to 400 million baht with TSTE holding 98.82% of the paid-up capital and in 2009, TSTE executive intended to list the Company on MAI Stock Market ("MAI"). Therefore, it changed the registered capital from 400 million baht to 200 million baht, by decreasing shares to two million shares with a par value of 100 baht each. In 2010, the Company was registered as a public limited company and changed its share par value from 100 baht to 1 baht and increased its registered capital by 85 million baht by issuing 85 newly issued ordinary shares for offering to the public. This caused the registered capital to increase to 285 million baht, out of which 200 million baht or 200 million shares is paid-up.



Year	Key Development of T S Flour Mill Public Company Limited
1977	Thai Sugar Warehouse Company Limited (the Company's former name) was incorporated by the cooperation of sugar factories with the registered capital of 10 million baht and 100,000 shares with a par value of 100 baht per share. The company carried out the business of warehouse storage service with warehouse for bulk cargo of 2,880 square meters for temporary storage, which can hold 30,000 tons of goods.
1991	The Company adjusted its shareholding structure with TSTE as a major shareholder holding 61.30% of the paid-up capital due to shareholding structure change in TSTE.
2001	The Company registered the change of company's name to Thai Sugar Inter Trade Company Limited on 10 April 2001 applied for the cancellation of license to conduct warehouse business which is the company's former business to reduce overlapping preparation of documents regarding warehouse service because other subsidiaries are carrying out similar temporary storage service. The company changed its business to bulk cargo warehouse rental service.
2005	The company increased its registered capital to 200 million baht which contain 2 million ordinary shares with a par value of 100 baht per share to build a wheat flour factory with manufacturing capacity of 250 tons per day.
2007	<ul style="list-style-type: none"> - The company registered the change of company's name to T S Flour Mill Public Company Limited on 15 February 2007. - On 5 September 2007, the Company increased its registered capital to 400 million baht which are four million shares with a par value of 100 baht per share to be used as working capital for wheat flour business operation.
2008	<ul style="list-style-type: none"> - The Company receives GMP and HACCP certificates from SGS (Thailand) Company Limited ("SGS") on 24 June 2008. - The Company receives ISO 22000: 2005 certificate from SGS on 16 July 2008.
2009	<ul style="list-style-type: none"> - The Company was certified to use HALAL mark by the Office of Islamic Affairs Committee of Samut Prakan on 5 June 2009. - The extraordinary meeting of shareholders No. 1/2009 on 24 December 2009 resolved to decrease registered capital from 400 million baht to 200 million baht and pay back shareholders in the amount of 200 million baht. The remaining shares were two 2 million ordinary shares with a par value of 100 baht per share.
2010	<ul style="list-style-type: none"> - The extraordinary meeting of shareholders No. 2/2010 on 15 June 2010 resolved to list the Company as public company and adjust the par value from 100 baht to 1 baht and resolved to increase registered capital from 200 million baht to 285 million baht by issuing newly issued 85 ordinary shares to offer in the initial public offering. - The Company adjusted asset structure by selling its warehouse for bulk cargo to TSTE to be used in the conduct of present business. - The board of directors meeting No. 7/2010 on 29 July resolved to give pre-emptive right to all TSTE shareholders to subscribe to newly issued ordinary shares in the amount not more than 25,350,970 shares according to their shareholding ratio. TSTE board of directors meeting No. 7/2010 on 29 July 2010 resolved to approve allocation of newly issued shares of TMILL, a subsidiary of TSTE to ordinary shareholders of TSTE in accordance with their shareholding ratio. The shares would be offered at the same price as the public offering. The matter was proposed to the extraordinary meeting of shareholders No.1/2010 on 9 September 2010 for approval.
2012	- On 24 October 2012, the Office of the Securities and Exchange Commission The Company has allowed the Company to offer up to 85 million ordinary shares to the public. The Company has offered to sell its shares to the existing shareholders under the pre-emptive right. The subscription is open on 9th, 12th and November 13, 2012 and offered to the public on

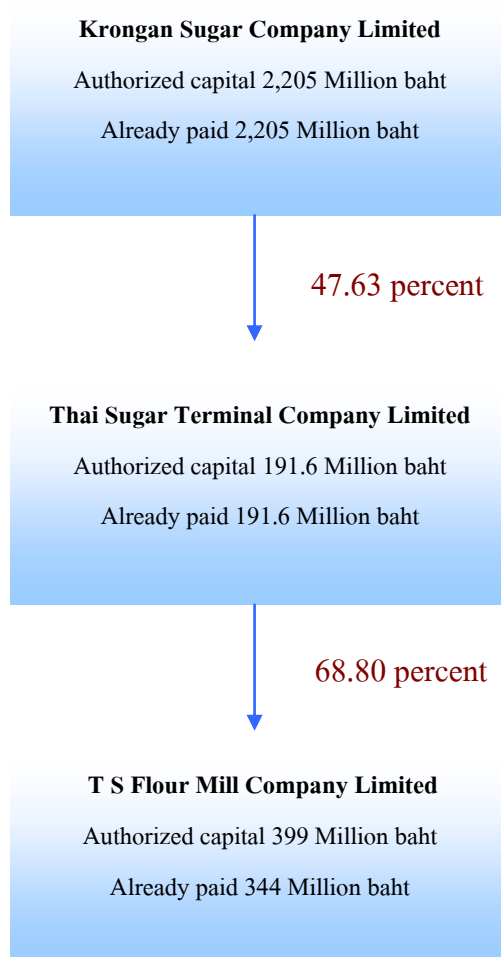


Year	Key Development of T S Flour Mill Public Company Limited
	November 14-16, 2012. Later, the Company registered the change of paid-up capital from Baht 200 million to Baht 285 million on November 19, 2012 and November 21, 2012 The Stock Exchange of Thailand Has ordered the ordinary shares of the Company Listed securities As a result, the 285,000,000 ordinary shares of the Company, with a par value of Baht 1 per share, will be effective from November 23, 2012 onwards. In the medium business category. TMILL's trading name is TMILL.
2015	- After the operation of the wheat flour mill with the capacity of 250 tons of wheat per day And use force The company has doubled its production capacity to 500 tons of wheat per day since 2015. The company has increased its registered capital to 114 million shares with a par value of Baht 1 per share. Shareholder on August 27, 2015 to sell to the existing shareholders 57 million shares and to support the exercise of warrants TMILL-W1
2017	- The Company registered the change in its registered capital to Baht 399 million and the paid-up capital to Baht 344 million as from November 13, 2017.
2018	The Company has been assessed and certified as a membership of certified companies of Thailand Private Sector Collective Action Coalition against Corruption (CAC)



The structure of the Company

On December 29, 2017 The Company has basic structure as followed:





Business lines and Product Segmentations

Income's Structure

Type of income	2015		2016		2017	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Wheat Flour	1,116.6	86.8	1,176.2	87.1	1,137.2	87.1
Wheat Bran	156.4	12.1	158.9	11.8	165.1	12.6
Rice Germ and Wheat	0.1	0.0	3.7	0.3	1.0	0.1
Others Income*	13.7	1.1	10.7	0.8	2.8	0.2
Total Income	1,286.8	100.0	1,349.5	100.0	1,306.1	100.0

Remarks : *Other income consists of profit (deficit) from exchange rate, money from finished work earlier (from a vessel takes before the due date), interest, income from selling bad rice, and rice bran.

Type of products and services

The Company produces and sells wheat flour by ordering whole wheat rice from aboard so as to make wheat flour. The manufacturing process is very advanced importing from Switzerland in order to make the best quality and standard of flour with meet the criteria of the customer. The wheat flour has both high and low protein. Each type of flour will be used as raw material in different kinds of products. For example, high protein flour is suitable for instance noodle, fresh noodle, bread, and animal nutrition. While, low protein flour is suitable for biscuit, bun, Chinese bun or even all purpose flour. The company has more than 10 flour brands such as fresh noodle flour-under Sen-Yok brand, fresh noodle flour-under Sen-Lueang brand, bread flour under Pung-Daeng brand, bread flour under Pung-Lueang brand, All Purpose flour under Kula-Daeng brand etc. There are 2 sizes of flour product. The first size is 22.5 kg per bag and the second is bulk size 10,000 kilograms. There is the table illustrated the sale volume of each kind of flour as followed:

- The table of sale volume of each product from 2015 to 2017

Type of Profit	2015		2016		2017	
	Million	Percent	Million	Percent	Million	Percent
	Baht		Baht		Baht	
Fresh Noodle Flour	193.1	17.3	197.2	16.8	203.9	17.9
Instant Noodle Flour	87.9	7.9	174.5	14.9	189.3	16.6
Bread Flour	391.5	35.1	351.4	29.9	260.5	22.9
All Purpose Flour	234.1	21.0	256.8	21.8	313.7	27.6
Biscuit Flour	200.6	18.0	186.3	15.8	156.7	13.8
Other Flour	9.2	0.8	10.0	0.8	13.1	1.2
Total profit of whole flour	1,116.6	100.0	1,176.2	100.0	1,137.2	100.0

- The table of selling flour from 2015 to 2017

Type of Profit	2015		2016		2017	
	Ton	Percent	Ton	Percent	Ton	Percent
Fresh Noodle Flour	11,961	20.7	11,508	16.6	13,456.9	16.9
Instant Noodle Flour	9,497.6	16.5	6,229	9	15,517.3	19.5
Bread Flour	16,229.5	28.1	22,092	31.8	16,059.9	20.1
All Purpose Flour	10,522.8	18.2	15,862	22.9	23,396.1	29.4
Biscuit Flour	9,176.1	15.9	13,337	19.2	10,763.0	13.5
Other Flour	316.4	0.5	362	0.5	513.2	0.6
Total amount of selling all flour	57,703.4	100.0	69,391	100.0	79,706.4	100.0

For more detail of flour products of the Company can be categorized as followed:

1) Fresh Noodle Flour

The Company produces and distributes wheat flour for making Chinese noodle under the brand of Sen-Yok which has protein 11-13 percent and Japanese noodle under the brand of Sen-lueang which has protein 10-11 percent. Wheat flour helps noodle become soft, flexible, and beautiful.

2) Bread Flour

The Company produces and distributes wheat for making bread under the brand of Pung-Daeng which has protein 13-14 percent. Bread flour extracts high gluten from wheat flour helping bread sticky, flexible, well water absorbed, good shape, and soft skin.

3) Instant noodle flour

The Company produces and distributes wheat flour for making instant noodle under the brand of Sen-Thong which has protein 10-12 percent helping noodle become soft, sticky, beautiful color, and good looking.

4) Biscuit flour

The Company produces and distributes wheat flour for making biscuit under the brand Gung-Hun which had low protein only 9-10 percent. This flour has enough toughness and water absorption to make biscuits, crackers, waffle, pancake, doughnut etc.

5) All purpose flour

The Company produces and distributes wheat flour under the brand of Luk-Kling which has moderate protein 10-11 percent. This flour is flexible, sticky and water absorbed to make various products such as cookies, cake, snack, pancake, waffle, bun etc.

6) Animal Nutrition Flour

The Company produces and distributes wheat flour for making animal nutrition under the brand of Kuladeang such as food for shrimp, fish, dog etc. which has protein 13 percent.

7) Others flour

The Company produces and distributes wheat flour in good quality which can use to cook any others food as followed:

- 1) Wheat Flour for making bun under the brand Ta-long-pao has low protein 7-9 percent. The texture of flour has a pure white, light and soft, low of ash, less sticky which is suitable for making Chinese bun, cake, moji, and tart.
- 2) Wheat flour for making deep-fried dough stick under the brand of Ku-Gou which had protein 11-13 percent. This flour is well water-absorbed and helps dough stick crispy with less oil inside.
- 3) Wheat flour for making cake under the brand Hua-Jai such as butter cake, sponge cake, chiffon cake etc. This flour has protein 7-9 percent with pure white texture, well water, sugar, oil absorption helping everything well combines together, as well as helping product has soft and delicious.
- 4) Whole wheat flour under the brand Pung-Thong is flour for making whole wheat bread having high protein about 50 percent. This flour helps bread become soft, full of nutrient, vitamins, and antioxidant which is good for healthy consumers.
- 5) Wheat flour Under the brand name. The protein content was low at 7-9 percent. The pulp was light white with low ash content. Less sticky Suitable for making steamed cake, cookies, flip flops, barbecued eucalyptus, mocha, jam, egg rolls
- 6) Wheat flour Under the sneaker brand. Protein content is 11-13 percent, very good water absorption. Have toughness This will give you a good amount of oil without the oil.

- 7) Cake Wheat Under the brand name of the heart such as buttercream, sponge cake, cake cake, etc. The wheat flour has a protein content of 7-9 percent. It has a water-absorbing, fatty, sugar-free properties and helps to mix well.
- 8) Whole wheat flour Under the Golden Bang brand bread flour. 50% wheat flour can be used to make bread easily and soft texture. Rich in fiber, vitamins, minerals and antioxidants for those who love health.

Marketing, Competitive and Industry Forecast

Nowadays, Thai people eat more bread. Bread is a menu that is easy to eat and convenient to buy. It also has affordable, easy to buy. The bread business has many brands to market. To create color and add choices to consumers. The market for instant noodles expanded from last year. As a result, the market needs a lot of wheat flour to produce. It does not include the demand for wheat flour to produce other products.

Type of Marketing

Because company's products are for making others food to consumers, the Company will concentrate on good quality of products by using novel technology to control wheat transform formula precisely and clean. Furthermore, the Company pays attention to making product differentiation to satisfy consumers' needs by making wheat flour with a special formula from the Company as well as a customer-formula requested (Tailor-Made Flour). The Company also creates novel products to meet different wants and needs of consumers which are strength strategies of the Company. The Company also uses SWOT analysis by knowing the market, the competitors as well as following up the rules and regulations from the government sector.

Marketing Strategy

Although the Company just started the wheat industry in the mid of 2007, the sale volume of the company proves that the business keeps growing continuously. The reason is effective and powerful marketing strategies that the company uses helping boost sale by centering on high quality, customer' wants. Thus, company uses 3 major marketing strategies as followed:

- 1) Quality Strategy: The Company chooses the best quality of machines for making wheat flour which can control quality of flour accurately, perfectly. The company also has quality insurance sector started from the beginning; finding raw material, flour making process and the packing process in order to follow the systems of GMP, HACCP, ISO 22000 and HALAL. In the process of finding raw material, the quality checking department will random check every 2 hour in the type of all you can buy and will take some sample from every container to check the dampness, protein, and ash. In the production process, the quality checking department will random to check other factors such as color of flour, gluten, bacteria, baking test. Last, the quality checking department will make sure that flour will be kept in a proper warehouse with a good atmosphere.

- 2) Managing Strategy: All sale persons focus on customers' needs as a very priority. They will ask customer's opinions in order to evaluate the product whether meet customer's need or not. The research and develop departments will also create novel products so that customers have various options to choose. After sale service section, it is very significant for the Company to make sure that customers satisfy with products and services. If customers have any problems, the Company will immediately sent the officer to investigate the situation and sent new product to customer within 7 days.

3) Pricing Strategy: In the beginning for doing business, pricing strategy is very essential for the company due to building new customers. The Company needs to have loyal customers to gain more sale volume in the future. Therefore, the Company has to use a high promotion to motivate customers coming to purchase the products. Nowadays, the Company adjusts the price relying on quality of each product.

Type of customer and target groups

Because wheat flour is a major raw material that food industry needs to use to produce various type of food, customers also want percentage of protein in the flour differently depending on the purpose of each company. Therefore, the Company will produce flour in special formula as required by customers (Tailor-Made Flour) so as to satisfy all customers' wants. The customers purchase high protein flour 75 percent of all income such as instant noodle industry, fresh noodle industry, bread industry, and animal nutrition industry. Low protein flour is 25 percent of all company's income which only for small entrepreneurs such as bakery shop, cookie shop, snack shop, bun shop, and deep-fried dough stick shop.

There are 2 types of customers in the Company which are 1.) Occasionally customers who purchase without having any contracts. With this type of customer, the Company will send an updated quotation relating to the product that customers are interested in. 2) Customers who have contracts by quarter period. This type of customers, the Company will send a quotation but will specifically indicate the time of the price's range every three months. The quotation will also be updated every quarter. Recently, the Company has percentage of each type of customers to 80 percent and 20 percent.

The target customers of the Company are divided into 3 groups as followed: 1) Huge industry such as instance noodle industry, fresh noodle industry, bread industry, and animal nutrition industry. 2) wholesalers 3) SME. The Company gives credit to customers for 15-60 days depending on each type of customers. Most of customers are located in Bangkok and the circumference of Bangkok including Eastern part of Thailand.

Price setting' Policy

Wheat flour that the Company sells has many qualities by indicating the percentage of protein either high or low percentage. High protein flour can be categorized in different types such as instant noodle flour, fresh noodle flour, bread flour, animal nutrition flour. Low protein flour is all purpose flour, biscuit flour, cake flour, bun flour and deep-fried dough stick flour. Owing to the different qualifications, it leads to different cost of making flour. Consequently, the price of flour also vary. The Company sets the flour price following the executive board's decision. The price has to follow Department of Internal Trade of Thailand.

Nowadays, there are two organizations having major factors in conducting wheat flour business which are Department of Internal Trade of Thailand and Department of Mental Health. The Department of Internal Trade of Thailand requires to control wheat flour's price by law and all the traders have to abide by rules of Central Committee announced that the price of goods and services. The Company has to inform cost, price, and information of wheat flour to the government sector so that they can check and control price of wheat product. The government sector helps to protect consumers that the industry will not take advantage of selling in high price. However, if the wheat flour in the global market raises up and makes the wheat industry bears high cost, the government sector will take it consideration whether to raise up the price or not. As the wheat flour uses for all kind of producing food in every day's life, it is very important for Department of Mental Health to



keep an eye on food industry strictly. Therefore, Department of Mental Health plays a crucial role in controlling food industry to be safe and clean.

Distribution channel

The Company's distribution channel concentrates on direct sale to the customers. Customers will order products whole lot by formerly indicated the price time after time by the Company. The Company will keep sending the product to customers relying to the former price list that offered. Customers can pay deposit or use credit or even cash. All selling process, the Company has its own staff focusing upon Bangkok area and circumference of Bangkok. At present, the Company has 6 sale persons taking care almost 270 clients. The sale persons have considerable experience in marketing. They take charge of contact, liaise with customers especially wholesalers who have a crucial role in broaden the product to consumers effectively.

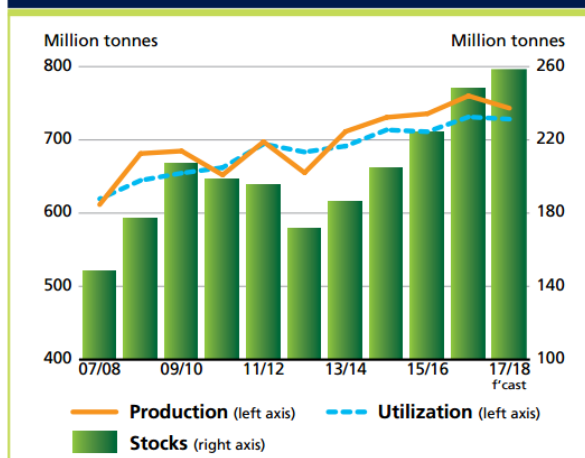
STOCKS OF WHEAT

World wheat production in 2017 is forecast to fall from last year's record level. However, aided by large carryover stocks, global wheat markets should remain adequately supplied in the 2017/18 marketing season. FAO's forecast for global wheat production in 2017 stands at 743 million tonnes, 2.2 percent below the record output of 2016. Most of the contraction rests on expected production declines in North America, the Russian Federation and Australia. At the same time, projected recoveries in the EU and North Africa have limited further decreases.

The latest forecast for global wheat trade in 2017/18 (July/June) stands at 171 million tonnes, 1.7 percent (3.0 million tonnes) down from the 2016/17 estimated record. Most of this reflects lower overall imports projected for Asia and Africa. In view of the anticipated contraction in world import demand in 2017/18, competition for market share among those exporters with larger supplies is set to intensify. The EU is expected to become the largest wheat exporter in 2017/18, closely followed by the Russian Federation, which is also projected to increase its wheat shipments in the new season.

Smaller world wheat production and large availability of coarse grains are likely to drive down global wheat utilization in 2017/18. Based on FAO's latest supply-and-demand projections for 2017/18, by the close of 2018 crop seasons, world wheat stocks could rise to an all-time high of 257 million tonnes, up 4 percent (10 million tonnes) from their already high opening levels. However, if China's stocks were to be excluded, the rest-of-the-world inventories at the close of 2018 seasons would stand at nearly 149 million tonnes, which implies a 5 percent decline from their opening levels. Nonetheless, supplies are seen to remain ample in 2017/18, resulting in international prices staying subdued, especially during the first half of the season

WHEAT PRODUCTION, UTILIZATION AND STOCKS



WORLD WHEAT MARKET AT A GLANCE

	2015/16	2016/17 <i>estim.</i>	2017/18 <i>f'cast</i>	Change: 2017/18 over 2016/17
	<i>million tonnes</i>			%
WORLD BALANCE				
Production	735.7	760.1	743.2	-2.2
Trade¹	166.7	174.0	171.0	-1.7
Total utilization	711.1	731.3	728.3	-0.4
Food	491.6	496.8	501.0	0.8
Feed	134.5	136.0	133.7	-1.7
Other uses	85.0	98.4	93.7	-4.9
Ending stocks²	223.8	247.5	257.4	4.0

WHEAT PRICE

International wheat prices to stay subdued
International wheat prices started the year with a much firmer tone after several months of continuous declines. Concerns about unfavourable weather conditions in the United States and the EU, as well as the anticipated fall in winter wheat planted area in the United States pushed wheat prices up to a seven-month high in January. However, with the overall global supplies remaining ample and harvests in Argentina and Australia beating expectations,

wheat prices resumed their downward trend. While increased buying interest, currency movements and logistical issues occasionally underpinned export values in recent weeks, large supplies coupled with improved prospects for 2017 harvests prevented wheat prices from rising significantly. In May, the benchmark US wheat, No.2 Hard Red Winter, f.o.b. Gulf averaged USD 200 per tonne, down marginally from May 2016 and the International Grains Council (IGC) Wheat Index, a trade-weighted price measure of ten major export quotations, averaged 161 points, some 2 percent below the same time last year.

Figure 1. IGC Wheat Price Index

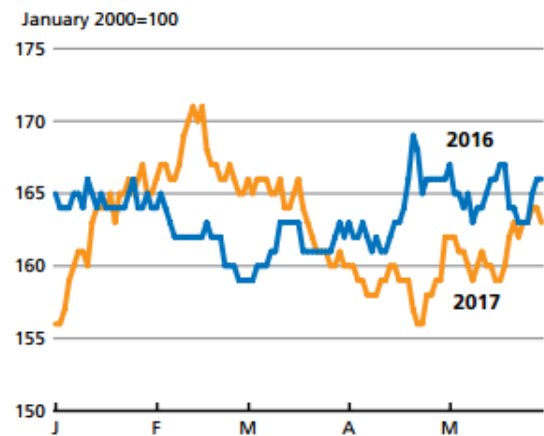
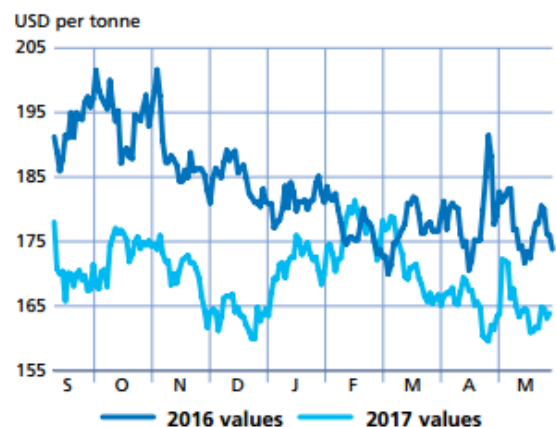


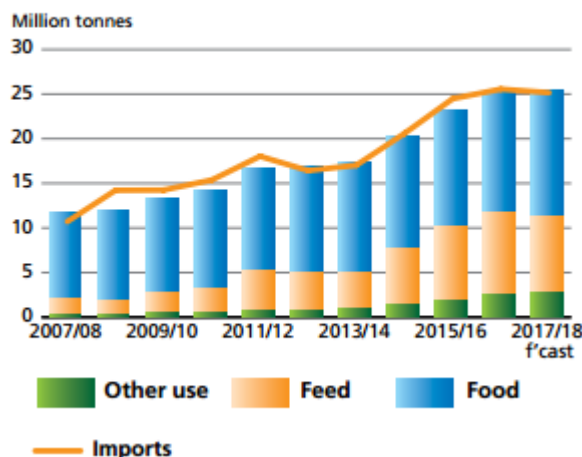
Figure 2. CBOT wheat futures for September



Importing wheat and wheat flour Southeast Asia

- Southeast Asian countries depend heavily on wheat imports to meet their domestic consumption.
- Wheat imports have more than doubled in the past decade, with an annual consumption growth of 4.7 percent, due to expanding population, strong economic growth and declining prices.
- Demand for high quality milling wheat has grown fastest with diets shifting to higher consumption of wheat products, such as noodles and pastries.
- Feed and residual use in the region has also grown significantly, doubling, on rapidly rising demand from the livestock, poultry, and aquaculture sectors.

Wheat consumption vs wheat imports



Source : food outlook FAO 2018,

Food Outlook - Food and Agriculture Organization of the United Nations

<http://www.fao.org/3/a-i7343e.pdf>

Wheat flour industry in Thailand

Nowadays people are familiar with product made from wheat such as bread, instant noodle, noodle, bakery product like cake, steamed stuff bun, deep-fried doughstick, snack and other helping wheat flour industry in Thailand is likely to grow steadily.

The major raw material for making wheat flour is wheat rice which is well growing in cold weather. Wheat rice cannot grow in Thailand. Therefore, Thailand needs to import from abroad. Thailand imports both wheat rice and wheat flour. Different wheat of different country has its own qualification. There are two main categories which are Hard Wheat and Soft Wheat. The flour from hard wheat has high protein while flour from soft wheat has low protein. Hence, entrepreneurs need to research and study the quality of that wheat before importing into the country. There are two types of wheat rice that Thailand usually import from abroad as followed:

- Hard Wheat from USA such as Dark Northern Spring (“DNS”) and Hard Red Winter (“HRW”)
- Soft Wheat from USA such as Western White and from Australia like Australian Standard White

Normally, Thailand imports major wheat rice from USA and Australia, next Ukraine and Canada and some from Asian. The price of wheat rice is defined by Grain Exchange from USA. The record of countries that Thailand imports wheat rice on 2017 as followed:

No	Country	2017
1	Australia	334,211,329
2	United State	585,426,318
3	Canada	79,326,875
4	Ukraine	4,838,740
5	Slovakia	517,506
6	India	19,600
7	Italy	4,380
8	Germany	2,750
9	Turkey	450
10	Lithuania	10

Importing wheat rice for making food in Thailand, there are three main countries consisting of USA, Australia, and Canada.

Apart from importing wheat rice into the country, Thailand imports wheat flour as well. The main countries that Thailand imports from are Vietnam, Turkey, Philippines, Sri Lanka and Singapore . The record of importing wheat flour market in Thailand on 2017 as followed:

No	Country	2017
1	Vietnam	58,136,086
2	Turkey	20,423,798
3	Philippines	20,377,490
4	Sri Lanka	14,962,135
5	Singapore	12,712,815
6	Slovenia	12,598,100
7	Japan	12,393,078
8	Latvia	8,916,104
9	Republic of Korea	5,133,362
10	Malaysia	3,975,227

In terms of government supporting for entrepreneurs in wheat rice and wheat flour industry, the government pledges to refrain from tax for importing wheat rice into Thailand and reduces taxation of wheat flour in 2005. Moreover, government has a policy mainly to protect the consumers such as monitoring the standard of wheat rice following Department of Mental Health. Furthermore, Thailand makes an agreement with Asian Free Trade Area (AFTA) affecting tax reducing for importing wheat flour into 0 percent in 2010. This agreement causes intensive competition through entrepreneurs. The wheat factories in Thailand have to improve themselves in terms of price, quality, products, and services.

Competitive Atmosphere

Wheat flour industry in Thailand has started more than 40 years. The beginning of this industry had only 4 entrepreneurs which were United Flour Mill Company Limited (UFM). UFM registered in the stock exchange of Thailand since 1978 since and delisted from listed security in 2010. Next three entrepreneurs were Laem-Thong Sahagarn CO., Ltd., Siam Flour Ka-Pang Co., Ltd. and Aut-sa-ha-gum Pang Kaow Sali Thai Co., Ltd. Later on in 1991, Manufacturers have increased as follows Bangkok Flour Mill Company Limited, Nisshin STC Flour Milling Company Limited, Curry Flour Mill Company Limited, King Milling Company Limited, Pacific Flour Mill Company Limited, and Jaren-Pokkapan Aharn-sud Company Limited (Specifically for food of shrimp). The first three companies produce wheat flour for human consumption which is industrial conglomerates in terms of technology. Hence, it is not easy for new entrepreneurs coming into wheat flour industry. Nonetheless, there are 11 wheat industries in Thailand. Each industry has production capacity around 250-1,500 ton per day.

Thailand competition atmosphere of wheat industry focuses on services and qualities of products. If new entrepreneurs come into this market, they will center on price strategy. Wheat competition is not only same marketing competition but also importing wheat flour products from international brands. There are many importing ready to use wheat flour international brands. In 2005, Thailand used to impose tariff on wheat products in 40 percent helping wheat industry got some protection from the government. However, since Thailand needs to abide by not only AFTA policy but also FTA policy, Thailand reduces tariff rate into 5.0 percent. (FTA policy is related to some countries like India and Australia), Furthermore, in 2010, the import duty in wheat product reduced only 0 percent causing more importing wheat flour from abroad. In 2009, before reducing import duty Thailand imported wheat flour 113,052 tons while in 2010, Thailand imported 173,107 tons meaning add more 53 percent and add in year 2011 2012 and lower in year 2013 and 2014 about 22 percent 1 percent 18 and 12 percent respective There is the table of importing wheat product of each country as followed:

If taking consideration through the statistics from last two years, there is raising in terms of statistics. Nevertheless, there is a weakness of importing wheat flour due to controlling policy. Since wheat flour takes time in terms of transportation, it is required to evaluate the quality of wheat flour. For example, it needs to concern about dampness and weevils that may destroy the character of wheat flour. These kind of problem rarely happens to the company itself due to the different target group. Because the customers of the Company do not require good quality of wheat flour, hence; this affect is not related to company's business. Nevertheless, the Company has a contingency plan for this issue as followed:

- Focusing on the quality of products, the Company aims of producing products without any contamination which may have a negative effect on or even harm consumers. The Company also gives more importance to customers' needs by producing flour following customer's request (Tailor-Made Flour) in order to satisfy customers as well as enlarge target customers.

- After sale service is very significant for the Company. After buying product from the Company, customers can assure that the product is tested before delivery to them. If any complaints has made, the company will take action immediately within 7 days.
- The amount of order: Purchasing from aboard requires a large quantity which is a very high cost. It requires large warehouse in order to keep large quantity of wheat. These conditions support only large-scale enterprises not small-medium sized enterprise (SME). SME will have limitations in terms of budget and the warehouse. Therefore, ordering from the company is more flexible for customers and small entrepreneurs as they can order exact amount that they want.

The provision of products and services

Raw material of making wheat flour is wheat rice which absolutely has to import from aboard. The main source of raw material comes from USA and Australia which are the biggest agricultural commodities in the world like wheat. The company mainly orders wheat from USA as a whole (Bulk). An ordering period is around March and September of every year. Besides, the Company orders from Australia as a container which will order 3-4 times per month depending on demand at that time. There are two types of wheat rice used in the company which are 'Hard Wheat' and 'Soft Wheat'. Hard wheat is made of hard rice which has high protein approximate 13-15 percent. Hard wheat has sticky texture which is suitable for making instant noodle, fresh noodle, bread, and animal nutrition. All of hard wheat mainly comes from USA. While, wheat flour that is made from soft wheat has protein around 10-11 percent which has lower percentage than hard wheat. Unlike hard wheat, soft wheat has less sticky texture but soft texture which is suitable for making cake, Chinese bun, and cookie. Soft wheat comes from Australia.

For managing raw material, the company does not speculate in raw material since the price will vary according to the cost of wheat rice. All the customers also understand the way of the wheat needed to calculate. The process of wheat buying will go under an international trader by using the price rate from 'Grain Exchange Market' in USA. The price that the company pays mostly is C&F type meaning a seller will manage the ship or a cargo in order to deliver to the company. However, the company is responsible for the insurance and the order incase an accident occurs during the delivery process. If an accident happens, the company will get compensation from insurance. Thus, the company totally pays attention to wheat quality as a main raw material of company's product by 'Quality Assurance' department so as to assure that wheat rice is in good standards.

Managing raw material, following business ethics, the company will keep wheat in an inventory no more than 4-6 months. If the company keeps wheat more than that period, it will cost lot of cost and negative effects. For instance, the Company has to be responsible for the cost of wheat owing to an unstable wheat price of the global market. These reasons can lead the company to risk in the case of wheat price reducing. Nevertheless, buying wheat rice from USA requires 'Bulk' buying; hence; the company must well manage all inventory not to stay too long. As a result, the Company needs to sell wheat rice to animal nutrition industry in order to clear inventory in time which means 4-6 months only. Selling wheat product to animal nutrition industry creates new partnership in the business.

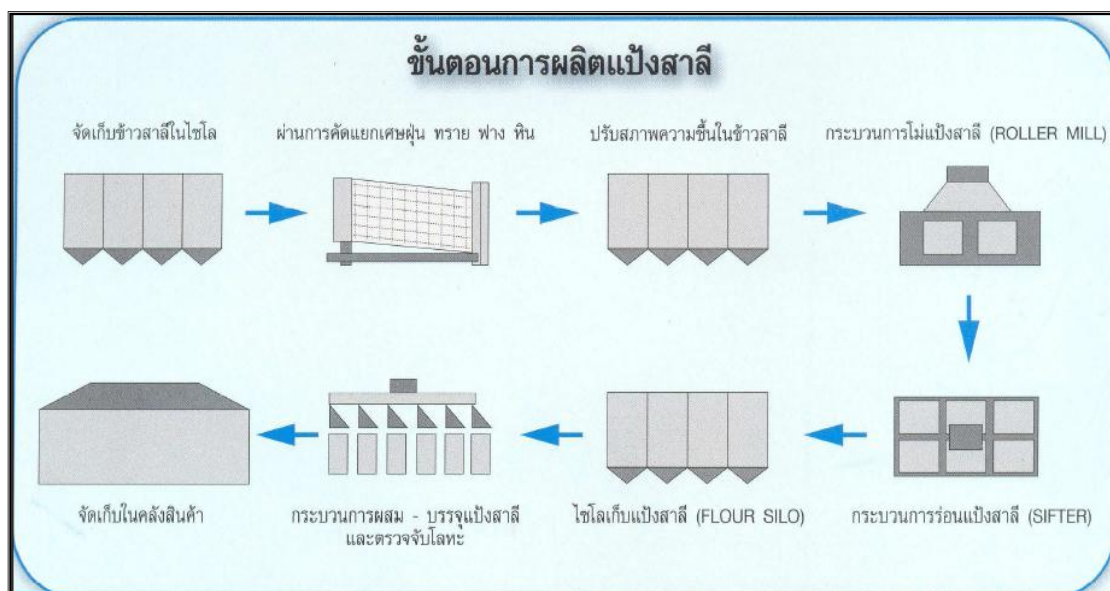
Producing Process

The Company conducts production planning to be matched with marketing strategies. The company will evaluate between actual production and customer's demand from sale department in order to control the production planning effectively. Besides, the company makes a future plan of the next order like wheat rice order, chemical order etc.

The Company totally pays attention to a production process since the product is related to food consumption which needs to remain hygiene. During the production process, there is a random check to control and evaluate products from a quality insurance department. The Company also sets a private sector to estimate the production department before making a package in every 2 hours.

Moreover, the Company chooses a novel technology for making wheat flour under the brand 'Buhler' imported from Switzerland. In addition, there is regularly checking up machines so as to follow the process of ISO 22000 : 2005 / GMP / HACCP system. There are four main steps of production process as followed:

- 1) The wheat transfer (SILO): This is a process of moving wheat rice from major silo to minor silo so as to clean and adjust the wheat dampness preparing wheat rice for a production process. The company has 19 silos which are 6 huge silos which capacity 6,000 tons, 8 silos which capacity 2,500 tons, 2 silos which capacity 2,000 tons and 3 small silos which capacity 300 tons All silos are for storing wheat rice importing from aboard.
- 2) The Wheat Cleaning: This is the process that cleans the skin; adjust the dampness of wheat rice. This process is for fermenting wheat rice in order to be ready to mill wheat by detecting dirt, sand, stone, broken rice out of wheat rice. Then, wheat rice will be taken to a exfoliate process, a spraying process so that wheat rice can adjust itself to be ready to milling process. All wheat rice will go under whole process twice during the different time because there are many types of wheat rice. For instance, hard wheat takes 42 hours per 100 tons in cleaning process while soft wheat takes 30 hours per 100 tons.
- 3) The Milling Process: After the cleaning process has finished, this step is milling process by milling wheat twice. The first mill is for separating the wheat from the chaff. The second mill is for making wheat flour. There are rough wheat flour and delicate wheat flour after milling process. The rough wheat flour will be grinded by a roller until it is ready to use. Wheat product will be flour, and rice bran which are 75 percent and 25 percent. Both flour and rice bran will be kept separately in different silos following each type of wheat rice.



The length of production process is 9.5 days for hard wheat and 9.0 days for soft comparing with 100 tons. Nowadays, the Company has one assembly-line method. This method works 24 hours dividing into 3 shifts. Each shift can produce only one type of wheat. The highest production capacity is 500 tons per day. The production capacity's rates from 2013 to 2015 were 95.63, 98.20 and 67.12 percent. The rate of production capacity in 2015 decreased due to the expansion of production capacity during the year. But manufacturing plant and customer cannot fully extended. But the production volume in 2015 up from 2014. For this reason, the production rate of its decline. However, in 2014 and 2015, the company has increased production capacity utilization rate averaged at 2.68 and 19.62 percent, respectively.

Wheat Flour Producing	2015	2016	2017
Production Capacity (Ton/day)	500	500	500
The amount of capacity (Ton)*	136,500	156,000	156,000
The actual amount of capacity (Ton)	91,625	102,920	103,097
The Used of production capacity (%)	67.12	65.97	66.09
The amount of capacity's rate (decrease) (%)	+19.62	12.33	0.17

Remarks : *The Amount of days is 26 days produced per month)

An effect on environment

The company has invested in the most advanced machinery and technology in the country. The company's raw material and wheat processing system is closed so there is no problem spreading to the outside or surrounding communities. In addition to the production of the company. No use of water in the production process. No effluent is discharged into the factory. Therefore, the production process of the company. It does not cause environmental problems or complaints.

Work has not been delivered.

As of December 31, 2016 and 2017, The Company has no obligation to sell the contract goods are not delivered.



Risk Factors

The risk of depending on a same source or a same group of people

The risk by have no enough silos to store raw material (Wheat rice)

Nowadays, the Company has 19 silos consisting of huge and small sizes for keeping wheat rice as merely main raw material. Nevertheless, it is not enough for the Company to keep wheat rice within 19 silos. Sometimes, there are load of wheat rice importing from aboard. As a result, the Company has to rent silos or warehouses from related company by making a short-term contract. In the past, the Company rent warehouse from related company only 2-6 months contract. Nonetheless, it is very risky for the Company to rent from that source. For example, if the Company wants to continue the rent contract during that time but the landlord does not allow or the silo is not available, it will cost more money for the company in order to find new warehouse from outsource. Because the rent rate in nowadays is a special rate for the related company comparing with the out source's rate. From the past, the Company used to rent silo from related company but could not make it. Therefore, the Company had to rent from outsource which gain more cost to 0.6 million baht per 3 month per 1 silo. Investment in silos to store 60,000 tons of packing material has enough space to store raw materials do not need to rent a warehouse to store raw anymore.

Financial risks

Financial risks due to instability of interest rate

At the end of 2015, the company's debt bearing interest of shareholders' equity was 1.1 times and decreased to 0.5 times in 2016 and increase 0.7 times in 2017 due to loans from financial institutions to expand Capacity. As of December 31, 2017 The Company has loans from financial institutions in the form of short-term and long-term loans of approximately Baht 595.7 million and interest expense of 14.8 million baht. The interest rate is based on a floating interest rate. Therefore, the adjustment of the interest rate would affect the company. Has increased interest Affect the operations of the company makes a profit decline and may make a return on equity decreased. However, the Company Has managed to interest rate risk. The issuing of loans are fixed rate and floating rate accordingly and track trends of interest.

The risk of the fluctuation in currency exchange rate

Wheat business in terms of producing and distributing uses wheat rice as a major raw material. Wheat rice has to imported from aboard. The payment method will use US dollar as an exchange rate. Unlikely, the company's distribution is merely in Thailand used Thai baht as a core exchange rate. For these reason, the Company has to encounter the risk of the fluctuation in currency exchange rate. If Thai baht depreciates comparing to US dollar, it will increase the cost of the company. On the other hand, if Thai baht appreciates comparing to US dollar, it will decrease the cost of the Company. Therefore, in order to reduce this risk, the company applies "Fixed Forward Exchange Rate" method meaning that the Company pre-order the currency under the committees' consideration. This method is for the company's benefit not for trading currency exchange. Using 'Fixed Forward Exchange Rate' helps company know the cost of imported material. In fact, the Company gained the profit from 2015 and 2016, which were 12.2 million baht, 7.2 million baht. However, the previous contract does not guarantee that the company. The Company will be able to manage the profit from foreign exchange



continuously every year. It depends on the exchange rate fluctuations in the pre-contract period, such as the year 2017, the news that the baht will be very weak. The company fix Forward to prevent the risk. But it appears that the baht appreciates. The company had a loss of 6.0 Million Bath

The risk of conducting a business

The risk of finding raw material (in terms of quality and quantity)

The main raw material making wheat flour is wheat rice. Wheat rice well grows cold weather. Unfortunately, Thailand cannot grow wheat rice. As a result, it is important for the company to import wheat rice from abroad. The countries where wheat rice well grows are USA, Australia, Canada, China, India, Argentina etc. Each wheat rice has different characters depending on the area that it was grown. The Company will purchase wheat rice from USA and Australia as main countries because of the exact percentage of protein that the company requires. If the company cannot get wheat rice in the required amount in terms of quantity and quality, it will cause negative effect to its business. The Company had an experience with Australia. At that time, Australia encountered drought making less wheat rice affecting the Company was at risk of not being able to find raw material following the client's order. However, the Company already has a prior agreement with the traders to produce wheat rice as well as a policy of controlling raw material in an inventory. Furthermore, there are many countries in the world grow wheat rice helping the Company can find another source like Canada, South Africa, China, or even India. Even though the quality of wheat rice from those countries is not as good as wheat rice from USA and Australia, the Company can use those wheat rice for producing wheat flour following customer's demand.

The risk of the fluctuation in Wheat rice's price

Wheat rice is one of the consumer goods having prior market called 'Grain Exchange' in USA. Wheat rice is a main cost of the company which is 90 percent of the whole cost. The Company will purchase wheat rice twice a year on March and September. Each purchase will be around 20,000 tons. Each purchase can produce company's product for 4-6 months. If the cost of wheat rice changes, the cost and the profit of the company will change as well. The Company cannot immediately change the price of the product owing to the Department of Internal Trade of Thailand. If the Company wants to raise the price of wheat flour, it needs to inform the Department of Internal Trade of Thailand. However, the Company always follows up the wheat price in the global market in order to reduce the fluctuation in wheat rice's price. During the very high price of wheat rice, the Company will purchase wheat rice only the exact amount needed to use or apply "Fixed Forward Exchange Rate" method. In addition, the Company has research and development department (R&D) so as to conduct a research related to species of wheat rice so that the company can use cheap wheat rice making flour in the same standards. All of the solutions, it helps the Company Wheat prices fell by 0.99 baht per kilogram in 2017. As a result, the cost of wheat decline.

The risk of the fluctuation in the transportation cost (Oil price)

The company imports wheat rice by sea shipping. Therefore, sea shipping is another cost of making flour. Freight rates will be related to world oil price. If oil price increases, freight rates will increase as well. Moreover, if the demand of sea shipping increases, the freight rate will increase inevitably. This is an uncontrollable cost. The solution of the company is importing bulk of wheat rice at one time helping the company safe its shipping cost. Another way is ordering the bulk of



wheat rice at the same time as other rice mill companies. Then they can use the same vessel so as to transport the wheat rice into Thailand.

The risk of no forward contract in terms of the fluctuation in raw material's price

Purchasing raw material, the company has no forward contract (or futures contract) in order to prevent the fluctuation in raw materials price. Nonetheless, the price of wheat flour will vary from the price of wheat rice. During the high price of wheat rice in global market, the company will increase price of wheat flour for the customers who do not have a contract. While long-term contract customers, the company has to maintain the price following its contract. During the low price of wheat rice in the global market, the company needs to take immediate action by speeding selling the wheat up including animal nutrition industry. Furthermore, the company applies "Fixed Forward Exchange Rate" method in order to protect the fluctuation of cost that may occur.

The risk of Government Policy

The risk of price control of wheat rice

In 2009, Department of Internal trade has announced that wheat rice is a product needed to be control price. The entrepreneurs have to declare the cost of production, the cost of importing the material, other cost, the selling price of the wheat flour etc. The selling price declared to Department of Internal Trade is a price ceiling that is the maximum price the company is allowed to charge for a product. Hence, if the cost of raw material increases over the price ceiling, it will be very difficult for the company to mark up the price which will affect the profit of the company. In fact, the cost and the selling price are always lower than the price ceiling. However, if the cost of raw material increases, the company will declare to the government to add more price ceiling. The company realizes these risks so that the company will do its best to produce good products with high quality as well as customers service to satisfy customers of all level. The concerning of products and services is very necessary since there are many competitors both Thailand and abroad.

The risk of Free Trade Area of Imported Wheat flour (FTA)

Before 2005, Thailand imposed tariffs on wheat flour imports to 40 percent helping wheat flour industry in Thailand get a protection. However, after Thailand made an agreement with Asian Free Trade Area (AFTA) and Free Trade Area (FTA) with India, and Australia, Thailand changed tariffs on imports to 5.0 percent in 2005. January, 2010 Tariffs on wheat flour imports among Asian was 0 percent causing price competition become aggressive. Besides, the reduction of wheat flour import supports company's customer to directly order wheat flour from abroad instead of buying from the company in Thailand. The company will have less sale volume resulting in less profit. Nonetheless, so far AFTA's agreement has not affected much through the company's business. Still, the company has management plans on this risk as mentioned:

1. Centering on product's quality; the company will center on hygiene that the product will not have any contamination which may harm consumers.
2. An after-sale service: when customers purchased products, the company will monitor quality of products every time. If there are any complaints about the quality of wheat flour, the Company will immediate take an action within 7 days.



3. The amount of order: The Company has a flexible policy for customers in order to purchase wheat flour. For example, customers do not need to have warehouse to keep wheat flour but they can order exactly amount that they want. The company also product wheat flour following customer's order as well as having scientist's team to improve, develop the formula of wheat flour to satisfy customer's need.

The risk of having major shareholders in the company more than 50 percent

In December, 2017 a major shareholder of the company was Thai Sugar Terminal Company Limited (TSTE) which held share 68.80 percent of authorized capital. Thais percentage was more than 50 percent helping TSTE control all votes from committees. For instance, TSTE can control committee's election, or any other votes requiring majority vote excepting the topic that has to abide by law. That exception vote needs 3 out of 4 from shareholders. As a result, other shareholders are in at risk that they may be not balance power on meetings.

Nevertheless, for the sake of business's transparency and power balance, the company adjusts an organization's structure so as to be more effective and be able to investigate. The Company has 12 committees including audit committees; however, all of them are not the major shareholders. (There are 4 major shareholders). Furthermore, the company set a private internal investigate department directly working for the audit committees. This private department takes charge of monitor internal system to run properly and investigates the working process of management department to run transparently. Moreover, if any committee, boards or executives are investigated, they will have no right to vote in any meeting and have to follow the law of Securities and Exchange Commission Thailand.

Asset using in the business

The main fixed asset used in the business

The Company has fixed asset for conducting a business after depreciation by using straight line method for 3-30 years depending upon types of assets. In December 31, 2016 and December 31, 2017 the Company asset was cost 742.8 million baht (THB) and 717.5 million baht (THB) according to a net book value as followed:

Type of Assets	Type of Ownership	Net Book Value (Million Baht)		Obligation
		Dec 31, 2016	Dec 31, 2017	
1. Building and Structure* factory and 3 buildings situated in : 90/9 Moo 1 Soi Siam-Sailo Poo-Jao-Sa-Ming-Prai Road Sumrong Klang Prapradaeng Samutprakarn Province	Owner	156.0	150.6	No obligations
2. Machines and Equipment	Owner	536.0	505.8	
3. Decorations and office equipment	Owner		4.0	No obligations
4. Vehicles	Owner	10.8	21.0	No obligations
5. Utility System	Owner	35.5	33.4	No obligations
6. Asset during the construction	Owner	0.7	2.7	No obligations
Total		742.8	717.5	

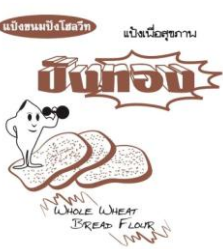



Remarks : * Buildings and an office are situated in the land rent from TSTE During the year 2556 the Company received a loan from a financial institution, two of the new company . To release the mortgage securities , including any property . To be provided as collateral to the lenders party. Which in October 2556 , the Company successfully implemented . In addition, the financial institutions have reduced lending limit for letters of credit, trust receipts . Short-term loans And forward foreign exchange contracts . And adjust the loan terms Negative Pledge.

The company is expanding capacity by implementing the resolutions of the Board of Directors Meeting No. 2/2556 on 1 March 2556, the program has the property which is calculate the total value of the consideration as per Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Rules on Transactions with significant acquisition or disposition of assets dated August 31, 2551 and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition . Assets BE 2547 dated 29 October 2547. Mentioned above classified as a category 2 in which the Company is required to disclose to the stock market. And a circular to shareholders within 21 days from the date of SET the company has already disclosed .

The company is expanding capacity by implementing the resolutions of the Board of Directors Meeting No. 2/2013 on 1 March 2013 and No.3/2014 on 13 March 2014, the program has the property which is calculate the total value of the consideration as per Notification of the Capital Market Supervisory Board No. TorJor .20/2008 Rules on Transactions with significant acquisition or disposition of assets dated August 31, 2008 and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition . Assets BE 2004 dated 29 October 2004. Mentioned above classified as a category 2 in which the Company is required to disclose to the stock market. And a circular to shareholders within 21 days from the date of SET the company has already disclosed .

Intangible Assets

The company has 12 trademarks by registering with Department of Intellectual Property since March 27, 2012. When the process finished, the company will own trademarks for 10 years starting from the register date. The further information will be describes as followed:

Information of trademarks and services	Logo of trade mark	Description
1 Pung-Thong brand		Ready used flour for making whole wheat bread having high protein 50 percent. The flour is full of fiber, vitamins, mineral and antioxidant.
2. Pung-Daeng brand		High wheat flour especially for making bread such as sandwich bread, baked bread etc.
3. Pung-Lueng brand		Wheat flour for making bread which has sticky texture, and flexible texture. This flour is suitable for sandwich, doughnut, pastry, and pizza.
4. Sen-Thong brand		Wheat flour for making instant noodle.

Information of trademarks and services	Logo of trade mark	Description
5. Sen-Yok brand	<p>ตรา เส้นหยก</p> 	Wheat flour for making high quality of Chinese noodle, fresh noodle and wonton paste.
6 Sen-Lueang brand	<p>ตรา เส้นเหลือง</p> 	Wheat flour for making fresh noodle or wonton paste.
7. Luk-king brand	<p>ตรา ลูกกลิ้ง</p> 	All purpose wheat flour for making doughnut, pancake, cookie, tart, waffle, Chinese bun, and crispy bun etc.
8. Gung-Hun brand	<p>ตรา ก้อน</p> 	Wheat flour for making biscuit, waffle, pancake, doughnut, crispy bun etc.
9. Ta-long-Pao brand The certificate of registration of a trademark on January 3, 2014.	<p>ตรา ต๋าทองเปา</p>  <p>แป้งสาลีตราต๋าทองเปา</p>	Wheat flour for making bun, Chinese bun, cake, cookie, moji, tart.
10. Koo-Guo brand	<p>ตรา กูโก</p>  <p>แป้งสาลีตราคูโก</p>	Wheat flour for making deep-fried dough stick.
11. hua-Jai brand	<p>ตรา หัวใจ</p>  <p>แป้งสำหรับทำขนมเค้ก</p>	Wheat flour made by special process. This flour has soft white texture which is suitable for making butter cake, sponge, chiffon cake etc.

Information of trademarks and services	Logo of trade mark	Description
12. GU-la-Deang brand		High protein wheat flour for making animal nutrition like shrimp, fish, dog etc.

The investment policy of the company via subsidiaries and joint ventures

The investment policies through subsidiaries and/ or joint ventures in the future. The Company may broaden its business in the future; hence, it is important to have subsidiaries or joint ventures to support main business of the company. The company plans to appoint the committee to be one the board of subsidiaries or joint ventures in order to make policy supporting the Company.

Controlling subsidiaries and joint ventures always has to have a bilateral agreement with the Company. For example, an investment in the joint venture has to appoint committees following the company by comparing with the percentage of shareholders. While an investment in a subsidiary is different, the Company will appoint committees taking charge of a business upper than 50 percent of board members. If the subsidiary has a negative impact on the company's business severely, the subsidiary will ask permission from the board or even be investigated from the audit committees as well.



The Structure of stockholders and management

The amount of capital registration and paid

As of December 31, 2017 The company has registered capital of 399,000,000 baht. Divided into 399,000,000 ordinary shares of the stock. Par value of Baht 1 per share as paid-up capital of 344,706,426 shares representing 342,706,426 baht. By listed companies (**mai.**)

Shareholder

List of shareholders and shareholding ratio of registered capital and paid up. As it appears in the list of shareholders of the Company as at December, 31 2017 are as follows.

No.	Name	No. of Share	%
1	Thai Sugar Terminal Public Company Limited	237,159,720	68.80
2	Chase Nominees Limited	10,490,000	3.04
3	Mr.Tanatron Guagunsree	5,800,900	1.68
4	Mr.Wiboon Sareeyotin	3,923,700	1.13
5	Thai NVDR Company Limited	3,666,553	1.06
6	Mrs.Nuchara Piansupap	2,876,827	0.83
7	Mrs.Saratana Lerchaiprasit	2,528,005	0.73
8	Mitkasate Industry Company Limited	2,524,366	0.73
9	Mr.Wiroj Pungpanyaluad	2,240,00	0.60
10	Mr.Intarat Wongsree	2,010,000	0.58
The top 10 shareholders holding more than 0.5%		273,220,071	79.25
11	Other minor shareholders	71,486,355	20.75
Total shareholders		344,706,426	100.00



List of Shareholders and Proportion of Shareholding of Thai Sugar Terminal Public Company Limited First 10 as at 31 December 2016

No.	Name of Shareholders	2016		Name of Shareholders	2015	
		Number of Shares	%		Number of Shares	%
1.	Khon Kaen Sugar Industry Pcl.,Ltd.	91,301,062	23.82	Khon Kaen Sugar Industry Pcl.,Ltd.	91,301,062	23.82
2.	Mr.Chanachai Chutimaworaphan	63,818,515	16.65	Mr.Chanachai Chutimaworaphan	63,818,515	16.65
3.	Prachuab Industry Co., Ltd.	38,000,252	9.91	Prachuab Industry Co., Ltd.	38,000,252	9.91
4.	Mrs.Yaowanuch Dejvitak	31,299,893	8.16	Miss Yaowanuch Dejvitak	31,299,893	8.17
5.	Miss Yaowaluk Chutimaworaphan	27,206,675	7.10	Miss Yaowaluck Chutimaworaphan	27,206,675	7.10
6.	Ratchaburi Sugar Co.Ltd.	18,169,749	4.74	Ratchaburi Sugar Co.Ltd.	18,169,749	4.74
7.	Mitr kasetr Co., Ltd.	17,788,066	4.64	Mitr kasetr Co., Ltd.	17,448,466	4.55
8.	Mr. Prapas Chutimaworaphan	16,027,170	4.18	Mr. Prapas Chutimaworaphan	16,027,170	4.18
9.	Mrs. Boonprom Chinbhilas	5,402,978	1.41	Mrs. Boonprom Chinbhilas	5,402,978	1.41
10.	Mrs. Patcharee Chinthummit	3,960,000	1.03	Mrs. Patcharee Chinthummit	3,978,471	1.04
	Other shareholders	70,652,821	18.36	Other shareholders	70,973,950	18.43
	Total number of shares	383,627,181	100.00	Total number of shares	383,627,181	100.00

Remark : 1. Representative of the THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED As a director in Company have Total 9 persons as follow Mr.Pricha Attavipach, Mr.Prapas Chutimaworaphan, Mr.Chanachai Chutimaworaphan, Dr.Charnkrij Dejvitak, Dr.Supasorn Chayowan, Mr.Somchai Chinthummit, Mr.Narong Chenlapwatanakul, Mr.Dhanadon Sujiphinyo and Mr.Chalush Chinthummit

Dividend Policy

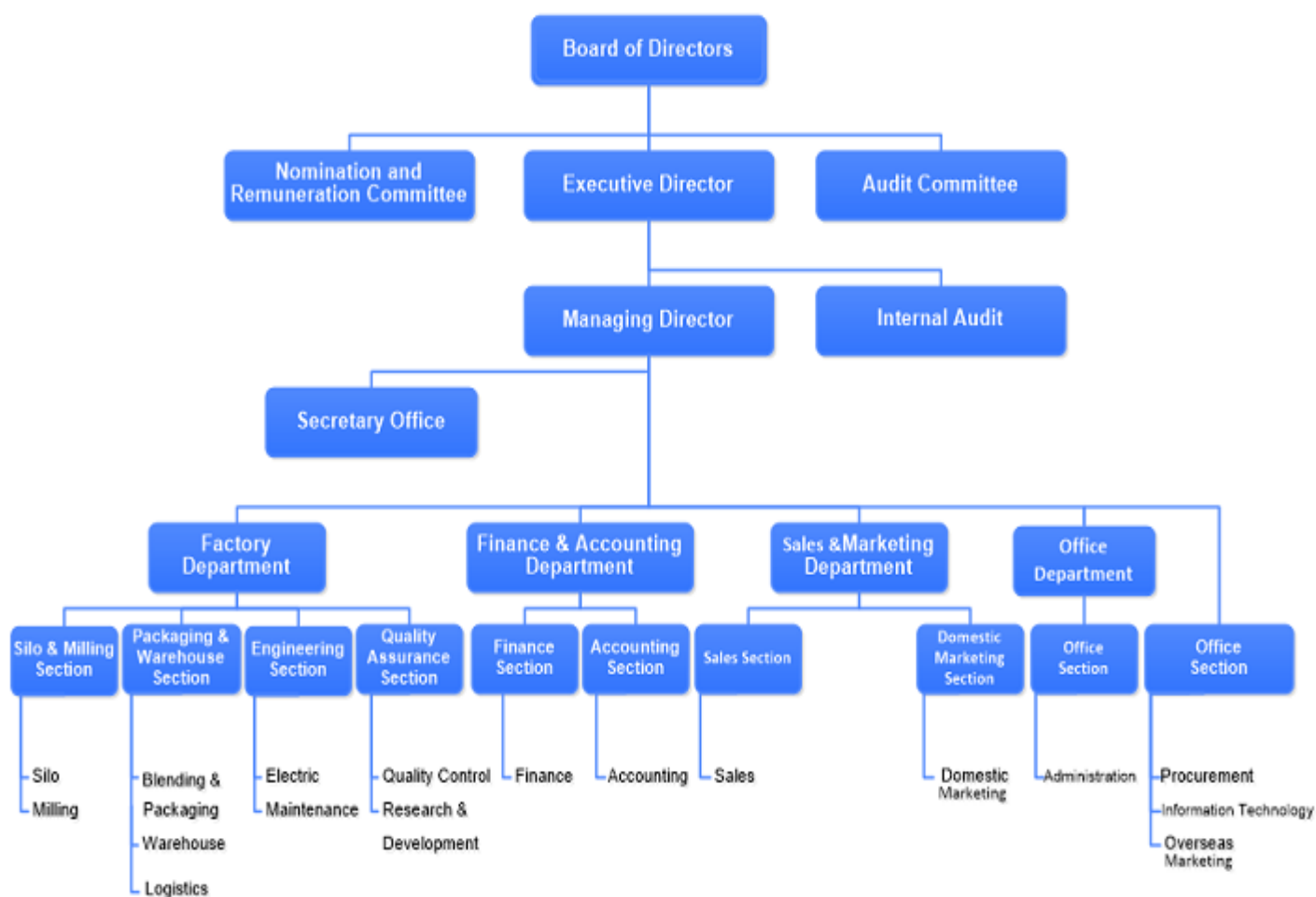
The Company has a policy to pay dividends to shareholders at the rate of not less than 50% of net profit after corporate income tax of the separate financial statements. And after the legal reserve. And other collections. As specified by the Company. The dividend payment may be subject to change depending on the financial status. Performance, investment plan, necessity and other appropriateness. In the future, the Board of Directors And / or the shareholders of the Company deem appropriate.

Dividend Payment

รายละเอียดการจ่ายเงินปันผล	2017	2016	2015
1. Net income from financial statements (Bath)	105,489,342	69,503,869	56,862,794
2. Legal reserve (Bath)	5,300,000	3,500,000	2,900,000
3. Net profit after legal reserve (Bath)	100,189,342	66,003,869	53,962,794
4. Total dividends paid (Bath)	61,606,683.54	51,320,953.40	27,359,984
5. Dividend payout ratio vs. net profit after legal reserve each year (Bath)	61.49	77.75	50.70

Organizational Chart

At the Board of Directors' Meeting No. 11/2015 on November 26, 2015



Remark : Dharmniti Auditing Co., Ltd is responsible for internal control

Management Structure

Management structure of the company have a consists of 4 committees as follow :

1. The Board of Directors
2. Audit Committee
3. Executives Committee
4. Nomination and Remuneration Committee

As at December 31, 2017 the Board of Directors.. Board of Directors as follow

No.	Name List		Position
1.	Mr.Pricha	Attavipach	Chairman / Independent Director
2.	Mr.Prapas	Chutimaworaphan	Executive Chairman
3.	Mr.Somchai	Vanavit	Independent Director
4.	Dr.Charnkrij	Dejvitak	Executive Vice Chairman & Managing Director
5.	Mr.Chanachai	Chutimaworaphan	Executive Director
6.	Mr.Dhanadon	Sujiphinyo	Executive Director
7.	Mr.Chalush	Chinthummit	Executive Director
8.	Mr.Narong	Chenlapwatanakul	Executive Director
9.	Dr.Supasorn	Chayowan	Committee
10.	Mr. Somchai	Chinthummit	Committee
11.	Mr.Chalermchai	Wongwaiwit	Independent Director
12.	Mr.Anek	Khamchum	Independent Director

Remark : Mrs.Waewta Natphan has been appointed to be the secretary to the Board of Directors since the Board of Directors meeting No 10/2015 on October 29, 2015 and periods beginning on October 29, 2015

Authorized Directors

The Board of Directors have been appointed as authorized directors, namely, Mr.Prapas Chutimaworaphan, Mr.Narong Janelapwattanakul, Mr.Chaichana Chutimaworaphan, Dr.Charnkrij Dejvitak, Mr.Thanadol Suchupinyo and Mr.Chalush Chinthammit. Any two of the authorized directors are authorized to sign jointly on behalf of the company with the company's seal.

Scope of Authority and Responsibilities of the Board of Directors

The board of directors have a role and functions to set the corporate governance policy, business ethics including defining the vision, missions, strategies, goals and operation plans of the company. To supervise the execution of compliance with the policies, plans and budget effectively and efficiently in order to meet the goals of the company. The board of directors must be accountability to the company, shareholders and all stakeholders. The board of directors have a roles and responsibilities to supervise the operations of the company in accordance with rules and regulations including the rules of the Stock Exchange of Thailand. and The Securities and Exchange Commission. Details of the role of the board of directors as follows.

1. Determining the goals, policies, plans, budgets and operating direction of the company. As well as controlling and overseeing the man of the management or any other persons, which was assigned to perform according to the defined policy effectively and effectiveness. Overseeing to ensure that management or any other persons, have complied with the Commission's policies. Acting in a best interest of shareholders.
2. Directing the Company's operation in compliance with the laws, objectives, the Company's Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care to preserve the highest interests of the Company and fairness to all involved parties.
3. Auditing and approving policies and procedures for large investment projects of the Company according to the proposed by the sub-committee and/or the management.
4. Acting in a best interest of shareholders and disclosing information to shareholders accurately, completely, and transparently.
5. Reviewing the operating plan, strategies, budget, and business goals and reviewing management development plan and the succession plan for the board while overseeing to ensure the effective performance assessment of management on an annual basis.
6. Appointment, assignment or recommendation the sub-committee or working group to consider or act in a particular subject, the Board of Directors deems appropriate.
7. Implementation of the company's internal audit measures to achieve an effective internal control system. Including risk management and reliability of financial reporting by providing internal audit unit is monitored and conducted in collaboration and coordination with the Audit Committee.
8. Preparation of the Annual Report and responsible for the preparation and disclosure the Statements of Financial Position and results of operations in recent years to propose to the shareholders' meeting.
9. Arrangement the annual general meeting of shareholders within four months after the end of year.
10. Considering and approval any necessary benefits of the Company.

The Board of Directors also has the duties of overseeing the Company's compliance with the Securities and Exchange Commission, requirements of the Stock Exchange such as related transactions, acquisition or disposition of assets, under the rules of the Stock Exchange of Thailand or according to the Securities and Exchange Commission or the laws relating to the business of the company.

The Audit Committee

The Audit Committee of the company has structure, which is independent of the executive. This includes the luminary, which is independent director of the executive and major shareholder of the company. In addition, Possesses qualification according to the notifications of the Stock Exchange of Thailand and/or the Securities and Exchange Commission.

As at December 31, 2017, the Audit Committee of the company comprises 3 auditors as follows:

No.	Name List	Position
1	Mr.Somchai Vanavit	Chairman of Audit Committee
2	Mr.Chalermchai Wongwaiwit	Audit Director
3	Mr.Anek Khamchum	Audit Director

Remark : Mrs.Waewta Natphan has been appointed to be the secretary to the Board of Directors on October 29, 2015

There are Mr. Somchai Vanavit and Mr. Chaleumchai Wongwaiwit as auditors, who have sufficiently knowledge or experience in accounting and finance to verify the credibility of the financial statements.

Qualifications of Audit Committee

The Audit Committee consists at least 3 members. Their qualifications are as follows.

- 1.All members of the Audit Committee shall be appointed by the Board of and the audit committee resolution to appointment a chairman of audit committee.
2. All members of the Audit Committee shall be independent directors and fully qualified in accordance with the qualifications prescribed by notification of the Stock Exchange of Thailand regarding qualifications and scope of work of the audit committee.
3. All the Committee members shall perform duties, give opinions and report work performance assigned independently, free of any potential influence by the management or major shareholders including any related persons or close relatives of those persons.
4. All the Committee members shall has sufficient relevant knowledge and experience to perform audit committee functions and at least one member of the Committee should have adequate relevant knowledge and experience to review the credibility of financial report.

Scope of Authority and Responsibilities of the Audit Committee

Directors' Meeting No. 5/2010 on May 27, 2010 has approved the scope of authority and responsibilities of the Audit Committee as follows:

1. Check that the Company has an appropriate financial reporting system and disclosure of information in its

financial statements in accordance with the legally defined accounting standard, with transparency, correctness, and adequacy. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the company.

2. Check that the Company has appropriate and effective internal control and internal audit systems and consider the independence of the internal audit. According to approve the appointment, removal, transfer or dismissal of the chief internal audit or any other agency responsible for internal audit.
3. Check that the Company is in full compliance with the Securities and the Stock Exchange Law and other laws relating to the Company's business.
4. Consider, select, propose the appointment and remuneration of, and assess the efficiency of the company's independent auditor. According to organize meetings with the Company's auditor, without the attendance of management, at least once a year.
5. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Stock Exchange of Thailand.
6. Prepare the Audit Committee's report to be disclosed in the company's Annual Report and duly signed by the Chairman of the Audit Committee and containing comments as follows:
 - (A) Comments on the transparency, correctness, and adequacy of financial statements
 - (B) Comments on the adequacy of internal controls of the company
 - (C) Comments on compliance with the Securities and the Stock Exchange Law and other laws relating to the company's business
 - (D) Comments on the suitability of the auditor
 - (E) Comments on transactions that may have conflict of gain
 - (F) Number and attendance of the meetings of the Audit Committee
 - (G) Comments or observations by the Audit Committee has performed its duties under the Charter
 - (H) Shareholders and investors should be aware of other items, which is under the scope of duties and responsibilities assigned by the Board of Directors.
7. Perform any other duties assigned by the Board of Directors with the consent of the Audit Committee.
8. Have the authority to conduct inspections and investigations as required on various matters. Which may have a significant impact on the financial position and results of operations of the company including :
 - (A) Transactions which may cause conflicts of interest

- (B) Fraud or irregular events or material flaws in the internal control system
- (C) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the company's business

The Committee may seek external consultation and professional advice from independent consultants or specialists, as deemed appropriate, at the company's expense. The Audit Committee is responsible for the inspection and investigation reports to the Board of Directors of the company to rectification within the Audit Committee deems appropriate.

The Nomination and Remuneration Committee

As of December 31, 2017 the Nomination and Remuneration Committee for the existing committee, comprises 3 persons as follows:

No.	Name List		Position
1	Mr.Anek	Khamchum	Chairman of Nomination and Remuneration Committee
2	Dr.Supasorn	Chayowan	Nomination and Remuneration Committee
3	Mr.Somchai	Chintummit	Nomination and Remuneration Committee

Remark : Mrs.Waewta Natphan has been appointed to be the secretary to the Nomination and Remuneration Committee

Scope of Authority and Responsibilities of the Nomination and Remuneration Committee

1. Specify qualifications of any person to be nominated for directorship ,considering diverse candidates with skills, experience, gender and expertise useful for the company.
2. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the committees.
3. Report regularly on progress and performance results to the Board of Directors.
4. Propose guidelines and methods for remuneration to be paid to the Board of Directors and the committees appointed by the Board of Directors, including bonus and attendance fee. Recommend the policy on the management remuneration including salary and annual bonus, in line with the Company's operating results and the performance of each top executive.
5. Perform other duties as assigned by the Board of Directors.

Executive Directors

As at December 31, 2017, the Executive Director of the company comprises 6 persons as follows:

No.	Name List		Position
1	Mr.Prapas	Chutimaworaphan	Executive Chairman
2	Dr.Charnkrij	Dejvitak	Executive Vice Chairman & Managing Director
3	Mr.Chanachai	Chutimaworaphan	Executive Director
4	Mr.Narong	Chenlapwatanakul	Executive Director
5	Mr.Dhanadon	Sujiphinyo	Executive Director
6	Mr.Chalush	Chinthummit	Executive Director

Remark : Mrs.Waewta Natphan has been appointed to be the secretary to the Executive Directors

Scope of Authority and Responsibilities of the Executive Directors

1. Operation and administration of the company under the rules, regulations, policies, objectives, regulations, orders and resolutions of the Board of Directors and/or resolutions of the shareholders of the company in all respects.
2. Consider and determine the policy, the direction, the business strategy, the budget planning, Human Resources Management of the company and the investment in information technology. Including regulatory controls the operation of the working group.
3. Consider allocating the annual budget according the management proposal before it is presented to the Board for consideration and approval.
4. Is authorized to approve to spending the money in the process of business, such as purchasing raw materials, machinery, vehicles, property, auctions, etc. Not exceeding the limit 10 million baht for each item and approval for the purchase of raw materials including wheat not exceeding 250 million baht for each item. And report to the Board of Directors.
5. Approve of the major capital investment expenditures as provided in according the annual budget by the Board of Directors or got approval in principles.
6. Is authorized to approve the loan, acquisition of credit, issuance of debt, including loans or guarantees of loan, rr any loans of company.
7. To be an advisory of management with regard to the financial and marketing policies, personnel management and the other operatings.
8. Determine the organizational structure, organizational management, including the appointment, hiring, assignment, transfer, salary, commissions, bonuses of the staff and dismissal.
9. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors. Review and make appropriate recommendations in keeping it up-to-date.
10. Any other operations assigned by the Board of Directors occasionally

The Authority and Responsibilities of the Executive Directors is excluding the conflict approval or related with benefits of all stakeholders or subsidiaries under the rules of the Stock Exchange of Thailand or according to the Securities and Exchange Commission or the laws relating to the business of the company.

As of December 31, 2017 The Executive Directors comprises 5 persons as follows:

No.	Name List		Position
1	Dr.Charnkrij	Dejvitak	Managing Director
2	Miss Surangrat	Jongprosopsap	Assistant Factory Director
3	Mrs.Waewta	Natphan	Assistant Finance & Accounting Director / Company Secretary
4	Miss Masarat	Puttipeerawit	Seles Manager

Scope of Authority of the Managing Director

Executive Directors are empowered with an authority to operate business under the policy, strategies and goals directed by the Board of Directors, which approves a clear and definite scope of responsibilities to ensure transparency and flexibility of operation.

The scope of authority and responsibilities of the Managing Director as follows:

1. Oversee operation and/or daily administration of the company.
2. Operation or performance in accordance with the policies, plans and budgets have been approved by Board of Directors and/or Executives of the company.
3. Authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan.
4. To have the power to mandate period And/or assigned to another person to work only, instead, by the authority range and/or the assignment is under the scope of authorization by the power of attorney of this contract and/or according to the regulations, regulations, or order the company's Board of Directors and/or the company increasing continuously.
5. Follow up and evaluation of the company regularly to prevent the risk of such factors whether internal and external.
6. Consider to enter into a contract with the company's business, and various contracts which benefits of the company. As well as the steps and ways of developing such a contract to present to the Board of Directors.

7. Approve the spending money in the normal business of the company, such as contact about the bank account
The purchase of raw materials in the production The limit for each item, no more than 100,000 baht, respectively.
8. Allocate money reward, benefits, or various rewards which has been approved by the Board of Directors for employees or any person that do business for the company.
9. Consider hiring employees and placement, as well as the transfer of cross-functional/division/Department or retire employees. Including set the wages compensation, bonuses and welfares for all employees except Eexecutive Directors.
10. Determining the goals, policies, plans, budgets and operating direction of the company. As well as controlling and overseeing the man of the management or any other persons, which was assigned to perform according to the defined policy effectively and effectiveness.
11. Any other operations assigned by the Board of Directors occasionally

The Authority and Responsibilities of the Managing Director is excluding the conflict approval or related with benefits of all stakeholders or subsidiaries under the rules of the Stock Exchange of Thailand or according to the Securities and Exchange Commission or the laws relating to the business of the company.

Authorities and responsibilities of the Chairman of the Board of Directors

1. To act as the chief of the Board of Directors having duties and responsibilities to supervise, follow up and monitor the due performance of the Board of Directors and other subcommittees to achieve the business objective and plans;
2. To act as the chairman at the meeting of the Board of Directors and to cast the vote in case of equality of votes;
3. To act as the chairman at the shareholders meetings and conduct the meeting according to the sequence of the agenda stipulated in the notice calling for the meeting.
4. Strengthen corporate governance of the Board of Directors.

Secretary of the board and company secretary

The resolution of the board of director appointed Mrs.Weawta Netphan is company secretary to act as of work for company secretary. According to the regulation in article 89/15 of the Public Company Act 1992 , company secretary have a responsibility as follow;

1. Produce and keep the following documents
 - (a) Registration of Members of the Board of Directors
 - (b) Board Meeting invitations, Board Meeting Reports and the Company's Annual Reports.
 - (c) Shareholders' meeting invitations and shareholders' meeting reports.
2. Keep stakeholder reports that have been submitted by members of the Board of Directors or the Executive committee and send copies of the reports to the Chairman of the Board of Directors and the Chairman of the Audit Committee within seven days from the date that the Company receives the reports.



3. Observes and makes arrangements for the disclosure of information and information technology reports on the areas under his/her responsibility to agencies; directs and supervises in compliance with the law, regulations and policies concerning the company's disclosure of news and information.

4. Contacts and communications with ordinary shareholders to inform them of various shareholders' rights/privileges and company news.

5. Delivers news and information to directors on topics concerning the company's business operations in order to accompany the performance of directors' duties.

6. The secretary is to work with responsibilities, care and integrity. One is to comply with the law, purposes, the Company's regulations, the resolutions of the Board of Directors as well as resolutions of shareholders. One is not to act in any way that significantly obstruct or conflict the Company's interests.

7. Makes arrangements for the provision of advice for newly appointed directors.

8. Other matters as assigned by the company's board of directors.

In case the Company's secretary is retired from the position or cannot work, the Board of Directors is to appoint a new secretary for the Company within ninety days from the date of the previous secretary's retirement or inability to work.

Board of Directors Structure and Components

The company's board of directors allocated for a suitable number of directors based on its business size. At present, there are nine directors; one are executive directors and eight are non-executive directors. The 8 non-executive directors are 3 independent directors.

1. The Board of Directors consists of directors who are resident in Thailand not less than half of the total membership. The Directors can whether be shareholders of the company.

2. In the Board of Directors, there must be an independent director not less than 1 out of 3 of all directors. And there are at least three independent directors who hold no more than one percent of the total issued and paid-up share capital of the Company and related companies, including shares held by related parties, and qualified by the Capital Market Supervisory Board Tor Jor 28/2008 regarding the application and approval of offer for the sale of newly issued shares dated 15 December 2008.

3. In the annual general meeting of shareholders at all times, there shall be the resignation of a number of 1 out of 3 of the total membership at that time. If the number of directors cannot be divided into three parts, the resignation should be the number nearest to one third of the directors in the first following the registration of the Company. The second years after the registration of the Company, the resignation should happen by drawing out a name of a director. The later years the directors who were in office the longest shall retire from office. However, any director who retires by rotation may be chosen to the position again.

4. The shareholders shall appoint directors by a majority vote and pursuant as follows:

4.1 One Shareholder has one vote per one share

4.2 Each Shareholder will use all his votes according to elect one or several Directors but they cannot separate their vote to several people.

4.3 The individuals receiving the largest numbers of votes shall be elected as a director or directors at that time depending on the number of directors the Company can have. If there are several individuals who have the same amount of votes but there is not enough position for every one of them, the Chairman will cast the final vote.

5. In case of vacancy for reasons other than retirement by rotation. The Board of Directors shall elect a person who is qualified and not disqualified under the regulations of public limited company to be the Company's directors represented at the next Board Meeting. Except the director's remaining term is less than two months. The persons who are newly appointed would be in the position for the remaining term of the Director whom he represents. Such resolution of the Board of Directors shall consist of not less than 3/4 of the votes of the remaining directors.

6. One board member is to be selected as the Chairman of the Board of Directors. One or more other member(s) may be selected as vice chairman and managing director should the Board deems appropriate. The vice chairman has the duties according to the regulations in businesses assigned by the Chairman of the Board of Directors.

7. A meeting of shareholders may resolve to remove any director from office before the expiration of their term with the votes of not less than three fourth of the shareholders present at the meeting and entitled to vote, and the shares amounting to not less than half of the shares held by the shareholders present at the meeting and entitled to vote.

The definition of its independent directors

The company has determined the definition of its independent directors as the director who is non-executive director and do not involve in the management permanently, and is not the company's major shareholder. The company has specified requirements equal to the minimum requirements set by the SEC and the SET. Nominated independent directors of the company are fully qualified according to the definitions as below:

1. The independent Directors hold shares not exceed one percent of the total shares with voting rights of the Company, parent companies, subsidiaries, associated entities, legal entities that are major shareholders or controlling person of the Company. The shares held by those involved shall be counted.

2. The independent Directors shall not participate in the administration, nor be an employee, staff, advisor who receives regular salary or a controlling person of the company, not less than two years before his appointment. The prohibition does not include the case if they are public servants or advisor of Government organization which is a major shareholder or controlling person of the Company. Such forbidden character does not include the case where an independent member had been a civil servant or a consultant of a government agency who is a large shareholder or the authorised entity that controls the Company.

3. The independent Directors has no blood relationship or registered as father, mother, spouse, sibling, and child, including spouse of the children of executives, major shareholders, controlling authority or persons to be nominated as executive or controlling person of the subsidiaries.

4. The independent Directors don't have a business or have not been in a business relationship with a value more than three percent of the net tangible assets or more than Bath 20 million baht (whichever is lower) with its parent company, subsidiaries, associated entities, major shareholder or controlling person of the Company and not being or having been a shareholder or a controlling person of any person who have business relationship with the Company, parent companies, subsidiaries, associated entities, legal entities who are major shareholders or controlling person of the Company. Unless it is

clear from the manner for not less than two years before the appointment. The definition of business relationship shall include item under the Notification of the Capital Market Supervisory Board Tor Jor 28/2008 regarding the application for the sale of new shares.

5. The independent Directors is not or has not been an auditor of the Company, parent companies, subsidiaries, associated entities, legal entity who is a major shareholder or controlling person of the Company and is not a major shareholder, controlling authority or partners of the audit firm which is the auditor of the Company, parent companies, subsidiaries, associated entities, legal entity as a major shareholder or authorized under the Company's control, unless it is clear from the manner for not less than two years before the appointment.

6. The independent Directors is not or has not been a provider of any professional such as legal advisor, financial advisor, property appraiser, etc., which has more than 2 million baht per year from the company, parent company, subsidiary, associated entities, legal entity as a major shareholder nor a controlling person or partner of the professional service provider unless it is clear from the manner for not less than two years before the appointment.

7. The independent Directors is not or has not been a director appointed as representative of the directors of the Company, major shareholders or shareholders who are related to the major shareholders of the Company.

8. The independent Directors do not operate a business with the same nature and in competition to the business of the Company or its subsidiaries or not be a significant partner in a Partnership Company or be an executive director, employee, staff, advisor who receives a regular salary or hold 1 percent of the total shares with voting rights of another company with the same nature of the Company and is a competitor of the Company or its subsidiaries.

9. The independent Directors have no any characteristics that prevent from giving independent comments.

10. Not being a director appointed by the Board to decide on the operations of the Company, its subsidiaries, parent company, subsidiary, associates, subsidiaries in same level, major shareholders or controlling person of the Company.

11. Not a director of parent company, subsidiary or subsidiaries in same level which are listed as public company limited.

Nomination of Board of Directors and Managing Director

The company's plan is to appoint directors and managing director appropriately and transparently to ensure that the company has directors and managing director who are professionals capable of independent management from major shareholders or other shareholders. The Recruitment Committee determines remunerations and corporate governance, and is responsible for appointing suitable people into selection according to specified selection methods, the criteria and selection method of which is dependent upon the propriety of the company's situation during which time.

The Nomination and Remuneration Committee responsibilities in recruiting individuals with the right to hold office as directors. The consideration and approval. For presentation to the Board of Directors, and propose to the AGM for approval.

Persons who are appointed as members of the Board of Directors and the Executives of the Company are those who are qualified in accordance with article 68 of the Public Company Act 1992 and the Announcement of the Capital Market Supervisory Board No. Tor.Jor.28/2551 on the request and the permission to sell new shares dated 15 December 2008. The

qualified persons must not be of forbidden character according to the Announcement of the Capital Market Supervisory Board on the Regulations related to the executives of a Company issuing securities. All persons must not have a record of bankruptcy, violation of rules, regulations, announcements, orders, resolutions of the Board of Directors or the agreement on security registration with the Stock Exchange of Thailand and the circular notice at the Stock Exchange of Thailand

The Nomination and Remuneration Committee, to nominate managing director who have knowledge of management experience with the ability to work in a related field to propose to the Board of Directors. appoint a person to be nominated to the position of managing director.

Board of Directors Meetings

At least one Board of Directors' meeting is held in each quarter with additional meeting to be called if required. The Company requires the directors to attend every Board of Directors' meeting except in case of emergency. Meeting agenda must be clearly indicated prior to each Board of Directors' meeting with the inclusion of agenda on operational monitoring on a regular basis. The Company delivers the meeting invitation letter together with meeting agenda and support documents for the meeting to each director at least 7 days in advance of the meeting date to allow sufficient timing for the Board of Directors to study on the information prior to attend the meeting. In each Board of Directors' meeting, the Chairman of the Board of Directors is obliged to allocate adequate timing in order to enable the management to propose and provide thorough explanation on the material issues. Minutes of the meeting are accurately and completely recorded in writing. Minutes of the meeting, certified by the Board of Directors, will be retained for further examination by the Board of Directors and other related parties.

In addition, in the Board of Directors meeting, chief executives of the Company are requested to attend the meeting to provide additional information directly responsible. The Company has a policy in regards to the minimum quorum at the point the board will vote in a meeting, there must be at least two third of the directors in present.

The Company has committed that the information the Board received shall be continuously and adequate in timely manner before each meeting. However, the Directors may feel free to contact the Company Secretary directly. The Company Secretary is responsible for advising the Board of Directors in matters related to the compliance with laws and regulations.



The attendance of Directors on the Board of Directors in 2017 are as follows.

No.	Name	The Board of Director	The Executive Director	The Audit Committee	The Nomination and Remuneration Committee	Attendance of shareholders
1	Mr.Pricha Attavipach	12/12	-	-	-	1/1
2	Mr.Prapas Chutimavoraphan	12/12	12/12	-	-	1/1
3	Mr.Somchai Vanavit	10/12	-	4/4	-	1/1
4	Dr.Charnkrij Dejvitak	11/12	9/12	-	-	1/1
5	Mr.Chanachai Chutimavoraphan	12/12	12/12	-	-	1/1
6	Mr.Dhanadon Sujiphinyo	11/12	-	-	1/1	1/1
7	Mr.Chalush Chinthummit	11/12	-	-	1/1	1/1
8	Mr.Narong Chenlapwatanakul	9/12	-	4/4	-	1/1
9	Dr.Supasorn Chayowan	11/12	-	3/4	1/1	1/1
10	Mr.Somchai Chinthummit	12/12	11/12	-	-	1/1
11	Mr.Chalermchai Wongwaiwit	10/12	10/12	-	-	1/1
12	Mr.Anek Khamchum	9/12	3/12	-	-	1/1

The Remuneration for the Board of Directors and Executives

Director Bonuses

(A) The Remuneration for the Board of Directors

(1) monetary remuneration

Board of Directors Meeting No.1/2017 on April 27, 2017 set the highest limit for remuneration and bonuses of the Directors, the Audit Committee and Board of Directors in 2015. Assign to the Nomination and Remuneration Committee to consider allocation of Remuneration from the maximum limit of shareholders to approve a monthly remuneration for each of you as appropriate. The year 2015 has been approved by 13,902,000 baht which includes allowances and bonuses of Committee members. The details of the Remuneration for the Board of Directors year 2015 as follows:

Position	Monthly remuneration 2017
<u>The Board of Directors</u>	
Chairman of the Board	35,000
Directors	25,000
<u>Subsidiaries Committee</u>	
Chairman of Audit Committee	10,000
Audit Committee	5,000
Executives Directors	20,000
<u>Meeting allowance</u>	
Meeting of Nomination and Remuneration Committee	5,000 Bath/person/time

Directors Bonus

Directors bonus is based on the Company's performance. This is in accordance with the resolution of the shareholders' meeting. The Board of Directors The Chairman of the Board of Directors resolved to allocate bonuses to each director according to their duties and responsibilities.

The remuneration of each director for the year 2017 is as follows:

No.	Name List	Position	Remuneration (Baht)				
			The Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	Bonus	Total
1	Mr.Pricha Attavipach	Chairman	420,000	-	-	140,000	560,000
2	Mr.Prapas Chutimaworaphan	Director Executive Chairman	300,000	-	-	100,000	400,000
3	Mr.Somchai Vanavit	Chairman of Audit Committee	300,000	120,000	-	140,000	560,000
4	Mr.Chanachai Chutimaworaphan	Director Executive Director	300,000	-	-	100,000	400,000
5	Dr.Charnkrij Dejvitak	Director Executive Vice Chairman	300,000	-	-	100,000	400,000



No.	Name List	Position	Remuneration (Baht)				
			The Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	Bonus	Total
6	Dr.Supasorn Chayowan	Director Nomination and Remuneration Committee	300,000	-	5,000	100,000	405,000
7	Mr.Somchai Chinthummit	Director Nomination and Remuneration Committee	300,000	-	5,000	100,000	405,000
8	Mr.Chalermchai Wongwaiwit	Director Audit Director	300,000	60,000	-	120,000	480,000
9	Mr.Anek Khamchum	Director Audit Director Nomination and Remuneration Committee	300,000	60,000	5,000	120,000	485,000
10	Mr.Narong Chenlapwatanakul	Director Executive Director	300,000	-	-	100,000	400,000
11	Mr.Dhanadon Sujiphinyo	Director Executive Director	300,000	-	-	100,000	400,000
12	Mr.Chalush Chinthummit	Director Executive Director	300,000	-	-	100,000	400,000
Total			3,720,000	240,000	15,000	1,320,000	5,295,000

Others Remuneration

- None

(B) The Remuneration for the Board of Executive Directors and Executives

Board of Directors and Executives Bonuses

Remuneration	2016		2017	
	No. of the Board of Directors and Executives	Amount (Baht)	No. of the Board of Directors and Executives	Amount (Baht)
Salary	10	16,452,000	10	16,452,000
Telephone bill & Car Depreciation	10	108,333	10	108,333
Bonus	10	6,684,000	10	6,684,000
Provident funds	10	172,422	10	172,422
Benefits	10	28,362	10	28,362
Total	10	23,445,117	10	23,445,117

Remark :

- “Executive” In this means Executives of the company no.1-4 according to the definition in the post of the Securities and Exchange Commission. Excluding the directors that are not management positions, comprises 6 managing directors. There are Managing Director, Finance and Accounting Manager, Assistant Factory Director, Assistant Sale Director, Marketing Manager and Secretary Manager
- The company and employees of the company jointly established the provident fund by effective date since September 1, 2009.

Others Remuneration

- | | | |
|--|---|--|
| 1. Managing Director | : | A car of position, driver and the petrol |
| 2. Assistant Factory Director | : | A car of position and the petrol |
| 3. Assistant Finance & Accounting Director | : | A car of position and the petrol |
| 3. Assistant Sales Director | : | A car of position and the petrol |

Employee

As of December 31, 2016 and 2017, the Company had the total number of employees excluding the Company's directors and the first four executives from the Managing Director. The following employees can be classified as follows.

No	Department/Section	31 Dec,2016	30 Dec,2017
1	Production and maintenance	43	54
2	QA and R&D	13	12
3	Office	11	13
4	Accounting	7	7
5	Finance	5	5
6	Sales and Marketing	9	9
7	Warehouse	20	22
8	Secretary	3	6
9	Managing Director Office	2	2
Total		114	130

The total compensation of the Employee.

Compensation	2016	2017
Salary	25,343,639	25,808,131
Bonus	9,192,425	13,722,654
Overtimes	3,381,027	3,349,487
Welfare	178,270	850,072
Provident Fund and others.	1,584,581	2,024,500
Total	39,679,942	45,754,844

Employee Development Policy

The Company is committed to developing the capabilities and readiness of all employees to be knowledgeable. Promote the development of human resources for excellence. The Company Recognize that effective human resources It is a key factor in running a successful business. Recognizing the importance of the company's human resources, it is evident from the company's mission statement No. 2 that "the Company aims to" promote employees' leadership at all levels and create an atmosphere for the organization. learning"

The Company provides annual training plans to employees in each department as needed and appropriate and adds additional courses to maximize their potential. To the personnel The Office will approve the training plan from the Managing Director. Training methods include classroom lectures and practice sessions. The training course is provided by the company. The focus is on the development of human resources to meet the standards set by the company and to develop more effectively such as basic knowledge courses. GMP / HACCP / ISO22000 And personal hygiene. Course on analysis of hazards in wheat flour production process.

Audit Fees

In the year 2017, the Company paid the auditor's remuneration to SAM NAK – NGAN A.M.C. Co., Ltd . Details are as follows

- Quarterly Review Financial Statements And annual audit fee. The amount of 680,000 baht.
- Non-Audit Fee is the translation fee for financial statements in English. The amount of 60,000 baht.

The total remuneration for the year 2560 is Baht 740,000.

In 2016, the Company paid the auditor's remuneration to SAM NAK – NGAN A.M.C. Co., Ltd ., who is the Company's auditor. Details are as follows

- Quarterly Review Financial Statements And annual audit fee. The amount of 680,000 baht.
- Non-Audit Fee is the translation fee for financial statements in English. The amount of 60,000 baht.

The total remuneration for the year 2013 is Baht 740,000.

Corporate Governance

TS Flour Mill Public Company Limited is committed to the growth of business stability and sustainability by giving value added to all shareholders and shared value to all stakeholders. The Board of Directors concentrates on the practices complying to the Stock Exchange of Thailand (SET) to apply Good Corporate Governance. The Company assigns corporate governance and ethics as well as business ethics to directors, executives and employees for their implementation to all stakeholders which are announced and communicated to employees including published on the website www.tmill.co.th. Its objectives are for all employees and related persons to acknowledge and comprehend in the same direction of corporate governance by adhering to transparency, equality, audit, ethics and complying to regulations and related laws as well as responding to economic, social and environment.

The Board of Directors assures that Good Corporate Governance Policy are crucial factors for being the leading Company growing constantly and sustainably as well as participates in developing economy, society and environment of Thailand which create confidence and strong image to all shareholders, investors and related persons both at the present and in the future.

In addition, the Board of Directors considers, reviews and improves corporate governance to achieve the completeness, modern and appropriateness corresponding to present situations; Divided into 5 principles details as follows:

1. The Rights of Shareholders

The Board of Directors realizes the importance of shareholders to carefully and prudently operating business by concerning rights and equality as well as maintaining the highest benefits for shareholders. The Company provides the basic rights as follows:

- Rights to buy, sell or transfer the Company's shares
- Rights to participate in the shareholders' meeting
- Rights to grant the power of attorney for other persons to attend the meeting and vote on their behalf.
- Rights to add meeting agenda
- Rights to receive dividends
- Rights to nominate a person to become a board member
- Rights to vote in election or impeach board member individually
- Rights to vote in appointment and remuneration of auditors
- Rights to vote in various agenda
- Rights to provide opinions and ask question in the shareholders' meeting and propose criteria in advance

- Rights to receive information in sufficient and timely manner
- Provide the most convenience in favor of participating and voting to shareholders

Arrangement of Shareholders' Meeting

The board of directors arranges the Annual General Shareholders' Meeting within 4 months after the end of fiscal year which were established on April 27, 2017 during 09:00-11:00 at 4th Floor. TS Flour Mill PCL., 90/9 Moo 1, Soi Siam Silo, Poochaosamingprai Rd., Samrongklang, Phrapradeang, Samutprakan. In that shareholders' meeting, the board send the invitation letter assigning place, date, time, agenda and criteria as well as details and reasons which were clearly defined the proposed issues to be informed, approved and considered or as the case may be including such opinions; then delivering to shareholders and registrar. When any shareholders are unable to attend that meeting themselves, the letter of attorney will be delivered by registered postal service no less than 14 days and published in newspaper no less than 3 days prior to such meeting corresponding to regulations of the Company or regulated by laws

Moreover, the proper meeting will be arranged by its officer to facilitate, assist, verify documents, prepare revenue stamps for shareholders who give/are received the letter of attorney, provide light meals prior the meeting as well as enrollment and count the votes using barcode system. Nonetheless, shareholders allow enrolling 2 hours before the meeting starts and completely receive the voting cards relating to each agenda.

The board, Executives board, secretary and auditors will present in the meeting and answer any doubts to shareholders likewise the president of directors represents as the chairman of the meeting. Prior to the meeting, the chairman assigns the secretary to demonstrate number of shareholders participating by themselves and whom given the authorizations as well as rights according to regulations, conduct, agenda, exercise how to enquire or comment and procedures to vote with the voting cards to each agenda separately; finally disclose the results of voting cards to the meeting. The chairman and the participants; the proxy of shareholders, observe and are eye-witness in counting vote.

The chairman represents corresponding to the assigned agendas and appropriately designated time considering each agenda including propose opportunities to all shareholders to preserve their rights and benefits, such as give opinions, raise questions join debates, etc. Moreover, questions and answers are written and recorded in the minutes of the meeting as well as the results of approval, disapproval and abstained votes from each meeting.

Then, the Company always records each minute of shareholders' meetings which define accurate and complete contents and numbers of director, Executives board, secretary and auditors participating the meeting, inform the results of votes, questions and answers as well as important opinions for the examination of shareholders. Also, these resolutions and statements of such meetings are reported to the SET within 14 days right after the shareholders' meeting date. The annual reports with copy of balance sheet and income statement; which are audited by the auditors and approved by shareholders, plus copy of minutes of the meetings relating to the approved balance sheet, profit allotment, dividends payments to the registrar of public company limited as well as published on website of the Company.

In 2017, the Company's assessment outcome of the quality of the Annual General Shareholders' Meeting and the evaluate for AGM Meeting by Thai Investors Association is 100 by 100 points, was "" (five stars).



2. The Equitable Treatment of Shareholders

The board of directors realizes and respects the equally treats to all shareholders, minor, major and foreign shareholders as well as institutional investors. In addition, shareholders holding small amount of shares receive the equally treats and rights' protections from any actions concerning to be direct and indirect advantages.

The Company arranged The Annual General Meeting on April 27, 2017 during 09:00-11:00 at 4th Floor. TS Flour Mill PCL., 90/9 Moo 1, Soi Siam Silo, Poochaosamingprai Rd., Samrongklang, Phrapradeang, Samutprakan and delivered the invitation letters including accurate and complete agendas in timely manner to shareholders. For those who are unable to participate such meeting, the Company will deliver Proxy Form A and B (or Proxy Form C for foreign shareholders who have custodian in Thailand published on Company's website) comprising to the Department of Business Development (DBD) under topic: Prescribed Form of Proxy (No.5) 2550 which are both general model and specific model for shareholders to assign their own votes. These shareholders are able to give their authorization to individual person or independent directors whom the Company informs to vote on behalf of these shareholders. This Proxy Form must be affixed 20 Baht duty stamp by the Proxy Holder or the Company if the Proxy Holder does not.

At 2017 Annual General Shareholders' Meeting, 12 of 12 Company's participants consist of chairman of directors, chairman of Executive directors, chairman of audit committee, independent directors, secretary and Company's auditor. The chairman assigns the secretary to demonstrate number of shareholders participating by themselves and whom given the authorizations as well as rights according to regulations, conduct, agenda, exercise how to enquire or comment and procedures to vote with the voting cards to each agenda separately; finally disclose the results of voting cards. In addition, the Company regulates corresponding to Company's rules in which one share for one vote and disclosure the voting by preparing the voting cards to each shareholders for each agenda. The Company allows each shareholder for consideration of directors' nominations individually.

The company operate the meeting in strictly to the regulations, the meeting must be conducted to the agendas without additional topics assigned in the invitation letter. Moreover, the chairman of the meeting governs and proposes opportunities to shareholders' comment and enquiry sufficiently and appropriately prior to each resolution. After giving the voting cards to shareholders, the Company allows shareholders who are candidates to count, observe and assure the disclosure and transparency of the votes in each agenda. Those voting cards are collected as evidences for further examination, recorded number of approval, disapproval, abstained votes, questions, answers and comments in each agenda in the meeting. Visual Media Video is applied for recording evidences in the meeting, too.

Then, the Company reports the minutes of the meeting to the SET within 14 days right after the shareholders' meeting date as well as publish on website of the Company for examination of shareholders and related persons.

The board of directors sets up measures to prevent insider trading by related individuals, including directors, executives, employees, employees as well as the spouses and underage children of the aforementioned individuals. The board of directors has also set up punitive regulations on the company's disclosure of information, or the use of the company's information for personal gain in line with the policy to prevent insider trading. The company educates directors and its executives on the burden and duty to report shareholdings of the directors as well as the director's spouses and underage children, and to report changes in shareholdings to the Securities and Exchange pursuant to Article 59 and the punitive clauses of the Securities and Exchange Act of 1992.

3. The Roles of Stakeholders

The board of directors realizes and emphasizes the rights of both internal (directors, Executives and employees) and external (competitors, creditors, government and related sectors) stakeholders. These rights are defined by laws and agreed contracts including responsibilities to economy, society and environment to create high ability in competition and business operation stability and sustainability as well as firmly relationship and collaboration between the Company and stakeholders.

3.1 Shareholder / Investor The Company attaches great importance to all shareholders equally. And take into account the value of the business in the long run. For the benefit of shareholders. Focus on generating profit from the operation and profit sharing to ensure fairness and confidence in the investment and increase the credibility of the company.

3.2 Customer / Consumers: The Company is committed to sustainable business practices. We strive to improve our products and services. It also respects strict observance of laws and ethics. Do not act as a consumer interest. Under the Consumer Protection Law, the Company has established a standardized and reliable system for dealing with customers. In addition, the Company has developed innovative products that are beneficial to consumers and consumers. Quality of life of consumers. Take into account the health of the product, such as using the Buhler brand from Switzerland. Transportation of dough by car to reduce sack use.

3.3 Partners The Company attaches great importance to partners who are key stakeholders in driving the business together. The Company adheres to the Code of Conduct. Doing business with your partners will be beneficial to your business partners. Fair and transparent operation. Coordinate the benefits of the company and the parties with fairness, transparency and accountability.

3.4 Competitors The Company adheres to fair competition. By adhering to the principles of transparent business practices and promoting free trade, the Company has a policy of fair competition. Do not use the wrong competition. Do not

seek confidential information from your competitors in a dishonest way. Also, do not use fake messages to ruin your competitor's reputation. Over the past few years, the company has never had any disputes with its competitors.

3.5 Creditors The Company respects and complies with the creditors' obligations. And financial institutions strictly. Compliance with financial terms and conditions. In addition, the Company has good practices if the Company can not comply with its contractual obligations. To find solutions to such problems together. Over the past year, the Company has never defaulted or breached the contract or argued with the creditor.

3.6 Employees The Company attaches great importance to the development and promotion of quality of personnel. Employees are the most important resource in the organization. The policy and guidelines for human resource management are set internationally. Provide a systematic process. From the recruitment and selection process. Performance appraisal of employees. Promotion of welfare and welfare of employees at all levels. It depends on the performance of each KPI and employee care. The purpose is to promote safety, safety and quality of life of employees.

3.7 Society, Society and Environment The company focuses on business that is responsible for the economy, society and environment. Perform and comply with applicable laws, regulations and laws. Use of Ethics and Morals in Business Businesses are transparent, fair and do not exploit. Community and environment and all stakeholders. And do nothing. In addition, the Company continuously communicates and train its employees. Understand more about social responsibility. Environmental consciousness is the same.

Notifying the Information and Complaints

The Company has been assessed and certified as a membership of certified companies of Private Sector Collective Action Coalition against Corruption (CAC), the company has a policy against corruption, corrupt. Court prohibits bribery and corruption in any form. Whether direct or indirect business interests of the Company. And inadmissible behavior involving corruption and corrupt. The Company Has set up a review to assess the risk of fraud and corrupt regularly. As well as the monitoring, evaluation and reporting to the Audit Committee have been informed about the performance of anti-corruption and the corrupt. If a breach of any action. As a support or cooperate with corruption corrupt will be punished according to the regulations of the company.

The Company has provided measures and reporting channels to the complaint. opinion And to report the offense of stakeholders from all sectors. This can be through various channel as follows:

Postal service: Company Secretary / Managing Director / Audit Committee

TS Flour Mill Public Company Limited
90/9, Soi. Siam Silo, Poochaosamingprai Road,
Samrongklang, Phrapradeang
Samutprakan. 10130

Telephone: 02-017-9999 ext. 200 (Company Secretary)

Fax: 02-017-9999

Website: www.tmill.co.th

Email: weawta@tmill.co.th

Employees are able to notify complaints or propose opinions to board of directors and Executives directly via email in Company's system.

The Company To ensure fairness and protect the whistleblower act. The confidentiality of those involved in the investigation of acts of corruption.

Channels to Directly Contact Audit Committee / Board of Directors

Stakeholders request to contact and complain with audit committee / board of directors via email: nitanc@gcapital.co.th. Moreover, the protection and keep secrets of the informants are processed to examine such complaints and find solutions by the Company.

Investor Relations

Roles and responsibilities of company secretary for investor relations are to correctly and completely communicate as well as disclose information in timely manner for investors, analysts, related parties and Medias such as publications, newspapers, radio, television, meeting and other press conferences including via websites and email, etc.

Investor relations: TS Flour Mill Public Company Limited
90/9,Soi.Siamsilo, Poochaosamingprai Road,
Samrongklang, Phrapradeang
Samutprakan. 10130
Telephone: 02-017-9999 ext. 200 (Company Secretary)
Fax: 02-017-9999
Website: www.tmill.co.th
Email: weawta@tmill.co.th

Also, the Company consistently encourages officers of investor relations to join useful programs in various seminars arranged by IR Development, Good Governance for Development of SET in which 2017.

4.The Disclosure and Transparency

The board of directors places importance on correct, complete and transparent information disclosure, from reports on financial data and general data according to the criteria of the SEC and the Stock Exchange of Thailand to the key information which may affect the company's security's prices and potentially affect the decision-making process of the company's investors and stakeholders, so the company's related individuals receive equal the information. Following this proposed sale of stock and following the company's listing on the Stock Exchange of Thailand, the company will disclose information to the shareholders and the public via Stock Exchange of Thailand data dissemination channels and the company's website www.tmill.co.th

The board of directors is aware of its responsibilities and firmly committed to strictly overseeing compliance with the laws and regulations related to information disclosure and transparency as follows:

- The company publishes information in line with the set criteria through channels of the SET, Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) and via the company's website in both Thai and English with regular information updates.

- The board of directors reports corporate governance compliance results through the Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) and company's website.
- The board of directors compiles reports on the board of directors' responsibilities for financial transactions displayed together with the auditor's report and arranges for reports on corporate governance by the Board of Audit in the Annual Report (Form 56-2).
- Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) the board of directors publishes name list, roles and responsibilities of members of the board of directors and sub-committees, number of meeting and number of meetings attended by each director in each year through the Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2).
- The company has set policy for information disclosure through the Annual Disclosure Form (Form 56-1) to assure compliance with the Capital Market Supervisory Board's notification on the criteria, terms and methods for information disclosure regarding a company's financial status and business performance in the following areas: 1) general information; 2) risk factors; 3) characteristics of business operations; 4) business operations of each product line; 5) assets utilized in business operation; 6) legal disputes; 7) capital structure; 8) management; 9) internal control; 10) related transactions; 11) financial status and business performance; and 12) other related information 13) Financial Highlight 14) Management discussion and analysis
- The board of directors and executives report shareholdings and the changes in shareholdings in line with regulations set by the Securities and Exchange Commission.
- The first four directors and executives counted from the Managing Director are under obligation to submit a report on their own stake holdings and the stake holdings of related individuals to the chairman of the board and the chairman of the Board of Audit with disclosure of information for all directors' awareness in line with the Securities and Exchange Act of 2008. The board of directors has set policy to designate executive level employees with the title of division manager to submit to the Board of Audit their personal stake holdings and the stake holdings of related individuals in order to assure transparency and fairness in business conduct.
- The board of directors has held the maintenance of the internal control system covering all aspect such as financial, operation, in accordance with the laws and regulations. And provide a check and balance mechanism powerful enough to protect and maintain the investments of shareholders and assets of the Company are always defined procedures. Has hired an internal auditor who is independent, reports directly to the Audit Committee for monitors the performance of all parts to adhere to the rules.
- The board of directors has held on risk management system that involves all aspects. Covering risks that related to vision, goals, business strategies, Management, Operations corruption and other operation aspects by taking to the likelihood and severity of the impact., setting a measures in prevention and monitoring. The Risk Management Committee is responsible for the risk assessment and proposed risk management plan to the Board of Directors.
- The board of directors arranges for the maintenance of effective internal controls in order provide reasonable assurance that accounting records are recorded accurately, completely and sufficiently to maintain the company's assets, and in order to be aware of the weaknesses so misconduct or significant irregular operations can be prevented. The board of directors has established the Board of Audit composed of non-executive directors serving to audit financial transactions, related party transactions and internal control systems. The Board of Audit directly reports to the board of directors.

■ The company has established a company secretary for the purpose of communications with outside individuals, namely, shareholders, institution investors, general investors and related public analysts as follows:

1. To disclose important information for public awareness.
2. To thoroughly publish information to the people.
3. To clarify rumors or news.
4. To prevent the promotional disclosure of unreasonable information.
5. To use inside information in the trading of listed companies with accuracy, sufficiency, modernity, equity, transparency and fairness.
6. To carry out procedures when the securities trading of listed companies deviates from the market's

normal conditions can be contacted through the following channels:

Telephone: 02-017-9999 ext. 200 (Company Secretary)

Fax: 02-017-9999

Website: www.tmill.co.th

Email: weawta@tmill.co.th

In addition, the company has appointed the Chief Executive Officer or the Managing Director as the party with the authorization to provide the aforementioned information.

55

■ The company has appointed contact persons who are authorized to coordinate with the SET in disclosing information.

- Matters on the disclosure of information in line with events occurring, namely, asset acquisition/discharge (sales) transactions, related transactions, shareholders' meeting schedules, changes in directors and auditors, relocating headquarters, minutes to the shareholders' meetings and investment projects, dividend payments/ dividend payment suspensions are to be made by the Managing Director.

- The disclosure of information according to accounting cycle, namely, annual financial statements, and quarterly financial statement, Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) are to be made by the Managing Director.

■ The Managing Director are the parties authorized to provide general news and information on corporate management to the media.

■ Appointing contact persons with other related agencies:

- The corporate secretary is the party to coordinate with Thailand Securities Depository Company Limited
- The corporate secretary is the party to coordinate with the Securities and Exchange Commission.

Investor Relations Activities

Opportunity Day by SET with the objectives to clarify the information about the business and operations of the Company to securities analysts, investors, the media and interested persons joining the activity. The SET organizes this Opportunity Day after the announcement of quarterly financial statements; then the Company continuously joins this activity as well as reveals such information to shareholders and investors for a video retrospective from website of Company (www.tmill.co.th) and SET (www.set.or.th).



Company Visit by the Company with the objectives to clarify the information about the business and operations of the Company to securities analysts, investors, the media and interested persons joining to acknowledge the administration and operations of the Company which establish good relationship between the Executives and investors joining this activity. Moreover, this activity creates confidence, reliability, impress and proud to be shareholders of the Company leading to expand base investment in the future.



Throughout the year, the Company The opportunity for shareholders, investors, analysts from securities companies to meet the management or management of the company. In the past year, analysts The Company's securities are published on the Company's website. (www.tmill.co.th)

mai FORUM 2017 on July 1, 2017 by Market for Alternative and Investment and Association of Listed Companies in the Market for Alternative and Investment organize this mai FORUM 2016 at Centara Grand at Central World with the objects to publicize information of listed companies in Market for Alternative and Investment to investors, securities analysts, the media and interested persons including policies, guidelines and previous business performance. Many activities relating to investments were demonstrated inside the forum i.e. the booth for details and products of listed companies, investment seminars, opportunity day, etc. The listed companies joining such forum were grateful and accomplished the attention of investors, securities analysts, the media and interested persons.



Activities to publish information through different channels by the Company about its introductions, performances and interviews during its impact on negative information to shareholders, investors, all stakeholders and interested persons to continually receive correct information i.e. newspapers, TV broadcast, radio and narrator in the converse, etc.

5. Role and Responsibilities of the Board

The Board realizes the importance of role and responsibility of the board in determines corporate governance policy as well as monitor and follow-up the compliance of management on approved policies and plans and accountability for the board of director and shareholders. The Board of Directors comprise of directors who have diversity skills, knowledge, experience and agility sufficient as well as performed the duties with care, dedication and responsibilities. The Board must have leadership, vision, and freedom of decision-making in order to maximize the company's benefits and the overall shareholders.

The company balances its directors' power with the composition of 12 directors.

Details are as follows:

Position	Executive Director	Non-Executive Director	Audit Committee	Total
Shareholder Representative	1	7	-	8
Independent Director	-	1	3	4
Total	1	8	3	12

Three of Audit Committees are Independent Committee or equivalent to 25 percent while five of the committees are Non-Executive Director or equivalent to 66.67 percent of the total committee. Thus, a total of eight committees (66.67 percent) is a Non-executive Committee. The Board of Directors is appointed with the Checks and balances system for its effective management. Moreover, the company also identifies company's corporate structure with clearly line of authority and decentralization to prevent the empowerment of individual or a group of person in decision-making.

Management structure of the company consists to 5 committees as follow:

1. The Board of Directors
2. Audit Committee
3. Executives Committee
4. Nomination and Remuneration Committee

(Remark : The details of each committee show on management structure content.)

Terms of committee

According to the Public Company Act B.E. 2535, Term of the Committee and independent committee member is 3 years. However, the retired members are eligible to be re-elected for another term. Each independent director is required to hold the position of independent director for not more than 9 years.

Board of Directors' Meeting

The Board of Directors meets on a quarterly basis with certain agenda and extraordinary meetings due to special requirements and has been conducted by the Chairman of the Board of Directors. Directors are freely to vote and express an opinion toward matters proposed agenda. Executive Directors and/or Independent Directors sometime will be invited to attend the meeting. In voting, each committee is entitled to one vote and the majority vote of the committee who attends the meeting and cast their votes. In the case of a tie vote, the chairman of the meeting shall have a casting vote.

All committees are required to attend the meeting except emergency case and any absence shall be informed to the company secretary in advance. The company secretary will arrange meeting agenda for the entire year and will sent invitation letter to directors at least 7 days in advance. The Company Secretary should propose, invite and inform agenda items to all directors for meeting preparation and arrangement which directors may propose an agenda which may incorporate into the meeting's agenda. Meeting minutes shall be submitted to the Chairman of the Board and keep confidential.

In addition, the Board of Directors will be invited to attend the executive committee meeting to provide further details as directly related. The company policy regarding the number of board quorum, directors are required to have at least half of all directors in order to form a meeting quorum.

(Remark : The details of directors' attendance for meetings, show on management structure content.)

Reporting of information

1. The Board of Directors is responsible for the reporting of financial information and general information to shareholders and general investors in an accurate, truthful, comprehensive and transparent manner. Information comes with rational explanations and quantitative supporting evidence both in terms of policies and performances, future trends as well as successes and obstacles of the business.

2. The Board of Directors understands and supports the compliance with the professional standards of auditors.

3. The Company's Board of Directors has produced a report on the responsibilities of the Board of Directors on the provision and publication of financial reports of the business and has publicized it alongside the financial statements and reports of auditors. It covers;

-Legal regulations assign the Board of Directors with the duty to produce financial statements to show the financial status and the performance in the previous year that are accurate/true and rational.

-The responsibilities of the Company's Board of Directors in the provision of correct, comprehensive and sufficient accounting information to be able to maintain the Company's assets and to realize problem, threat to prevent corruption or abnormalities.

-Confirmation that the Company has adhered to the generally accepted accounting standards. The Company uses appropriate accounting policies and constantly adheres to them. The Company has carefully considered the rationality and appropriateness in producing financial statements of the Company.

Positions in other companies.

The Board recognizes the importance of their duties as directors. And senior executives of the Company. Considering the performance of the incumbent companies carefully. To ensure that the time to act in the company. Adequately The policy determines the number of companies able to serve as Director and Managing Director positions in other companies, in line with best practice. According to the corporate governance of regulatory agencies such as the Stock Exchange of Thailand.

The number of company in which each director holds office must be a director in no more than 5 listed company. The position of Managing Director at the company. Board of Directors There are guidelines to follow, including the Companies Act 2535, regulations or rules of regulatory requirements related.

Risk Management

The company assessed the Risk Management Committee responsible for consideration the overall organizational risks both internal and external, which shall have an effect in management such as financial risk, operation risk, market and competition risk, strategic risk, compliance risk, credit risk, asset management risk, and other risk factors. The Risk Management Committee shall classify risk levels, prescribe risk management guidelines and assign the responsible persons to carry out risks control measures to make them in acceptable level with aims to make the Company achieve the set objectives and strategies.

Self – Evaluation of the Board of Directors

The board of directors requires the evaluation on the operation of the board of directors annually at least 1 time per year to perceive problems and threats during the last year and improve the efficiency of operation of Board of Directors because they can perceive their responsibilities and duties explicitly. In addition to improve the relationship between Board of Directors and Management Department as well as improve direction of problem solving to meet with good corporate governance. Assessment criteria has the following details: board structure, a variety of membership, the nomination and appointment committees, knowledge development of director, prepare before a meeting, the appropriateness of the meeting, the acting of chairman of the meeting, performance management policy, lawfulness, corporate governance, code of conduct, internal control system, risk management, the duties of the committee, acting as the management of the company. In additions the company provide an assessment of the board of directors of the Company for satisfaction survey on the functioning of the committee. The results of the evaluation informed to the board of director for implementation.

Succession Planning for director and managing director

The company plans to nominate directors and the managing director, as appropriate, and to ensure transparency to have a system of recruiting and managing director with professionalism. Recruitment is the recruitment process has to consider both internal and external parties. The Board of Nomination and Remuneration Committee. is recruiting individuals with the right to be elected. Through rules and procedures for recruitment, selection. As well as provides for the development, management, coupled with the succession plan. To ensure that the Company have a executives with the knowledge and ability to succeed is more important in the future.

Orientation for New Directors

The Company will arrange an orientation program designed to familiarize new directors with the Company and operations, its management structure, shareholder structure, committees, business performance and financial highlight. Directors will be provided with information regarding corporate governance, Business ethic, rules and regulation as well as related law such as Public Limited Companies Act B.E. 2535, The Securities and Exchange Act (No.4) B.E. 2551.

The company also announces that all new committees shall participate in training course of Director Accreditation Program (DAP) arranged by the Thai Institute of Directors (IOD) within 6 months of announcement of appointed.

Directors and Management Development

The company attaches importance to the development of its directors and encourages directors to regularly participate in such courses or activities as will serve to enhance their knowledge and performance as members of the Board of Directors and Board committees. List of Training courses and participators in 2017 are as follows;

Director Course

Dr.Charnkrij Dejvitak

- Seminar on Wealth Management and Corporate Governance Code (CG Code)
- Seminar on Business Management for Sustainable Values in accordance with CG Code 2560 and CG Code 2560
- Seminar on the topic of Professional Tax Administration through Holding Company & Land Taxes and Buildings
- Seminar on the Challenges of Directors in Addressing Stakeholders and the IOD Role in Promoting Corporate Governance

In addition, the Managing Director of the Company. Also attended the discussion forum. Seminar on knowledge related to management and operation as well as guest speakers in various seminars to exchange knowledge, experiences and opinions with various agencies.

Executive Course

- Corporate Social Responsibility Organized by the Corporate Social Responsibility Center, The Stock Exchange of Thailand
- Other courses Related to performance.

Corporate Governance Policy

The directors determine good corporate governance policy in written in accordance with the principles of Good Corporate Governance as well as strictly comply with company policies, rules, regulations and related law. All details of corporate governance are disclosed in the annual report and Form 56-1 and company website.

Directors and executives of the company must to be a good practice to follow CG policy. Management is responsible for the dissemination of knowledge, understanding and encourages all employees to abide by the policy of corporate governance and continuously create as part of the corporate culture in practice.



Business Ethics

The company has set guidelines regarding the code of conduct of the management and employees to provide relevant guidance in duties for the Company with honesty and integrity and operation with stakeholders. In addition, to monitoring of compliance with such guidelines regularly.

The Company was announced and communicated to all staff understand and adhere strictly observed. Including compliance with such guidelines. The Company had evaluation to understanding of ethics and business ethics of the Company.

Internal Control

The Board has assessed the Company's internal control system for both financial and operation based on the company rules and regulation and work procedure as well as set up an examining procedure with check-balance and efficiency. Moreover, the company also appointed authorized Director in writing. The Company will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually complied. In addition, the company also hire Dhramniti Internal Audit Co., Ltd. as an Auditor Independence for inspection the Company's internal control system and internal audit system to ensure that they are suitable and efficient.

Decision on acquisition or disposition of related party transaction of the company's asset

Transaction of the listed company and any of its subsidiaries (in which the listed company hold shares in an amount exceeding 50 percent of the subsidiary's paid in capital) make a decision to enter into an acquisition or disposition of connected transaction of fundamentally important company assets. The company has decision to enter into any transaction as specified by the Exchange. In the case of connected transaction, Company should be use the approval of shareholders in decision to enter into acquisition or disposition of connected transaction of fundamentally important company's asset. The approval of the shareholders for the decision to enter into the transaction requires a vote of not less than three of fourths of the total votes of the shareholders or their proxies (if any) who are present at the meeting and who have right to vote, excluding the votes of interested shareholders have to follow Rules and Procedures of the Stock Exchange of Thailand.

Conflict of Interest

The committee determines conflict of interest policy and code of conduct that any action cause conflict of interest shall be avoid as for the highest benefit for the company. All cases of conflict of interest which involve with employees shall be declared to the Company and those who has the beneficial interest shall have no right to vote on that matter.

Any case of conflict of interest which involve with employees shall have to report to the Audit Committee for consideration and submit the issue to the Board of Director and Shareholder Meeting, which participated person will not attend. The said conflict of interest will be carefully examined to ensure that the transaction is complied with SET's regulation. All details of such transaction must be disclosed in the annual report (56-2) and Form 56-1 as well as financial statement remark.

Prevention of inside information used by management

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

- To educate the Directors as well as management in every departments about the duty to report the securities holding of themselves, their spouse and minor children to the Securities and Exchange Commission and The Stock Exchange of Thailand under Section 59 and penalty provisions under section 275 of the Securities and Exchange Act of 1992.

- The company orders the directors and management to report the change of the holding of securities to The Securities and Exchange Commission under Section 59 of the Securities Exchange Act of 1992 within 3 business days from the date of the transaction and send copies of this report to the Company on the same date to submit a report to the Securities and Exchange Commission.



- The Company has determined that directors, executives and related practitioners who get inside information related to the subject matter which affects the stock price shall suspend the trading of the Company before the financial statements or information is disclosed to the public within a period of one month and should wait at least 24 hours after disclosure to the public, including prohibiting the disclosure of a material to others.

-The Company set disciplinary actions if there is a violation of using inside information for their own benefits starting from written warning, pay cut, and temporary suspension without pay or force to leave. Their punishment will be determined by the intention of the action and the seriousness of the offense.

Report of Interest of Directors and shareholding report

Our company assigns the committees and Board of Directors to report their own interests and those of related persons when they commence to hold the position or when there is any changing of information. In addition, they have to revise all information annually according to rules and methods of report on interests of company's committees and executives defined



The Information of Boards of Director and Executives

Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
1. Mr.Pricha Attavipach - Chairman of the Board - Independent Directors	80	- Bachelor Degree of Industrial Engineering Chulalongkorn University - Master of Industrial Engineering and Management Oklahoma State University , U.S.A. Training - The Certificate of Director Accreditation Program (DAP Class # 107/2014) Thai Institution of Director (IOD) - The National Defence College (No.32) - Finance for Non - Finance Directors (FND Class # 8/2004) - Director Certification Program (DCP No.39/2004) - Audit Committee Program (ACP Class # 11/2006)	0.11%	None	2008 – At present	Chairman	T S Flour Mill Public Company Limited
					2008 – At present	Chairman	Thai Sugar Terminal Public Company Limited
					2008 – At present	Chairman	T S Warehouse Co.,Ltd.
					2008 – At present	Chairman	TSG Asset Co.,Ltd.
					2008 – At present	Chairman	T S Oil Industry Co.,Ltd.
					2008 – At present	Chairman	T S Transport and Logistics Co.,Ltd.
					2004 – At present	Independent Committee/ Chairman of Audit Committee	Thai Rung Union Car Public Company Limited.
					2002 – At present	Independent Committee/ Audit Committee	The Siam Cement Public Company Limited
					2000 – At present	Chairman	Pan Paper Co.,Ltd.
					2003 – At present	Chairman	Siam P.P. International Co.,Ltd.
					2003 – At present	Chairman	Environment Plus and Paper Co., Ltd.
					2004 – At present	Chairman	Eak Rat Pattana Co.,Ltd.
					2000 – At present	Chairman	Ruam Kit Anug Thong Klundsinka Co.,Ltd.
					2008 – At present	Chairman	Namtarn Kaset Thai Co.,Ltd.
					2002 – At present	Director	H.C>Starck Co.,Ltd.
					2004 – At present	Director	Committee bill. Ministry of Labour.
					At present	Academic Director	The Engineering Institute of Thailand Under H.M. The King's Patronage
					At present	House Chairman of University	Chaopraya University
					At present	Chairman	The foundation of Lady Puchuen Reunsiri
					At present	Chairman	Industrial Development Foundation



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
					2011 - At present At present 2010 - At present	Chairman Chairman Chairman	Kaset Thai Bio Power Co.,Ltd. Kaset Thai Autisahagum Nantarn Co.,Ltd. S I Property Co.,Ltd.
2. Mr.Prapas Chutimaworapand - Committee - Executive Chairman - Authorized Committee	80	- Secondary School at Bang-Bueng Industry Training - The Certificate of Director Accreditation Program (DAP Class # 17/2004) Thai Institution of Director (IOD)	0.35% (By his shares 0.35% / belongs to his wife 0.00% Shares)	The Father of No.4	2000 – At present 2000 – At present 2000 – 2017 2000 – 2017 2000 – At present 2000 – 2017 2004 – 2017 1976 – 2017 1976 – 2017 1976 – 2017 1969 – 2017 2003 – 2017 1989 – At present 2004 – At present	Managing Director Executive Chairman Managing Director Managing Director Executive Chairman Managing Director Director & Senior Vice President Director & Senior Vice President Director & Senior Vice President Director & Senior Vice President Managing Director Director Director Director	T S Flour Mill Public Company Limited Thai Sugar Terminal Public Company Limited T S Warehouse Co.,Ltd. TSG Asset Co.,Ltd. T S Oil Industry Co.,Ltd. T S Transport and Logistics Co.,Ltd. Khon Kaen Sugar Public Company Limited. Namtarn Thamaga Co.,Ltd. Namtarn New Krung Thai Factory Co., Ltd. Namtarn New Guang Sun Lee Co.,Ltd. Ormnuch Gor-Sang Co.,Ltd. Namtarn Korngan Power Plant Co.,Ltd. Para Hi-tech Co.,Ltd. Bangkok Boutique Hotel (Thailand) Co.,Ltd.
3. Mr.Somchai Vanavit - Committee - Independent Directors - Chairman of Audit Committee	69	- Bachelor Degree of B.B.A. Southeastern Louisiana University,U.S.A. - Master Degree of M.B.A. Southeastern Louisiana University, U.S.A.	None	None	2014 – At present 2006 – At present 2005 – 2015 1983 – 2001	Chairman of Audit Committee / Independent Committee Audit Committee / Independent Committee/ Director / Vice President Executive Vice President	T S Flour Mill Public Company Limited Sabina Public Company Limited K.C. Property Public Company Limited Siam City Bank Public Company Limited



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
		Training - The certificate of Director Accreditation Program (DAP Class # 8/2004) - Director Certification Program (DCP Class # 49/2004) Thai Institution of Director (IOD)			1981 – 1983 1979 – 1981 1974 – 1979 1973 – 1974	Director / Executive Vice President Credit Manager Credit Manager Assistant Branch Manager	Wardley Finance (Thailand) Limited Cathay Trust Co.,Ltd. Wang Lee Bank (Nakorn Thon) Bank of New Orleans, U.S.A.
4. Mr.Chanachai Chutimaworapand - Committee - Executive Director - Authorized Committee	46	- Bachelor Degree of Engineering at Chulalongkorn University - Bachelor Degree of Law at Chulalongkorn University - Master Degree MBA at University of Tennessee, Unosville, U.S.A. - Master Degree of Science, Indesteral Engineering University of Tennessee, Unosville, U.S.A. - Master Degree of liberal arts Business Law, Chulalongkorn University Training - The Certificate of Director Accreditation Program (DAP Class # 37/2005) Thai Institution of Director (IOD)	0.04%	A son of No.2	2014 – At present 2007 – At present 2012 – At present 2006 – At present 2006 – At present 2004 – At present 2003 – At present 2000 – At present 2000 – At present 2000 – At present 2000 – At present 2000 – At present 2000 – At present 1996 – At present	Director Nomination and Remuneration Committee Executive Vice President (Accounting and Finance) Director Director Director Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Director	KSL Real Estate Co.,Ltd. Thai Sugar Terminal Public Company Limited Khon Kaen Sugar and subsidiary Industry Public Company Limited. Kon Kong Sugar Industry Co.,Ltd. Sawannakhet Sugar Industry Co.,Ltd. KSL Green Internation Public Company Limited. KSL Material Supply Co.,Ltd. T S Flour Mill Public Company Limited Thai Sugar Terminal Public Company Limited T S Warehouse Co.,Ltd. TSG Asset Co.,Ltd. T S Oil Industry Co.,Ltd. T S Transport and Logistics Co.,Ltd. Onnuch Construction Co.,Ltd.



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
5. Dr.Charnkrij Dejvitak -Committee -Executive Vice Chairman & Managing Director -Authorized Committee	44	- Bachelor of Arts In English Assumption University	0.00% (By his shares	Son In Law of No. 2	2009 – At present	Executive Vice Chairman & Managing Director	T S Flour Mill Public Company Limited
		- Master Degree of the leadership and moral principles in an organization	0.00%		2018 – At present	Director	Interprime Media Co.,Ltd.
		Saint Edward's University, U..SA.	/ belongs		2017 – At present	President	mai Listed Company Association
		- Master Degree of West Texas A&M University, U.S.A.	to his wife		2016 – At present	Deputy Secretary General	Association of Capital Market Academy
		- Doctoral Degree of Services and Changes Touro University International, U.S.A.	0.00% Shares)		2016 – At present	Director	School of Entrepreneurship and Management, Bangkok University
					2016 – 2017	Consultants	mai Listed Company Association
					2015 - 2017	Secretary	Dhonburi Rajabhat University
					2016 – 2017	Business and Management	Samut Prakan Provincial Chapter, The Federation of Thai Industries, Council Food Industry
					2014 - 2017	Vice Chairman	mai Listed Company Association
		Training					
		- Politics and Governance in Democratic Systems for Executives			2013 - 2015	Executive Director	Capital Market Academy Class # 15
		- The certificate of Senior Executive of Capital Market Academy No.15 (CMA.15)			2012 – At present	President of Secretary	The Federation of Thai Industries
		- The certificate of Director Accreditation Program (DAP Class # 79/2009)			2012 – At present	Member of the Board	Commission Economic Commission Commerce and Industry Parliament
		Thai Institution of Director (IOD)			2012 - At present	Secretary	Samut Prakan Provincial Chapter, The Federation of Thai Industries
		- The certificate of electric commerce Texas U.S.A.			2012 – 2014	Advisory Board	Thai Sugar Terminal Public Company Limited
		- The certificate of “Business culture in American style” California, U..SA.			2009 - 2015	Executive Director	T S Warehouse Co.,Ltd.
					2009 - 2015	Executive Director	TSG Asset Co.,Ltd.
					2009 - 2015	Executive Director	T S Oil Industry Co.,Ltd.
					2009 - 2015	Executive Director	T S Transport and Logistics Co.,Ltd.
					2009 – 2015	Executive Director	



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
6. Dr.Supasorn Chayowan - Committee - Member of the Nomination and Remuneration Committee	80	- Bachelor Degree of Animal Science Kasetsart University - Master Degree of Food Sci & Nutrition Brigham Young University, U.S.A. - Doctoral Degree of Food Sci & technology Louisiana State ,U.S.A. Training - The Certificate of Director Accreditation Program (DAP Class # 77/2009) - Director Certification Program (DCP Class # 112/2009) Thai Institution of Director (IOD)	None	None	2009 – At present	Director	T S Flour Mill Public Company Limited
					2014 – At present	Nomination and Remuneration Committee	T S Flour Mill Public Company Limited
					2009 – 2012	Executive Director	T S Flour Mill Public Company Limited
					2006 – At present	Director	Thai Sugar Terminal Public Company Limited
					2009 – At present	Director	T S Warehouse Co.,Ltd.
					2009 – At present	Director	TSG Asset Co.,Ltd.
					2009 – At present	Director	T S Oil Industry Co.,Ltd.
					2009 – At present	Director	T S Transport and Logistics Co.,Ltd.
7. Mr.Somchai Chinthammit - Committee - Member of the Nomination and Remuneration Committee	65	- Diploma of Computer Computer Collage, Germany - Mini MBA Thammasat University	0.02% (By his shares 0.00% / belong to Children immaturity 0.02% Shares)	An uncle of No.12	2011 – At present	Nomination and Remuneration Committee	T S Flour Mill Public Company Limited
					2008 – At present	Director	T S Flour Mill Public Company Limited
					2008 – At present	Director	Thai Sugar Terminal Public Company Limited
					2004 – At present	Director & Senior Vice President	Khon Kaen Sugar Public Company Limited.
					2008 – At present	Director	T S Warehouse Co.,Ltd.
					2008 – At present	Director	TSG Asset Co.,Ltd.
					2008 – At present	Director	T S Oil Industry Co.,Ltd.
					2008 – At present	Director	T S Transport and Logistics Co.,Ltd.
					2004 – At present	Director	Champion Fermentation Co.,Ltd.



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
		<u>Training</u> - The Certificate of Director Accreditation Program (DAP Class #17/2004) Thai Institution of Director (IOD) - Diploma of Computer Computer Collage, Germany - Mini MBA Thammasat University			2003 – 2015 2003 – At present 1981 – At present 1980 – At present 1980 – At present 1980 – At present	Director Director Director & Senior Vice President Director & Senior Vice President Director & Senior Vice President	Korn Gan Alcohol Co.,Ltd. Namtarn Khonkaen Power Plant Co.,Ltd. Racha Choroed Co.,Ltd. Namtarn Tamaka Co.,Ltd. Namtarn New Khwan Sun Lee Co.,Ltd. Namtarn New Krung Thai Factory Co.,Ltd.
8. Mr.Chalermchai Wongwaiwit - Committee - Audit Committee - Independent Directors	61	- Bachelor of Science, Electrical Engineering University of Hawaii at Honolulu, Hawaii, U.S.A. - Master of Business Administration, Marketing and international business (Graduated with Honors) Graduate Institute of Business Administration of Chulalongkorn University (Sasin), Bangkok, Thailand <u>Training</u> - The certificate of Director Accreditation Program (DAP Class # 84/2010) Thai Institution of Director (IOD)	None	None	2010 – At present 1994 – 2014 1993 – At present	Audit Committee Managing Director Managing Director	T S Flour Mill Public Company Limited Finkl - Thai Co., Ltd. Metropolis Property CO.,Ltd.



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
9. Mr.Anek Khamchum - Committee - Chairman of the Nomination and Remuneration Committee - Audit Committee - Independent Directors	59	- Bachelor Degree of Law Ramkamhaeng University -Law of Institute of Legal Education of the Thai Bar - Master Degree of Law Ramkamhaeng University Training - The certificate of Director Accreditation Program (DAP Class # 85/2010) -Thai Institution of Director (IOD)	None	None	2014 – At present	Nomination and Remuneration Committee	T S Flour Mill Public Company Limited
					2010 – At present	Audit Committee	T S Flour Mill Public Company Limited
					1984 – At present	Owner	Anake Kumchum Law's firm
10. Mr.Narong Chenlapwatanakul - Committee - Executive Director - Authorized Committee	52	- Bachelor of Economist Thammasart University Training - The Certificate of Director Accreditation Program (DAP Class # 62/2007) Thai Institution of Director (IOD)	None	None	2011 – 2013	Nomination and Remuneration Committee	T S Flour Mill Public Company Limited
					2006 – At present	Executive Director	T S Flour Mill Public Company Limited
					2006 – At present	Executive Director	Thai Sugar Terminal Public Company Limited
					2006 – At present	Executive Director	T S Warehouse Co.,Ltd.
					2006 – At present	Executive Director	TSG Asset Co.,Ltd.
					2006 – At present	Executive Director	T S Oil Industry Co.,Ltd.
					2006 – At present	Executive Director	T S Transport and Logistics Co. Ltd.
					2005 – At present	Director	Autsahagum Mitkased Co.,Ltd.
					1999 – At present	Director	Wattanagul Oxygen Co.,Ltd.



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
11. Mr.Dhanadon Sujiphinyo - Committee - Executive Director - Authorized Committee	51	- Bachelor Degree of Marketing California State University at San Bernardino (MBA) - Master Degree of MBA, Marketing and Management Mercer University Atlanta, U.S.A. Training - The Certificate of Director Accreditation Program (DAP Class # 76/2008) Thai Institution of Director (IOD)	0.00% 0.00% / belongs to his wife 0.00%	Son In Law of No.2	2013 – At present 2011 – 2013 2008 – At present 2008 – At present 2008 – At present 2008 – At present 2008 – At present 1998 – At present	Executive Director Nomination & Remuneration Committee Director Director Director Director Director Managing Director	T S Flour Mill Public Company Limited T S Flour Mill Public Company Limited T S Flour Mill Public Company Limited Thai Sugar Terminal Public Company Limited T S Warehouse Co.,Ltd. TSG Asset Co.,Ltd. T S Oil Industry Co.,Ltd. T S Transport and Logistics Co.,Ltd. Jomtien Garden Hotel & Resort, PATTAYA
12. Mr.Chalush Chinthammit - Committee - Executive Director - Authorized Committee	49	- Bachelor Degree of Business Administration Degree (BBA) Assumption University - Master of Business Administration MBA Finance & Banking Mercer University, U.S.A. Training - The Certificate of Director Accreditation Program (DAP No. 17/2004) Thai Institution of Director (IOD)	None	A Nephew of No.7	2018 – At present 2018 – At present 2018 – At present 2016 – At present 2016 – At present 2015 – At present 2015 – At present 2015 – At present 2013 – At present 2012 – At present	Managing Director Director Director Committee & Audit Committee Managing Director Director Director & Chairman of Audit Committee Director & Executive Director Director Director	BBGI Co.,Ltd. Bangchak Biofuel Company Limited Bangchak Bioethanol (Chachoengsao) Company Limited Master Ad Public Company Limited KSL Green Innovation Public Company Limited Chengpres company limited Dhanarak Asset Development Co.,Ltd Mudman Public Company Limited Enterprise company limited Rajasolar Material Co.,Ltd



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
		- Top Executive, Class 10, Capital Market Academy			2007 – At present	Director	Thai Sugar Terminal Public Company Limited & Subsidiary
		- Certificate, Executive Program on Energy Literacy for a Sustainable Future (TEA), Class 6, Thailand Energy Academy			2007 – At present	Director & Executive Director	T S Flour Mill Public Company Limited
		- Top Executive in Industrial Development and Investment, Class 3, Institute of Business and Industrial Development (IBID)			2007 – At present	Chairman of the Board	Colossal International Co.,Ltd
					2007 – At present	Director & Secretaty	Thai Sugar and Bio-Energy Producers Association
					2007 – At present	Director	KSL Agro and Trading Co.,Ltd.
					2007 – At present	Director	Raja Porcelain Co.,Ltd
					2006 – At present	Director	Sawan Naked Sugar Co.,Ltd.
					2004 – At present	Director & Senior Executive Vice President	Khon Kaen Sugar Public Company Limited & its affiliated sugar companies
					2004 – At present	Director	KSL Sugar Holding Co.,Ltd
					2004 – At present	Director	Para Ruamchoke Co.,Ltd
					2003 – At present	Director	Kohkong Plant Station Co.,Ltd.
					2003 – At present	Director	Khon Kaew Sugar Power Co.,Ltd.
					2003 – At present	Director	KSL Export Trading Co.,Ltd.
					2002– At present	Director	Thai Sugar Miller Co.,Ltd.
					2001 – At present	Director	Orn Nuch Gor Sang Co.,Ltd.
					1997 – At present	Managing Director	KSL Real Estate Co.,Ltd.
					1997 – At present	Director	The Boards of Cane and Sugar Act.of B.E.2527
					1996 – At present	Director	Chenteh Chinaware (Thailand) Company Limited
					1996 – At present	Director / Chairman of Executive Committe	MMP Corporation Company Limited
					1994 – At present	Director & Senior Executive Vice President	New Kwangsun Lee Sugar Factory Co.,Ltd



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
13. Ms.Surangrat Jongprasopsap - Deputy Director of Factory	45	- Master Degree of Product Development Industry Branch Kasetsart University - Bachelor degree Food Science And Technology Thammasart University (first-class honors) Training Certification on The Factory Management Course 13 (2017), Human Capacity Building Institute (HCBI) : The Federation of Thai Industries (FTI)	None	None	2018 - At present	Deputy Director of Factory	T S Flour Mill Public Company Limited
					2015 - 2017	Assistant Factory Director	T S Flour Mill Public Company Limited
					2013 – 2014	Plant Manager	T S Flour Mill Public Company Limited
					2011 – 2012	(Be in charge) Factory Manager	T S Flour Mill Public Company Limited
					2002 – 2010	Chief of Quality Control Department	United Flour Mill Company Limited.
14. Ms.Waewta Natphan - Deputy Director of Finance and Accounting / Company Secretary	40	- Master Degree of Accounting (MBA) Ramkhamhaeng University - Bachelor Degree of Accounting (B.B.A) Burapa University Training - Certificate of the Company Secretary Program Class # 71/2016 Thai Institution of Director (IOD)	None	None	2018 - At present	Deputy Director of Finance and Accounting / Company Secretary	T S Flour Mill Public Company Limited
					2015 – 2017	Assistant Finance & Accounting Director / Company Secretary	T S Flour Mill Public Company Limited T S Flour Mill Public Company Limited
					2014 – 2015	(Senior) Finance & Accounting Manager	
					Aug 2010 – 2014	Finance & Accounting Manager	T S Flour Mill Public Company Limited
					2008 – 2010	Manager of Finance and Accounting	TCJ Asia Company Limited
					2007 – 2008	Chief of Senior Accounting	Toll Logistics (Thailand) Co.,Ltd.
					2000 – 2007	Senior Accounting Officer	Hope Technology Co.,Ltd.



Name-Family Name / Position	Age (Year)	Education Background	Percentage number of Shares (%)	Relation	Working Experiences for last 5 Years		
					Duration	Position	Company's Name/ Type of Business
					1998 – 1999	Accounting Officer	Autsahagum Thai bicycle Co.,Ltd.
16.Ms. Masarat Puttipeerawit - Sele Manager	34	University of the Thai Chamber of Commerce - Faculty of Humanities, English major	None	None	2013 – At present 2006 – 2012	Sales Manager Agent	T S Flour Mill Public Company Limited Ing Life Insurance Public Company Limited

The information of position of Directors and executive

No.	Name of Boards, director, authorize committees and committees	T S Flour Mill Company Limited
1.	Mr.Pricha Attavipach	C, ID
2.	Mr.Prapas Chutimaworaphan	D, EC, S
3.	Mr.Somchai Vanavit	D, CAC, ID
4.	Mr.Chanachai Chutimaworaphan	D, ED, S
5.	Dr.Charnkrij Dejvitak	D, EVC, MD, S
6.	Dr.Supasorn Chayowan	D
7.	Mr.Somchai Chinthumit	D
8.	Mr.Chalermchai Wongwaiwit	D, AC, ID
9.	Mr.Anek Khamchum	D, AC, ID
10.	Mr.Narong Chenlabwatanakul	D, ED, S
11.	Mr.Dhanadon Suchupinyo	D, ED, S
12.	Mr.Chalush Chinthummit	D, ED, S
13.	Miss Surangrat Jongprasopsap	M
14.	Mrs Waewta Natphan	M
15.	Miss Masarat Puttipeerawit	M

Remark : C = Chairman, D = Director, EC = Executive Chairman, EVC = Executive Vice Chairman,
ED = Executive Director, S = Authorized signing, CAC = Chairman of Audit Committee,
AC = Audit Committee, ID = Independent Committee, MD = Managing Director, M = Manager

Corporate Social Responsibilities : CSR

Corporate Social and Environmental Responsibility Policy

TS Flour Mill Public Company Limited is committed to operating its business with responsibility for the economy, society, society and the environment. Adherence to professional business practices in accordance with good corporate governance principles. Transparency, fairness, business ethics. Consider adding value to shareholders. And every stakeholder has the utmost benefit.

The Company has set up a CSR Working Group. Include top executives. And executives from departments and departments. To play a role and responsibility in defining and planning work in social responsibility, community and environment. Follow the policy. The Company's strategy is sustainable. To monitor the implementation of the plan. Reporting to the Executive Board and the Board of Directors. Continuous

Board of Directors Recognize and focus on sustainable growth. We have a policy to adhere to our business practices with a professional management system. Responsible for customers, partners and all stakeholders. We have established a solid and sustainable growth foundation. It focuses on the development and creation of human resources as a valuable resource. As well as developing a comprehensive workflow to produce products of the highest quality standards continuously. This will lead to sustainability of the organization in the long run.

Economic Operations And good corporate governance.

Good Corporate Governance

The Company pays attention to and sets the foundation for conducting business under the good corporate governance. Transparent The Company has developed "Good Corporate Governance Policy". And business ethics "in writing. This is used as a guideline and guidelines for directors, executives and employees. Good Corporate Governance Policy Manual The Company's business ethics has been acknowledged and published on the Company's website.

Board of Directors Has role and responsibility in good corporate governance. The Company's operation and business operation Compliance with laws, regulations and regulations. Of the Stock Exchange of Thailand. Securities and Exchange Commission And other laws. Related to business operations. To review and improve the corporate governance policy. Code of Conduct Charter of the Board of Directors Board Charter, rules and regulations.

Board of Directors The Nomination and Remuneration Committee has been appointed. There are 3 independent directors who are responsible for selecting and qualifying candidates for the position of Director. Executive Director And the top executives of the organization. Succession Planning for Directors and Executives Performance appraisal of the Board of Directors and the Board of Directors Consider the pattern. And criteria for determining compensation and benefits. The right director

In the year 2017, the Company was evaluated for the quality of the annual general meeting of shareholders. The company received excellent results (100 full marks). He has been assessed for good corporate governance. Organized by the Thai Institute of Directors (IOD), the Company received good results (4 stars)

(For more information, see Annual Report Good corporate governance)

Anti-Corruption and Corruption

The Company realizes the importance of improving the work process for transparency. And can be checked We are committed to the business of ideology. And with social responsibility. And all stakeholders in all sectors. Approved the company. Participation and Declaration of Commitment to the Collective Action Coalition Against Corruption (CAC). The Company has developed a policy to guide the fight against corrupt practices. To be used as a guideline to supervise and supervise the operations in various processes. Transparency It also assesses and revises the risk of fraud. To prevent events or causes leading to internal and external corruption. The Company Communicate and educate employees to know. They are also published on the Company's website. To the stakeholders of the company. Get known.

On February 12, 2017, the Company was certified as a member of the Thai Alliance for the Prevention of Corruption. The company continues to provide continuous communication and instill a sense of anti-corruption against employees in the organization.

In the year 2017, the Company did not receive any complaints about corruption or corruption or misconduct committed by employees both inside and outside the organization.

The Company has a policy to support allied partners and stakeholders. Recognize and prioritize anti-corruption by communicating through various channels as well as protecting against corrupt corruption in the organization. Or join a network member and support activities. In the fight against corruption, corruption continues.

The Company has provided measures and channels to report complaints. opinion And inform the clues of illegal actions of all stakeholders. You can go through the following channels.

Postal service: Company Secretary / Managing Director / Audit Committee

TS Flour Mill Public Company Limited
90/9,Soi.Siamsilo, Poochaosamingprai Road,
Samrongklang, Phrapradeang
Samutprakan. 10130

Telephone: 02-017-9999 ext. 200 (Company Secretary)

Fax: 02-017-9999

Website: www.tmill.co.th

Email: weawta@tmill.co.th

Employees can submit complaints or suggestions to the Board of Directors. And the management directly through the email system of the company. The Company It will provide fairness and protection for those who report clues to wrongdoing. It will keep the secrets of those involved in the investigation into corruption corrupt practices.



Risk management

Board of Directors has appointed a Risk Management Working Team. Include top executives. And executives from departments and departments. To perform risk assessment. And the potential impact. Related to business operations and operations. Provide policy and plan for risk management. To monitor and follow the risk management plan in accordance with the systematic plan. The meeting is scheduled to be held at least once every three months and should be reported to the Audit Committee. And the Board of Directors has acknowledged.

(For more information, see Annual Report Risk Factors

Process and product standards

The company is an importer of wheat for the production and distribution of wheat flour in the country. The policy and commitment to produce products with the highest quality and standards. Starting from the selection of good quality ingredients. Process manufacturing and advanced technology to deliver quality products and standards. Maximum safety according to international standards. As well as creating a process to produce products that are environmentally friendly to meet the needs of customers. And create customer satisfaction.



The company has been certified ISO 22000: 2005 Hazard Analysis and Critical Control Point (HACCP) Hazard Analysis and Critical Point System GMP (Good Manufacturing Practice) Certification Halal label The company is also operating according to the Green Industry standard according to the Department of Industrial Works. To ensure that Products of the Company It is a good product and quality. Has a standardized production system. Can check the information backward. And take into account the safety of customers and consumers.

Research Development And promotion of innovation and technology.

The company. Wheat flour is used for the production of various foods. The direction and trend of food consumption is a factor and a necessity for food manufacturers. Must have understanding The company has a research and development department to meet the needs of customers, who are food entrepreneurs to invent and research in the formulation of ingredients. Technology Development and Production Innovation We also add value to our products.

The Company recognizes and continuously develops technology and innovation. By promoting the potential. The development of skills and knowledge of employees. This will lead to a learning organization and can be used to innovate in the knowledge. Research and development of technology and innovation. To maximize the benefits to the organization in the future



Compliance And the relevant regulations.

The Company attaches importance and policy to conduct business in accordance with good corporate governance principles. To comply strictly with the laws, regulations, rules and regulations. This will result in the company. Successfully set goals. Both have been trusted. The Company has set up an internal control system to supervise and monitor the performance of various activities. To comply with the law properly and completely.

Social Activities

Safety and Occupational Health And the working environment.

Safety of employees at all levels. The Company has provided safety management, occupational health and working environment for safe operation. The Company has established a safety committee in place. Operate Include top executives. And representatives from departments and departments. To provide policy and work safety plans. Report and track performance according to plan and target. Compliance with applicable laws and regulations. And to develop a project to build and cultivate consciousness. Create a culture of safety and occupational health. The annual Safety Day

The company also participated in the Outstanding Workplace Safety, Occupational Health and Working Environment Program. Organized by the Association for Safety and Health at Work (Thailand). Accident Zero Accident

In addition, the Company Environmental quality was measured around the factory premises. The company has provided the measurement agency to check the working environment as follows: Air quality in the atmosphere in general. General pitch And noise The results of the measurement used to improve the system of the company. Keep up the good work.



จำนวนและอัตราการเกิดอุบัติเหตุจากการทำงานของพนักงาน ประจำปี 2560

ตัวชี้วัด	ม.ค.	ก.พ.	มี.ค.	เม.ย.	พ.ค.	มิ.ย.	ก.ค.	ส.ค.	ก.ย.	ต.ค.	พ.ย.	ธ.ค.
ตกจากที่สูง	0	0	0	0	0	0	0	0	0	0	0	0
หกล้ม/ สิ้นล้ม	0	0	0	0	0	0	0	0	0	0	0	0
อาคารหรือสิ่งก่อสร้างพังทลาย	0	0	0	0	0	0	0	0	0	0	0	0
วัตถุหรือสิ่งของพังทลาย หล่นทับ	0	0	0	0	0	0	0	0	0	0	0	0
วัตถุหรือสิ่งของกระแทกหรือชน	0	0	0	0	1	0	0	0	0	0	0	0
วัตถุหรือสิ่งของหนีบหรือตัด	0	0	0	0	0	0	0	0	0	0	0	0
วัตถุหรือสิ่งของขีด/ บาด/ ต้ม/ แทะ	0	0	0	0	0	0	0	0	0	0	0	0
วัตถุหรือสิ่งของกระเด็นเข้าตา	0	0	0	0	0	0	0	0	0	0	0	0
รถหรือเคลื่อนย้ายของหนัก	0	0	0	0	0	0	0	0	0	0	0	0
อาการเจ็บป่วยจากท่าทางการทำงาน	0	0	0	0	0	0	0	0	0	0	0	0
อุบัติเหตุจากยานพาหนะ	0	0	0	0	0	0	0	0	0	0	0	0
วัตถุหรือสิ่งของระเบิด	0	0	0	0	0	0	0	0	0	0	0	0
ไฟฟ้าช็อต	0	0	0	0	0	0	0	0	0	0	0	0
ผลจากความร้อนสูงหรือสัมผัสความร้อน	0	0	0	0	0	0	0	0	0	0	0	0
ผลจากความเย็นจัดหรือสัมผัสความเย็น	0	0	0	0	0	0	0	0	0	0	0	0
สัมผัสสิ่งมีพิษ สารเคมี	0	0	0	0	0	0	0	0	0	0	0	0
รวม	0	0	0	0	1	0	0	0	0	0	0	0

Employee health

The Company pays attention to the health and well-being of employees. This will be the power and driving force for the company. Have employees work effectively. The Company The health check-up for employees is ongoing every year. Keeping track of employee health outcomes. It also communicates the employees' compliance with hygienic practices in co-workers.



In addition, the Company The Company has a policy to organize weekly fitness activities so that employees can continue to exercise. In addition, the Company It also organizes annual color sports competition within the organization. To strengthen friendship, unity and good relationship between management and employees. As well as raising awareness and promoting exercise for employees as well.



Respect for human rights And treat workers with fairness.

The Company respects human rights and human dignity. The Company does not have a policy to restrict basic rights in terms of race, nationality, religion, gender, age, disability, political opinion, taste Sex and experience It also provides opportunities for employees. All stakeholders can express their opinions through the Company's suggestion channels. Freely

All employees of the Company. Will be treated equally. And to be strictly observed straightforward. All employees are protected by fundamental rights in all areas, without prejudice to gender. And the condition of the body and mind.

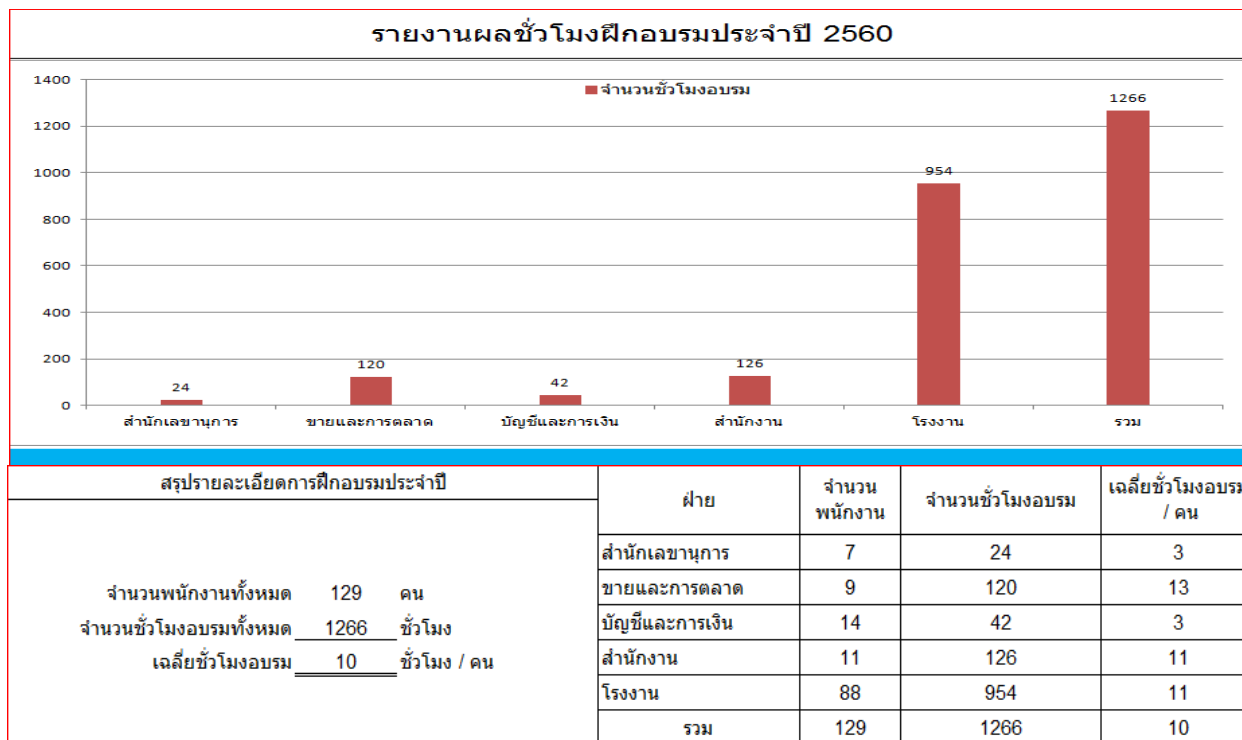
The Company treats all employees in accordance with the law, the Company's laws and regulations. Respect the rights and responsibilities of employees. Do not discriminate in employment. No employment And create a good atmosphere to work. Maintaining a safe working environment. Hygienic Include corporate culture to support each other.

The Company attaches great importance to employment. The Company provides reasonable returns and welfare benefits to its employees in order to provide employees with good returns and good quality of life. Competitive, such as medical care. Annual Health Check Emergency loans Provident Fund In addition, the Company Focus on the development of employees of the organization to be knowledgeable. By promoting and enabling employees to improve their knowledge and skills to improve their skills, abilities and work experience.

Employee Care and Development

Human resources are the most valuable resource. The Company pays attention to employees at all levels in promoting and developing their knowledge, skills, capabilities and capabilities. Instill values and corporate culture. It also has a responsibility to society, the environment and stakeholders.

The Company Training is provided internally and externally. By inviting guest speakers with knowledge and experience. In the year 2016, the Company organized training courses for both internal and external training. And attend training from external institutions to management and staff. It is a quality management system. Specialization Energy Conservation Corporate Social Responsibility and anti corruption.



The Company also organizes activities within other companies such as seminars and offsite activities. New Year Party This is to enhance the good relationship between management and employees at all levels.



The Company has established a welfare committee in the establishment. Consists of elected officials. And executive agents To act in the offer of welfare in various fields. The employer gives the employee a collective. It also helps to monitor the performance of the welfare of employees to meet the requirements.

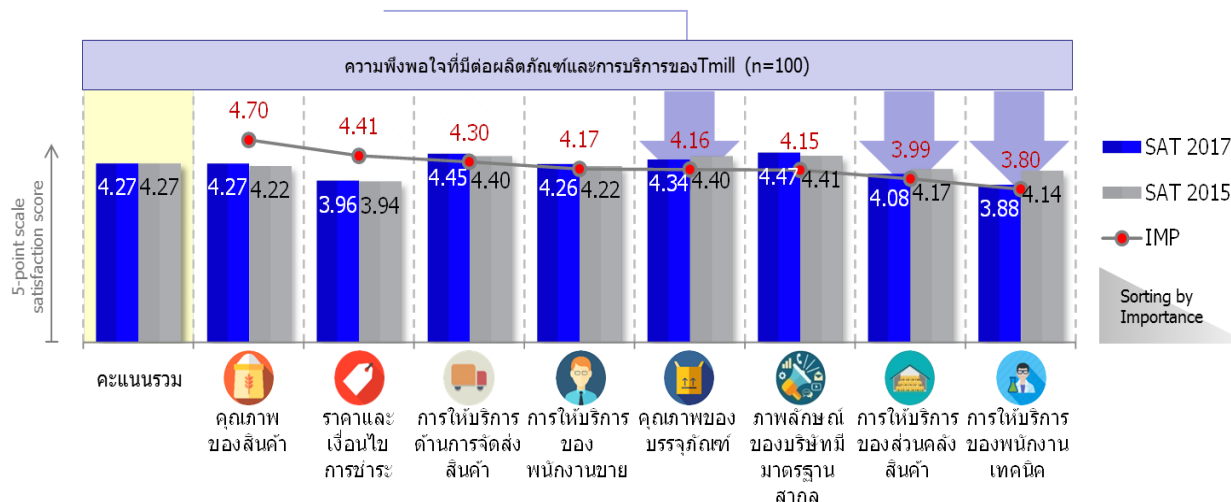
Co- development of the work system And customer responsibility.

The Company has contacted customers to visit the Company. And reviewed the management system and quality control in various areas. This brings together the learning and development of the working system between the Company. And close customers. The Company Customers are invited to visit the company and review the quality management and control system. To make sure Products and Services It has the highest standards of quality and safety.



Customer Satisfaction Survey

In 2015 and 2017, the Company conducted a survey to assess the satisfaction of using the products and services of the Company. The satisfaction rating is summarized as follows.



The company is committed to producing products and providing professional services. To provide customers with continuous satisfaction.

The Power Project ... Bring 13,000 cancer patients

Thailand has 130,000 cancer patients each year and has a cancer death rate of 60,000 cases, the number one death in Thailand. Currently, patients and caregivers of cancer patients lack the knowledge and understanding of treatment. Lack of morale and strength in fighting and dealing with cancer, along with false beliefs about cancer treatment. Such factors affect the treatment. And the survival rate of cancer patients.

Art Of Life Social Enterprises Co., Ltd. and the Association of Companies listed on the Market for Alternative Investment (mai). "The Power Project ... Bring 13,000 cancer patients to life with a 13,000 Survivor Planner to distribute to

13,000 cancer patients nationwide. And use as a guideline to build knowledge. Cope and cure cancer correctly. It is inspiring, encouraging, and empowering cancer patients and caregivers to improve their quality of life.

The project is supported by funding and cooperation from the Stock Exchange of Thailand, Stock Market Association of Students, College of Capital Markets More than 60 companies are listed on the mai. It is important to understand the importance of curing cancer. Inspiring patients and caregivers to have good morale. The company has contributed 500,000 baht to support this activity. In 2018, the activities will be organized by public and private hospitals. Regions throughout the country To exchange experiences Educating And advice on how to use the life of cancer patients.

The Power Project 13,000 cancer survivors aim to make a social impact by adjusting the attitudes of cancer patients and caregivers to caring for and cope with cancer correctly. It leads to the creation of opportunities and relieve symptoms in the treatment of cancer effectively. The patient and caregiver return to normal life. Improve quality of life. And loss of budget to maintain the decline as well.



Participation in social and community development.

The Company supports and promotes social and community development. By promoting public employees. And participation in helping and developing the community. In the year 2017, the Company has the following activities:

- National Children's Day at Punnongsawat Temple
- TMILL Sharing the Blessing and Redundancy at the Center for the Promotion and Development of the Blind Professional Development, Nakhonnayok
- Phra Brahma ceremony and make annual corporate merit.
- Granting scholarships to good students that lack of capital. Wat Punnangsawat School
- TMILL donate live cattle at Sameannaree Temple
- Offering candles at Punnongsawat Temple.
- Tae kra jad Ceremony
- The Kathin Ceremony at Wat Samrong Tai (Punnongsawat Temple)
- Mobilizing donations for flood events
- Help for the Blind and the Disabled



Environmental Activities

Process and production of environmentally friendly products.

The Company is aware of and cares about the environmental impact of the production process. Production Line As well as using world-class advanced technology and innovation. The production process is closed. So throughout the production line. No impact on the environment. And no complaints on the environment. In addition, in the production process. No waste from the production process.

Resource usage

The Company has promoted the employees to reduce waste under the concept of 3 Rs.

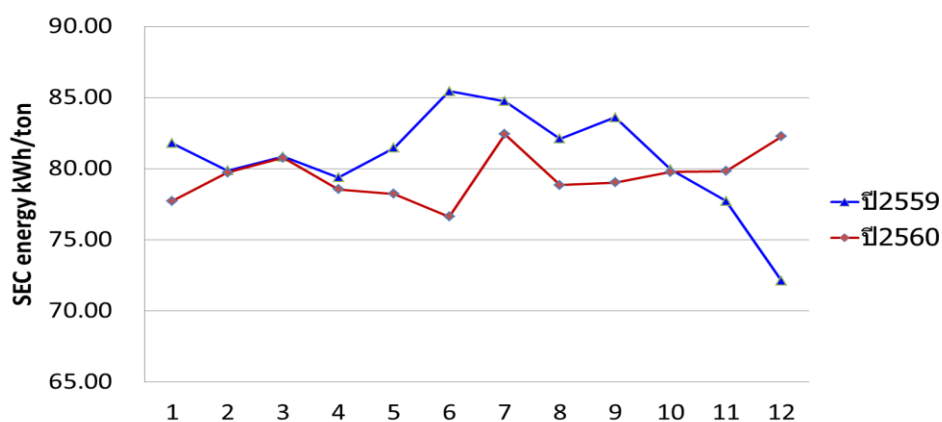
- Reduce reduces the amount of waste that may occur, such as the use of products with large packaging instead of products with small packaging. Selection of products with the least impact on the environment.
- Reuse is a reuse or reuse, such as packaging, packaging, appliances or other items. Reuse of paper bags or plastic bags. Using both sides of the paper The use of bags to reduce global warming.
- Recycle is recyclable waste. The separation and collection of waste in the office can be used for recycling such as glass, paper, plastic, steel and aluminum. To sell to the relevant operators.

Energy savings

The Company promotes and instills a conscience in saving. Energy Conservation Know the importance and value of energy. The company has joined the project to promote the implementation of energy conservation measures. Organized by the Department of Alternative Energy Development and Efficiency since 2016, the Company has appointed the Energy Management Working Group To be responsible for energy management planning. Energy Conservation Including campaigning and cultivating consciousness and building employee engagement in energy conservation.

In the year 2017, the Company set a target of using electricity not less than 5% by controlling the use of air pump and reducing the air leak at various points. Replacing energy saving lighting systems Improving ventilation in the air pump room. And the pressure drop. As a result of this, the Company can reduce the electricity consumption by 5.36% to meet the target.

เปรียบเทียบประสิทธิภาพการใช้พลังงานกับการผลิต



Environmental Management And environmental protection and rehabilitation.

TS Flour Mill Public Company Limited is aware of the noise pollution caused by the Company's production activities which has a negative impact on the daily life of the community. Therefore, the walls are reduced noise. The focus is to help reduce the volume of noise generated by the production activities of the company. This is so that production activities can be

Part of the lifestyle of the community. As a result of the construction of the sound reduction wall, the company has measured the volume of noise generated by the production activities on a yearly basis. By private companies with credibility It is registered with the Department of Industrial Works. To monitor and control the level of noise from production activities. Do not exceed the standards prescribed by the Pollution Control Law. And to prepare for the prevention of noise problems arising from production activities in the future.

The company is aware of dust pollution caused by the rice paddies activities of the company. There is concern about the health of the respiratory system of employees and the community. It has built a dust barrier. To focus on the protection of the dust caused by the rice paddies of the company. To dilute And to the rice activities of the company. It is part of the lifestyle of the community. As a result of the construction of the dust barrier, the company has measured the concentration of dust in the atmosphere caused by rice paddies annually. By private companies with credibility It is registered with the Department of Industrial Works. Dust concentration is monitored at the actual site. By the Pollution Control Department To monitor and control the activities of the rice paddies of the company. The concentration of dust in the atmosphere exceeds the standard. The law regulates pollution.





Internal Control and Risk Management

The Company has strategic managements align with Good Corporate Government, Risk Management and Internal Control to achieve business operation properly and efficiently.

The efficiency internal control is an important management tools to the Company goals. The procedures are aligned with the internal integrated framework of the Committee of Sponsoring Organization of the Treadway Commission (COSO) that was improvement in 2014 to apply in operations management as follows:

Internal Environment

- The Boards of Directors and management stipulate code of conduct and code of conduct for the Boards of Directors, management and staff.
- The Boards of Directors consists of 33.33 independent directors which are more than the regulation minimum requirement which allow independence from management in assessment and decision making for effective internal control.
- The Boards of Directors and management establish the Company Structure, appropriate responsibilities and segregate of duties to achieve effectiveness of the internal control.
- The Boards of Directors and management recognize the importance of the employees that are precious resources of the organization. The company has promoted the development and consider revenue, welfare of their employees appropriately.
- The Boards of Directors and management set up a system of corporate governance, good internal control that has a department to responsible for oversight and clearly.

Risk Assessment

- The Company identifies risks that may affect the business operation and specific risk response in the corporate levels and functional levels including fraudulent or inappropriate conduct.
- The Company specified objective of the operations, Financial and Non-Financial reporting including compliance with all laws and regulations and identified residual risks to the acceptable level.

Operation Control

- The Company has the control activities to mitigate the residual risks to the acceptable level including preventive control, segregate of duties, the level of assessment data and information control, the Level of authorization in business operations and business transactions and physical company assets controls.
- The Company has implemented and maintained s Business Continuity Policy including the event of an uncontrollable emergency situation to ensure continuous business operation.
- The Board of Directors set up a policy for control a management system from procedure and work instruction of each party and have set up an authorization approval for the management to continuing operations by taking into account the best benefit of the company.

**Information and Communication**

- The Company implements an efficient information system to provide accurate complete and timely information to support business operation and including the preparation of appropriate information for management decisions making.
- The Company has a communication channel to inform and shared information to staff via electronic email and bulletin board.
- The Company has an investor relationship channel to communicate to the investors and has a stakeholders communication

Monitoring

- The Company provides Dharmniti Internal Audit Company Limited Is independent internal auditor, evaluate the efficiency and effectiveness of internal control including the information technology control to ensure that the Company has appropriated business operations and the material financial activities including compliance with all laws and regulations in the business operation. Furthermore an annual internal audit plans was prepared base on Risk Based Audit Approach and aligned with the internal integrated framework of the Committee of Sponsoring Organization of the Treadway Commission (COSO) and was approved from the Audit Committee. The internal audit report was directly reported to the Audit Committee every quarterly.
- The Company have a compliance department to monitoring and review of operations in accordance with the law, regulations of the relevant authorities including operating according to the manual operation of the party and reports directly to the Managing Director and Audit Committee.
- In 2017, The Board of Directors evaluated and assessed the Company internal control under the guidelines of the Office of the Securities and Exchange Commission and satisfied the Company maintains and appropriate and effective internal control.



Relate Party Transactions

The Company have related party transactions with connected persons who may have conflict of interest, all of which being made in a normal course of business of the Company. In approving the related party transaction, the Company set out policy to proceed according to normal trading terms by referring to appropriate market rate and condition. In case where the transaction is not normal business transaction or without normal trading terms, such transaction must be presented to the Board of Directors' meeting for approval. In approving the related party transaction, directors and persons with potential interest or potential conflict of interest will not be entitled to participate in the voting of such transaction. Such transaction must be reported to the Company's Board of Directors for further acknowledgement accordingly. In entering into such transaction, it must be ensured that the transaction must provide maximum benefit to the Company.

In considering the transaction, the Audit Committee must attend the meeting for review its necessity and reasonableness by considering price and rate of return of such transaction except where the related party transaction is the normal business transaction or has normal trading terms which can be approved by the Executive Board of Directors or Chief Executive Officer within the predetermined authorized limit. In case where the Audit Committee does not have expertise in considering the transaction arisen, the Company will arrange to have person with expertise and skill, e.g. the Company's auditor or independent expert, to provide opinion on such connected transaction. Opinion of the Audit Committee or expert will be used as support for decision making of the Company's Board of Directors or shareholders as the case may be.

In addition, the information on related party transactions will be disclosed in the notes to financial statements as audited by the Company and its subsidiary's auditor. The related party transaction must be made in accordance with the Securities and Exchange Act, rules and regulations, notification, order or provision of the Office of Securities and Exchange Commission and/or the Stock Exchange of Thailand concerning the related party transactions or the acquisition and disposal of the Company's asset in a strictly manner. The Company must also comply with the provision concerning the disclosure of information of connected transaction and acquisition or disposal of asset.

In entering into any potential related party transaction in the future, the Company will proceed according to the measure stipulated above. It has a policy to operate in accordance with normal course of business by referring to appropriate market rate and condition to maximize benefit to the Company.

Details Related Party Transactions

According to the resolution from the Board of Directors meeting No. 2/2018 on February 22, 2018 also attended by the Audit Committee and the independent directors to review the related party transaction for the period ended December 31, 2017 and December 31, 2016, the Board of Directors provided opinion concerning related party transactions that such related party transaction were necessary for the ordinary course of business whereas terms of such related party transactions with related persons during such period were according to the market rate, contractual and agreed price which were reasonable and in the ordinary course of business. Details of the transaction can be summarized as follows:

**The list of related companies and relationships**

Company's Transaction	Type of business	Relationship
Thai Sugar Terminal Company Limited ("TSTE")	Doing a business related to transporting goods, leasing inventories, ferry service	TSTE is a major company of the Company by having shareholders 98.82% before separate shares and reduce its stake down to 69.34% after the IPO on November 19, 2012. It uses same committees except Audit committees which are TSTE.
TSG Asset Co., Ltd. ("TSA")	Doing a business related to leasing real estate	It is a related company with TSTE. It has same committees from TSTE except Audit Committees which are TSA.
TS Oil Industry Co., Ltd. ("TSO")	Doing a business related to palm oil industry	It is a related company with TSTE. It has same committees from TSTE except Audit Committees which are TSO.
TS Transport and Logistics Co., Ltd. ("TSTL")	Doing a business related to transporting goods, producing sacks' bag, security services	It is a related company with TSTE. It has same committees from TSTE except Audit Committees which are TSTL.
TS Inventory CO., Ltd ("TS")	Doing a business related warehouses and inventories	It is a related company with TSTE. It has same committees from TSTE except Audit Committees which are TS.

The list of renting amount of inventories, silos and the land

(Unit : Million Baht)

Landlord	Tenant	Description/Conditions	The cost of items		The importance and reasons of each items
			Jan – Dec 2017	Jan – Dec 2016	
TSTE	TMILL	The Company rents a land which is 7,013 square meters from TSTE for building Factories and buildings which means 50 baht/square meter or 350,650 baht/ month. The lease will last for 30 years starting from August 1,2010 to July 31, 2040 by increasing the rent 10% from the old price every 5	5.4	5.4	<u>The importance of the least</u> The Company rents this land for factories and building will be located in. <u>The price of the least</u> The price of the rent will be appraised by UK Valuation

Landlord	Tenant	Description/Conditions	The cost of items		The importance and reasons of each items
			Jan – Dec 2017	Jan – Dec 2016	
		years. The rent for whole contract is 162,328,740 baht or 5,410, 958 baht/per year. When the least is cancelled, the Company will transfer land with the building by the end of the contract, if the contract has not mentioned about the building in other condition. If the Company wants to continue the least, the Company should inform TSTE in advance at least 2 years before the end of the contract. TSTE will allow the Company rent the land no more than 30 years. The rate of the rent will be based on financial situation at that time.			and Agency CO., Ltd. No. UK 2010/724 This land has been appraised on September 11, 2010. <u>The opinion of Audit Committees</u> Audit Committees take the least into consideration and think it is reasonable price of the land and the conditions through the contract.
TSTE	TMILL	The Company rents an inventory from TSTE 2 inventory 1. Inventory No.8 which has 1,650 square meters 2. Inventory No.9 which has 1,650 square meters These two warehouses have been approved for a lease of 30 years commencing from 1 April 2014 to 31 March 2044 with the rental rate per square meter 85 baht or 280,500 baht per month, subject to the rent by 15% of the original lease every 5 years. THB 147,325,320 contract rent for a rental linear 4,910,844 baht per year.	4.9	4.9	<u>The importance of the least</u> Company to rent a warehouse to store the finished 9 of the Company and Warehouse 8. To install a storage tank to support the capacity expansion since quarter 2/2015. Warehouses are located in close proximity to the plant of the company. Easy to transport <u>The price of the least</u> The price will vary according to global market which is based on the location on inventories, the inventories' condition. <u>The opinion of Audit Committees</u> Audit Committees examine the least and think that the

Landlord	Tenant	Description/Conditions	The cost of items		The importance and reasons of each items
			Jan – Dec 2017	Jan – Dec 2016	
					price, and conditions are sensible, reasonable.
TSTE	TMILL	The Company rents Silo # 30 for the construction of silos with capacity of 40,000 tons. area of 2,800 square meters These warehouses have been approved for a lease of 30 years commencing from 1 April 2014 to 31 March 2044 with the rental rate per square meter 85 baht or 238,000 baht per month, subject to the rent by 15% of the original lease every 5 years. THB 125,003,640 contract rent for a rental linear 4,166,788 baht per year.	4.2	4.2	<p><u>The importance of item</u></p> <p>The company rent the warehouse. To be used as the raw material storage silos with capacity of 40,000 tons of storage space has enough demand, and is located in close proximity to the plant.</p> <p><u>The reasons of price</u></p> <p>The rental rates for the same price of the rent themselves. When compared to the cost of a third party warehouse in the same way that the lower cost of third party warehouse.</p> <p><u>The opinion of the Audit Committee</u></p> <p>Audit Committees examine the least and think that the price, and conditions are sensible, reasonable.</p>
TSTE	TMILL		1.6	2.4	
TSTE	TMILL		0.9	-	
TSO	TMILL	The Company rents a warehouses (Bulk) consisting of 2 silos which are 2,880 square meters. The rate per square meter is 85 baht. The Company pays the rent 244,880 baht/ per month since February 1, 2011 which is 2	2.3	0.9	<p><u>The importance of the least</u></p> <p>The Company rents 2 silos for storing raw material in the case of not enough warehouses. These silos are</p>

Landlord	Tenant	Description/Conditions	The cost of items		The importance and reasons of each items
			Jan – Dec 2017	Jan – Dec 2016	
		months contract. If the Company wants to continue the least, the Company should inform by writing in advance (at least 1 month earlier) Currently, the rental has canceled since January 16, 2015.			located in close area of company's factory which is easier for goods transportation. <u>The price of the least</u> The rental rates for the same price of the rent themselves. When compared to the cost of a third party warehouse in the same way that the lower cost of third party warehouse. <u>The opinion of Audit Committees</u> Audit Committees take the least into consideration and think it is reasonable price of the land and the conditions through the contract.

Purchases of goods and services

(Unit : Million Baht)

Seller/ provider	Buyer / customer	Description/Conditions	The cost of items		The importance and reasons of each items
			Jan- Dec 2016	Jan- Dec 2017	
TSTL	TMILL	The company has purchased the packaging bags from TSTL for the flour and wheat, which was the products of the company.	14.3	14.7	<u>The importance of item</u> The company has purchased the packaging bags from TSTL for the various flour, which was the products of the company. <u>The reasons of price</u>

Seller/ provider	Buyer / customer	Description/Conditions	The cost of items		The importance and reasons of each items
			Jan- Dec 2016	Jan- Dec 2017	
					<p>The company held auction the sacks every quarter.</p> <p>There is purchasing the sacks from the winner of auction.</p> <p>In the first to fourth quarter of 2015, TSTL have been selected due to the best price and most beneficial conditions to the company.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has considered and approved the importance of item, including the conitions of item and the reasons of the price.</p>
TSTE	TMILL	<p>The company has paid the cost of unloading the wheat, such as loading and unloading charges. Fee scales through the docking port, including the electricity bill.</p> <p>Water supply in the warehouse for packing of wheat.</p>	2.1	1.3	<p><u>The importance of item</u></p> <p>Service Electric Company</p> <p>Water and warehouse rental company for packing wheat.</p> <p>And Services The handling wheat into a silo.</p> <p><u>The reasons of price</u></p> <p>According to the terms of the same TSTE with unrelated individuals.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has considered and approved the importance of item, including the conitions of item and the</p>

Seller/ provider	Buyer / customer	Description/Conditions	The cost of items		The importance and reasons of each items
			Jan- Dec 2016	Jan- Dec 2017	
					reasons of the price.
TS	TMILL	The company has rented forklift to transport goods in the warehouse of a car repair one vehicle for a period of five days.	0.1	0.02	<p><u>The importance of item</u></p> <p>For transporting goods in the warehouse of a company car repair one vehicle for a period of five days.</p> <p><u>The reasons of price</u></p> <p>The company has three cheap money policy of purchasing TSO and the cheapest.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has approved the suitability of the list. The terms of the transaction. And the price was comparable. That the price is right.</p>

Dividend

Payee	Payer	Description/Conditions	The cost of items		The importance and reasons of each items
			Jan-Dec 2014	Jan-Dec 2013	
TSTE	TMILL	The company has paid dividends from the net profit of the year 2015, according to the resolutions of the 2015 Annual Meeting of Shareholders on April 23, 2015 of 0.08 baht per share, totaling 197,633,100 shares by TSTE shareholders receive dividends in the amount of 15,810,648 Baht.	59.3	38.0	<p><u>The importance of item</u></p> <p>The Company's dividend policy of at least 50% of the net unless it is necessary to use the money for current or investment.</p> <p><u>The reasons of price</u></p> <p>According to the dividend payment policy is not less than 50 percent of net profit.</p>

**Transactions of accrual basis between the Company and related companies**

Corporations that have accrual basis with the Company	Descriptions	The cost of items (Thousand Baht) December 31, 2015
TSTE	Deposit of the land and silos	2,743
	Accrued expense	18,639
	Accrued dividend	-
TSTL	Account payable	2,138
TSO	Deposit of Inventory	576

Reasonableness of the Related Party Transactions

According to the resolution of the Board of Directors' Meeting No. 2/2018 on February 22, 2018 where the Audit Committee who are independent directors have attended, it was opined that the related party transaction is necessary in the normal operation of business. Terms of the related party transactions are made according to the market price, contractual price and agreed price, which are reasonable and in the ordinary course of business.

Measures or Process for Related Party Transaction Approval

To prevent any conflict of interest arisen from the transaction, the related transaction between the company and a person with potential conflict of interest, which is neither in the normal course of business nor has normal term of trading must be presented to the Board of Directors' meeting for approval. Directors and persons with interest or potential conflict of interest in such transaction will not be entitled to vote on such matter and must report the Board of Directors accordingly. Such transaction must be entered for the maximum benefit to the Company. In considering such transaction, member of the Audit Committee must attend the meeting to provide opinion pertaining to the execution of such related party transaction, except if such related party transaction entered by the Company or related companies is made in the normal course of business or normal trading terms. In such case, the Managing Director or high executives management is authorized to approve the transaction according to the predetermined approval authority limit. The execution of related party transaction, however, must be in accordance with the Securities and Exchange Act, regulation, notification, order or the provision of the Office of Securities and Exchange Commission and/or the Stock Exchange of Thailand concerning the related party transactions and the acquisition and disposal of the Company's asset in a strictly manner.

Policy or Tendency of Related Party Transactions

In entering into related party transaction in the future, the Company's procedures are as discussed earlier in order to maximize benefit to the Company. Accordingly, it is the Company's policy to undertake the transactions according to the normal course of business based on appropriate market price and conditions. The Audit Committee and/or Independent Director will be required to audit and provide opinion, taking into account pricing and return, on the necessity and



appropriateness of the transactions. In relation to the execution of related party transactions in the future, the Board of Directors must comply with the Securities and Exchange Act, regulation, notification, order or the provision of the Office of Securities and Exchange Commission and/or the Stock Exchange of Thailand concerning the disclosure of information of related transaction and the acquisition or disposal of assets.

However in case of the Audit Committee have no special skill for consideration related transaction which occurred, the Company will provide specialists such as auditor of the Company or independent expert provide opinion on such related transaction. The opinion of the Audit Committee or specialist will be applied to decision of the Board of Directors or shareholders. Moreover, the Company will be disclosed the related transaction in the note of financial statement have been audited by the auditors of the Company and its subsidiary.



Management Discussion and Analysis

Fiscal year of the Company starts from 1 January to 31 December of every year.

The report of Auditors

1) Auditors

2015 Mr.Naris Saowalaksakul	Certified Public Accountant	No.5369	AMC Office Company Limited
2016 Mr.Naris Saowalaksakul	Certified Public Accountant	No.5369	AMC Office Company Limited
2017 Miss Prapasi Leelasupa	Certified Public Accountant	No. 4664	AMC Office Company Limited

2) The summary of Auditing by An Auditor for past 3 years

2015 The auditors have audited the financial statements by an unqualified opinion. And observations.

2016 The auditors have audited the financial statements by an unqualified opinion.

2017 The auditors have audited the financial statements by an unqualified opinion.

**Income Statement****As at 31 December 2017**

List	Financial Statements						Statement of
	2015		2016		2017		Change
	Amount	%	Amount	%	Amount	%	%
Income							
Revenue from sales	1,273.1	98.9	1,338.8	99.2	1,303.3	99.8	(2.7)
Other incomes	13.7	1.1	10.7	0.8	2.8	0.2	(73.3)
Total revenues	1,286.8	100.0	1,349.5	100.0	1,306.1	100.0	(3.2)
Operating expenses							
Cost of sales	1,097.9	85.3	1,140.5	84.5	1,030.9	78.9	(9.6)
Selling expense	30.0	2.3	31.0	2.3	30.6	2.3	(1.1)
Administrative expense	63.5	4.9	74.1	5.5	95.9	7.3	29.3
Total Expenses	1,191.4	92.6	1,245.6	92.3	1,157.4	88.6	(7.1)
Profit (Loss) before finance costs and income tax expense	95.4	7.4	103.9	7.7	148.7	11.4	43.1
Finance costs	24.1	1.9	16.4	1.2	15.3	1.2	(6.9)
Profit before income tax expense	71.3	5.5	87.6	6.5	133.4	10.2	52.4
Income tax expense	14.4	1.1	18.1	1.3	28.0	2.1	54.8
Profit (Loss) for the year	56.9	4.4	69.5	5.2	105.5	8.1	51.8
Earnings (loss) per share ¹	0.1919		0.2032		0.3079		51.5
Total authorized number of ordinary shares (1,000 Shares) ²	296.2		342.1		342.6		0.0
Earnings per share Fully Diluted (Baht per share) ³	0.1663		0.2031		0.3060		50.7



Statement of Financial Position

Unit : Million Baht

List	Financial Statements						Statement of
	2015		2016		2017		Change
	Amount	%	Amount	%	Amount	%	%
Assets							
Current assets							
Cash and cash equivalents	136.4	7.6	105.7	6.7	76.2	4.3	(27.9)
Trade receivables (Net)	197.6	11.0	180.1	11.5	169.9	9.6	(5.6)
Other receivables	1.9	0.1	1.2	0.1	3.8	0.2	208.9
Short-term loans to related parties	-	-	-	-			
Temporary investments	-	-	-	-			
Accrued compensation from the insurance company	-	-	-	-			
Inventories	680.8	37.8	532.2	34.0	800.5	45.1	50.4
Other current assets	0.4	0.0	0.5	0.0	1.2	0.1	137.1
Total current assets	1,017.1	56.5	819.7	52.3		59.3	28.3
Non-current assets							
Long-term loans	-	-	-	-	-	-	
Property, plant and equipment	780.5	43.3	742.8	47.4	717.5	40.5	(3.4)
Deferred tax assets	1.1	0.1	2.0	0.1	1.8	0.1	(8.0)
Other non-current assets	2.1	0.1	2.2	0.1	2.2	0.1	(0.2)
Total non-current assets	783.7	43.5	747.0	47.7	721.5	40.7	(3.4)
Total assets	1,800.8	100.0	1,566.7	100.0	1,773.1	100.0	(13.2)



Unit : Million Baht

List	Financial Statements						Statement of
	2015		2016		2017		Change
	Amount	%	Amount	%	Amount	%	%
Liabilities							
Current liabilities							
Short-term loans							
from financial institutions	830.7	46.1	382.8	24.4	595.7	33.6	55.6
Bank overdrafts	72.0	4.0	-	-	-	-	100.0
Trade payables							
Related parties	1.7	0.1	1.9	0.1	2.1	0.1	11.2
Others	50.2	2.8	314.8	20.1	263.3	14.8	(16.4)
Expenses payable	12.8	0.7	18.6	1.2	26.6	1.5	42.5
Income tax payable	9.8	0.5	10.2	0.7	11.2	0.6	9.7
Other current liabilities	14.1	0.8	13.9	0.9	21.2	1.2	53.1
Total current liabilities	991.3	55.0	742.2	47.4	920.1	51.9	24.0
Non-current liabilities							
Long-term loans from							
financial institutions	4.1	0.2	-	-	-	-	100.0
Employee benefit liabilities	0.6	0.0	0.7	0.0	0.8	0.0	12.6
Rent payable	11.3	0.6	15.0	1.0	18.6	1.0	24.3
Total non-current liabilities	16.1	0.9	15.7	1.0	19.4	1.1	23.7
Total liabilities	1,007.3	55.9	757.9	48.4	939.5	53.0	24.0



Unit : Million Baht

List	Financial Statements						Statement of Change
	2015		2016		2017		
	Amount	%	Amount	%	Amount	%	%
Shareholders' equity							
Authorized and paid-up share capital	342.0	19.0	342.2	21.8	344.7	19.4	0.7
Surplus on revaluation of property							
Surplus Exchange	281.3	15.6	281.6	18.0	284.0	16.0	0.9
Retained earnings							
Appropriated - Legal reserve	24.2	1.3	27.7	1.8	33.0	1.9	19.1
Unappropriated	146.0	8.1	157.2	10.0	171.9	9.7	9.3
Total shareholders' equity	793.5	44.1	808.8	51.6	833.6	47.0	3.1
Total liabilities and shareholders' equity							
	1,800.8	100.0	1,566.7	100.0	1,773.1	100.0	13.2



Cash Flows

Unit : Million Baht

List	Financial Satatements		
	2015	2016	2017
Cash flows from operating activities			
Profit before income tax expense	71.3	87.6	133.4
Adjustments for			
Doubtful (Reversal)	1.9	1.3	(1.8)
Depreciation	0.0	1.0	(1.0)
Allowance for decline in value of inventories	35.6	43.0	48.7
Unrealized gain (loss) on foreign currency exchange	0.0	(0.0)	0.2
Income compensation	0.5	(0.0)	0.5
Employee benefit expense	0.0	0.0	0.0
Profit from actuarial estimates.	0.1	0.1	0.1
Interest income	0.0	0.0	0.0
Interest expense	(0.4)	(0.4)	(0.2)
Profit provided by operating activities before	23.6	16.1	14.8
changes in operating assets and liabilities	132.7	148.6	194.8
Decrease (increase) in operating assets			
Trade and other receivables	(53.7)	17.0	9.3
Inventories	(437.2)	147.7	(267.3)
Other current assets	0.3	(0.1)	(0.7)
Other non-current assets	0.9	(0.0)	0.0
Increase (decrease) in operating liabilities			
Trade and other payables	(2.9)	273.2	(45.8)
Other current liabilities	2.2	(0.3)	7.0
Other non-current liabilities	0.0	0.0	(0.0)
Cash generated from the operations	3.9	3.6	3.6
Interest received	(353.8)	589.7	(99.1)
Interest expense	0.3	0.4	0.2
Income tax paid	(23.2)	(16.3)	(14.0)
Net cash provided (used) by operating activities	(14.0)	(18.6)	(26.8)
	(390.7)	555.3	(139.7)



Unit : Million Baht

List	Financial Satatements		
	2015	2016	2017
Cash flows from investing activities			
Purchased of plant and equipments			
Cash paid for interest capitalized to cost of assets	(58.6)	(7.7)	(23.2)
Cash received from sale of plant and equipment	(4.7)	0.0	0.0
Cash paid for machines deposited	0.0	0.0	1.2
(Increase) Decrease in others non-current assets	0.0	0.0	0.0
Net cash used in investing activities	0.0	0.0	0.0
Cash flows from financing activities	(63.2)	(7.7)	(22.0)
Increase (Decrease) in short-term loans from financial institutions			
Proceeds from long-term debts	709.6	(447.9)	212.9
Acquisition in capital interests	51.5	0.0	0.0
Payments of finance lease	171.0	0.5	4.9
Payments of long-term loans	0.0	0.0	0.0
Dividends paid	(345.4)	(76.1)	0.0
Net cash received (used) in financing activities	(22.8)	(54.7)	(85.6)
Cash and cash equivalent items increase(decrease)-net	563.8	(578.2)	132.2
Cash and cash equivalent items at the beginning of the year	110.0	(30.7)	(29.5)
Cash and cash equivalent items at the end of the year	26.4	136.4	105.7
	136.4	105.7	76.2

**Financial Ratio**

List	Unit	Financial Satatements		
		2015	2016	2017
Liquidity Ratio				
Current Ratio	Time	1.03	1.10	1.14
Quick Ratio	Time	0.34	0.39	0.26
Cash Flow Ratio	Time	NA	0.64	NA
Accounts Receivable Turnover Ratio	Time	7.15	6.84	7.11
Average Collection Period Ratio	Day	50.33	52.61	50.65
Inventory Turnover Ratio	Time	2.38	1.88	1.55
Average Days Sales Ratio	Day	150.98	191.44	232.68
Payable Turnover Ratio	Time	21.49	6.19	3.54
Debt Repayment Period Ratio	Day	16.75	58.18	101.64
Cash Cycle	Day	184.56	185.86	181.70
Profitability Raito		13.76	14.82	20.90
Gross Profit Margin	%	6.42	6.96	11.19
Operating Income Margin	%	1.06	0.79	0.22
Others Profit Margin	%	-478.16	595.50	NA
Cash Profit Margin	%	4.42	5.15	8.08
Net Profit Margin	%	8.21	8.68	12.85
Return on Equity Ratio	%			
Efficiency Raito		3.82	4.13	6.32
Return On Assets Ratio	%	12.06	14.77	21.12
Return On Fixed Assets Ratio	%	0.86	0.80	0.78
Assets Turnover Ratio	Time			
Financial Policy Raito		1.27	0.94	1.13
Debt to Net Worth	Time	NA	36.01	NA
Interest Coverage Ratio	Time	1.38	0.95	1.34
Debt to Equity Ratio	Time	40.10	78.73	81.11
Price to Earning Ratio	%			
Per share data (Par value of Baht 1 per share)		2.32	2.36	2.46
Book value per share	Baht	0.1919	0.2032	0.3079
Earnings Per Share*	Baht	0.1919		



Management Discussion and Analysis

Performance

Results of operations and financial position of TS Flour Mills Co., Ltd. (Thailand) in 2017 can be summarized as follows.

- Revenue

Year of 2017, the Company's revenue from selling is 1,303.3 million baht, decrease 2.7 percent from the previous year which is 1,338.8 million baht. The sale volume of the wheat is increase 0.5 percent but the sales price has been become lower to align with the price of wheat, which is the main raw material. Other income was 2.8 million baht, decrease of 7.8 million baht from last year. The company has gains from foreign exchange hedging. The other income is equal to 0.2 percent of total income.

- Costs and expenses

In 2017 the cost of wheat decreased in proportion to the sales price less the dough slightly. As a result, sales of the company was at 1,030.9 million baht or 79.1 percent of revenue from sales. It has increased compare to last year that equal 85.2 percent.

In 2017, the Company's cost of sales of 30.6 billion baht, representing 2.4 percent of revenue from sales. Increasing of the proportion of the previous year by 2.3 percent

The Company's administrative expenses were 95.9 million baht by the main items. The costs include administration. The cost of the staff Depreciation Utility Bills The land lease, warehouse, maintenance and repairs. A portion of the cost of administration of the income from the sale was only 7.4 percent increase proportions last year that equal 5.5 percent, There is a loss on exchange rates and tax penalties, which are non-regular expenses.

- Profit

In 2017, gross profit margin of the company is at 20.9 percent, higher than the gross profit margin of the company in the same period of the previous year by 14.8 percent, which is caused by This is due to lower raw material prices.

The Company had a net profit of 105.5 million baht in 2017 compared with the same period of the previous year's net profit was increase 36 million baht or 51.8 percent. Revenue from sales 1,303.3 million baht, decreased 2.7%. Wheat flour sales increased by 0.5%, but the average wheat flour price decreased by 3.8%.

However, if the comparison shows that 2015 EBITDA margin to 40 percent higher than in 2017. This reflects the ability to make a profit increase of TMILL.

- Assets

The Company's total asset at the end of 2017 was 1,773.1 million baht. It's more than at the end of 2016, 206.4 million bath, representing an increase of 13.2 percent by mainly cause from the decrease in inventories.



Trade debtors

At the end of 2017, the company's net trade debtors were 169.9 million baht, an decrease 5.6 percent from the end of 2016, which is at 180.1 million baht. By all the trade debtors are from unrelated parties

The Company evaluated doubtful accounts by analyzing payment histories, and predict the future obligations of the debtor that is not expected to be paid for the year 2017, The Company has set aside additional allowances for bad debts from SME customers which were affected by the economic situation in the past year amounting to Baht 6,000 and bad debt recovered at Baht 1.8 million.

Inventories

At the end of 2017, the company's inventories were 800.5 million baht, increase from inventories at the end of 2016, which was 532.2 million baht or 50.4 percent, and the accounting for inventories relative to total assets is a percentage. 45.1 at the end of 2017, up from 34.0 percent at the end of 2016. By the end of 2017, most of the inventory Raw materials in stock and raw materials. This significant increase. This is due to the provision of raw materials at the end of 2017 with higher volumes and higher prices at the end of 2016.

Property and equipment, net

Office buildings, factories, warehouses and silos Phase 1 of the Company is located on land lease of 30 years, commencing on August 1, 2010 to July 31, 2040 the silo Phase 2 of the Company is located in a warehouse for 30 years from the date of April 1, 2014 to March 31, 2044, the Company leased the 2 of Thailand Sugar Terminal contents (Public) ("TSTE"), plant and equipment of the Company; mainly comprised of machine building plant equipment, lab equipment and vehicles.

At the end of 2017, the Company had fixed assets of Baht 717.5 million, representing a portion of the Company's total assets. 40.5%, mainly consisting of machinery and equipment. Factory building and renovation Public utility system Decorative and office equipment and vehicles

Efficiency ratios of operation

The company's return from assets and fixed assets in 2017 which are at 6.32 and 21.12, respectively, which were higher than in 2016, The main reason for the higher performance.

In 2016-2017, the Company's asset turnover was 0.8 and 0.78, respectively.

Liquidity and Sources of funding the company.

Cash Flow

In 2017, the company had cash flow paid for operations of 139.7 million bath, with the main item is the profit before tax of 133.4 million baht, which was adjust with items such as depreciation and interest paid profit from operations before changes in operating assets and liabilities at 194.8 million baht, while the decrease in accounts receivable and 9.3 million baht, with an increase in inventories of 267.3 million baht, an decrease in accounts payable trade amounted to 45.8million baht, mostly foreign trade. The list of foreign trade company occurs between the suppliers of the Company. Materials brought aboard as the Declaration (Bill of Lading), the company is yet to come.

The Company's cash flow paid for investing activities 22.0 million baht as payment for the purchase of fixed assets

The Company's cash flow from financing activities was Baht 132.2 million. Short-term loans from financial



institutions were Baht 212.9 million for wheat, which was the main raw material for the production. The Company paid dividend of Baht 85.6 million

Liquidity

A increasing in the ratio in 2017 from 2016 due to the ratio of current assets increase less than current liabilities. The current assets at the end of 2017, up 28.3 percent from the end of 2016, due mainly to the increase in inventories, cash and cash equivalent. The current liabilities at the end of 2017, increase 24.0 percent from the end of 2016 was mainly due to an increase in short-term loans from financial institutions.

- Liabilities

At the end of 2017 and 2016, the Company had total liabilities of Baht 939.5 million and Baht 757.9 million, respectively. The increase in total liabilities in 2017 was mainly due to an increase in short-term loans from financial institutions to pay for raw materials.

Main liabilities of the Company Interest-bearing liabilities were paid at the end of 2017. The Company had interest-bearing liabilities of Baht 595.7 million, representing a proportion of the Company's shareholders equity of 0.71 times, up from the end of 2016. 0.47 times while capital from shareholders was 833.6 million baht and 808.8 million baht at the end of 2016 and 2015, respectively.

- Equity shares

At the end of 2017, the Company's equity shares, equal to 833.6 million baht, an increase of 24.8 million baht from the end of 2016 As a result of the total net profit of Baht 105.5 million, the increase of paid-up capital of Baht 4.9 million and the dividend payment of Baht 85.6 million.

- Capital Structure

Debt to equity ratio at the end of 2017 and 2016 was 1.13 times and 0.94 times, respectively. The increase in debt to equity ratio at the end of 2017 was mainly due to the increase in debt to equity ratio. Short-term loans from financial institutions Total liabilities increased by 24.0%, while shareholders' equity increased by 13.2% compared to the end of 2016.

Auditor's remuneration

The Company has audited fee in the year 2017 amounting to Baht 680,000.00 and other service fees. The amount of Baht 60,000.00 is equal to the year 2016.



Report of the committees responsibility in doing financial report (2017)

The boards of directors are responsible for financial budget and all information that are appeared in the annual report. An annual financial report of December 31, 2017 had made following the global accounting standard by using appropriate policies with prudence. All information is full with important detail which is enough for understanding financial position, overall operation and company's cash flow with transparency. The information will be beneficial for shareholders and other investors which are proved by an auditor (A M C Office Co., Ltd.) giving opinion without comments thoroughly. During the auditing process, the Company totally supports an auditor by giving important information and documents so that the auditor can do his job successfully.

Moreover, the boards of director also efficiently and effectively maintain internal system to examine and control its organization. The boards of directors agree that the internal system of its organization is perfect enough to create confidence for the financial report of the Company in December 31, 2017.

Furthermore, the boards of Committee appoint audit committees which are independent committees. Audit committees will be responsible for financial report in order to make it work properly as well as internal control system supporting information to an auditor. The opinions of audit committees have already appeared through the audit committees' part of annual report.

(Mr.Narong Chenlapwatanakul)

Executive Committee

(Dr.Charnkrij Dejvitak)

Executive vice chairman & Managing Director



Part II

T S Flour Mill Public Company Limited

Financial Statement

For the Year's Ended 2017

AUDITOR'S REPORT

To the Shareholders of T S FLOUR MILL PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying financial statements of T S FLOUR MILL PUBLIC COMPANY LIMITED, which comprise the statements of financial positions as at December 31, 2017, and statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to financial statements and a summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of T S FLOUR MILL PUBLIC COMPANY LIMITED as at December 31, 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for opinion

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

Other matter

The financial statements of T S FLOUR MILL PUBLIC COMPANY LIMITED for the year ended December 31, 2016, which presented for comparative information purposes, were audited by another auditor in the same audit firm, who expressed an unqualified opinion on those financial statements in his report dated February 23, 2017.

Key audit matters

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

1. Allowance for doubtful accounts

As at December 31, 2017, The Company's trade and other receivables in the amount of Baht 173.76 million and allowance for doubtful accounts in the amount of Baht 7.27 million as in note to financial statement No.6. Trade and other receivables were shown at cost net of allowance for doubtful accounts, which the management had to exercise the appropriate judgment in determining the allowance for doubtful accounts. The receivables were expected to be paid based on payment history, aging overdue, the payments after the reporting period, the dunning results, the legal proceeding results and the debtor's ability to pay off debt the reporting period which were expected to occur.

How my audit addressed the key audit matter

I had been convinced about the appropriateness of the assumptions the management used to calculate the allowance for doubtful accounts by testing the calculation of the accounts receivable analysis aging report, by inquiring the management and checking of relevant documents, by considering the causes of debtors behind in payment, by the results of dunning and related legal proceedings, by examining payment received after the reporting period, by examining the comparison between risks of a number of receivables not paying off and the Company recorded an allowance for doubtful whether it was appropriate.

2. Revenue recognition

Revenue from sales of goods is the Company's significant accounts because the amounts of revenue recorded would directly affect the Company's profit or loss for the year. There are therefore risks with respect to the amount and timing of revenue recognition. For this reason, I have paid particular attention to the Company's recognition revenue from sales of goods in order to ensure that the revenues are recorded correctly and in accordance with the relevant accounting standards.

How my audit addressed the key audit matter

I have examined the Company's revenue recognition by evaluating the effectiveness of the Company's internal controls with respect to revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year and near the end of the accounting period. In addition, I reviewed credit notes issued by the Company to its customers after the period-end and performed analytical review procedures on the sales account to identify possible irregularities in sales transactions throughout the period.

Other information

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

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is

SAM NAK-NGAN A.M.C. Co., Ltd.

(Miss Praphasri Leelasupha)

Certified Public Accountant Registration No. 4664

Bangkok,

February 22, 2018

T S FLOUR MILL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITIONS

As at December 31, 2017

		(Unit : Baht)	
	Notes	2017	2016
<u>Assets</u>			
Current assets			
Cash and cash equivalent items	5	76,235,941	105,723,887
Trade and other receivables	6	173,758,373	181,297,606
Inventories	7	800,471,112	532,187,519
Other current assets		1,154,444	486,921
Total current assets		1,051,619,870	819,695,933
Non-current assets			
Plant and equipment	8	717,519,242	742,842,468
Deferred tax assets	9	1,829,347	1,989,000
Other non-current assets		2,162,869	2,166,154
Total non-current assets		721,511,458	746,997,622
Total assets		1,773,131,328	1,566,693,555

These financial statements have been approved by the Annual General Shareholders' Meeting No. 1/2018 held on April 26, 2018

.....
(Mr.Narong Chenlapwatanakul)

Executive Director

.....
(Mr.Charnkrij Dejvitak)

Executive Vice Chairman & Managing Director

Notes to financial statements are an integral part of these financial statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITIONS
As at December 31, 2017

(Unit : Baht)			
	Notes	2017	2016
<u>Liabilities and shareholders' equity</u>			
Current liabilities			
Short-term loans from financial institutions	11	595,654,160	382,792,923
Trade and other payables	12	298,542,730	341,523,405
Accrued income tax payable		11,199,685	10,211,364
Other current liabilities		14,687,069	7,694,954
Total current liabilities		920,083,644	742,222,646
Non-current liabilities			
Employee benefit obligations	13	826,594	733,811
Other non-current liabilities	4.1	18,615,158	14,977,148
Total non-current liabilities		19,441,752	15,710,959
Total liabilities		939,525,396	757,933,605

These financial statements have been approved by the Annual General Shareholders' Meeting No. 1/2018 held on April 26, 2018

.....
 (Mr.Narong Chenlapwatanakul)

Executive Director

.....
 (Mr.Charnkrij Dejvitak)

Executive Vice Chairman & Managing Director

Notes to financial statements are an integral part of these financial statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITIONS

As at December 31, 2017

		(Unit : Baht)	
	Notes	2017	2016
Shareholders' equity			
Share capital	14		
Authorized share capital			
399,000,000 ordinary shares @ Baht 1.00 each		399,000,000	399,000,000
Issued and paid-up share capital			
344,706,426 ordinary shares @ Baht 1.00 each		344,706,426	-
342,246,156 ordinary shares @ Baht 1.00 each		-	342,246,156
Premiums on ordinary shares	14 and 16	284,027,020	281,566,750
Retained earnings			
Appropriated			
Legal reserve	16	33,000,000	27,700,000
Unappropriated		171,872,486	157,247,044
Total shareholders' equity		833,605,932	808,759,950
Total liabilities and shareholders' equity		1,773,131,328	1,566,693,555

These financial statements have been approved by the Annual General Shareholders' Meeting No. 1/2018 held on April 26, 2018

.....
(Mr.Narong Chenlapwatanakul)

Executive Director

.....
(Mr.Charnkrij Dejvitak)

Executive Vice Chairman & Managing Director

Notes to financial statements are an integral part of these financial statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2017

		(Unit : Baht)	
	Notes	2017	2016
Revenue from sales		1,303,295,638	1,338,836,006
Cost of sales	7	(1,030,933,500)	(1,140,477,425)
Gross profit		272,362,138	198,358,581
Other income		2,849,067	10,688,504
Selling expenses		(30,638,284)	(30,988,286)
Administrative expenses		(95,875,923)	(74,125,699)
Finance cost		(15,255,079)	(16,377,228)
Profit before income tax		133,441,919	87,555,872
Income tax expenses	20	(27,952,577)	(18,052,003)
Profit for the year		105,489,342	69,503,869
Other comprehensive income		-	-
Total comprehensive income for the years		105,489,342	69,503,869
Earnings per share	21		
Basic earning per share		0.31	0.20
Diluted earning per share		0.28	0.19

.....
(Mr.Narong Chenlapwatanakul)

Executive Director

.....
(Mr.Charnkrij Dejvitak)

Executive Vice Chairman & Managing Director

Notes to financial statements are an integral part of these financial statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2017

(Unit : Baht)

		Issued and paid-up share capital	Premiums on share capital	Retained Earnings		Total shareholders' equity
	Notes			Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2016		342,000,000	281,320,594	24,200,000	145,966,895	793,487,489
Profit for the year		-	-	-	69,503,869	69,503,869
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the years		-	-	-	69,503,869	69,503,869
Increased ordinary shares	14 and 15	246,156	246,156	-	-	492,312
Appropriated legal reserve	16	-	-	3,500,000	(3,500,000)	-
Dividend paid	17	-	-	-	(54,723,720)	(54,723,720)
Balances as at December 31, 2016		342,246,156	281,566,750	27,700,000	157,247,044	808,759,950
Profit for the year		-	-	-	105,489,342	105,489,342
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the years		-	-	-	105,489,342	105,489,342
Increased ordinary shares	14 and 15	2,460,270	2,460,270	-	-	4,920,540
Appropriated legal reserve	16	-	-	5,300,000	(5,300,000)	-
Dividend paid	17	-	-	-	(85,563,900)	(85,563,900)
Balances as at December 31, 2017		344,706,426	284,027,020	33,000,000	171,872,486	833,605,932

.....
(Mr.Narong Chenlapwatanakul)

Executive Director

.....
(Mr.Charnkrij Dejvitak)

Executive Vice Chairman & Managing Director

Notes to financial statements are an integral part of the above statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017

(Unit : Baht)

	2017	2016
Cash flow from operating activities		
Profit before income tax	133,441,919	87,555,872
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities :		
Doubtful accounts (reversal)	(1,770,474)	1,313,566
Loss from decline in the value of inventories (reversal)	(991,614)	991,614
Depreciation	48,711,315	42,971,993
(Gain) Loss from disposed fixed assets	221,583	(24,124)
Unrealized (gain) loss on exchange rate	485,040	(43,653)
Employee benefits expenses	142,338	132,624
Interest income	(234,869)	(360,007)
Interest expenses	14,763,786	16,065,246
Profit from operation before changes in operating assets and liabilities	194,769,024	148,603,131
Operating assets (increase) decrease		
Trade and other receivables	9,307,623	16,964,628
Inventories	(267,291,979)	147,699,005
Other current assets	(667,523)	(79,697)
Other non-current assets	3,285	(35,717)
Operating liabilities increase (decrease)		
Trade and other payables	(45,847,967)	273,235,019
Other current liabilities	6,992,115	(290,529)
Employee benefits obligations	(49,555)	-
Other non-current liabilities	3,638,010	3,638,011
Cash received (paid) from operating activities	(99,146,967)	589,733,851
Interest received	236,953	362,669
Income tax paid	(26,804,603)	(18,556,032)
Net cash received from (used in) operating activities	(125,714,617)	571,540,488

.....
(Mr.Narong Chenlapwatanakul)

Executive Director

.....
(Mr.Charnkrij Dejvitak)

Executive Vice Chairman & Managing Director

Notes to financial statements are an integral part of the above statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017

	(Unit : Baht)	
	Note	
	2017	2016
Cash flow from investing activities		
Cash paid for assets purchased	(23,172,971)	(7,744,222)
Cash received from sale of plant and equipment	1,205,000	27,936
Net cash used in investing activities	(21,967,971)	(7,716,286)
Cash flow from financing activities		
Increase (Decrease) in short-term loan from financial institutions	212,861,237	(447,863,091)
Interest paid	(14,023,235)	(16,268,451)
Cash paid for long-term loan from financial institutions	-	(76,133,536)
Cash received from increased ordinary shares	4,920,540	492,312
Dividend paid	(85,563,900)	(54,723,720)
Net cash received from (used in) financing activities	118,194,642	(594,496,486)
Cash and cash equivalent items decrease-net	(29,487,946)	(30,672,284)
Cash and cash equivalent items at the beginning of the year	105,723,887	136,396,171
Cash and cash equivalent items at the end of the year	5 76,235,941	105,723,887

Additional disclosure :

Items not affecting cash flow are as follows :-

- Transfer deposited for asset to inventories	-	112,644
- Purchase plant and equipment by credit	1,641,701	368,452
- Plant and equipment decrease by credit note from construction fines	-	2,661,288

.....
(Mr.Narong Chenlapwatanakul)

Executive Director

.....
(Mr.Charnkrij Dejvitak)

Executive Vice Chairman & Managing Director

Notes to financial statements are an integral part of the above statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. General information

T S FLOUR MILL PUBLIC COMPANY LIMITED (The Company) was registered on February 3, 1977 as a limited company under Civil and Commercial Code with company registration number 0105520001455 and later registered its conversion to a public company limited on June 29, 2010 with registration number 0107553000131. Its registered office and factory are located at 90/9 Moo 1, Soi Siamsilo, Poochaosamingphrai Road, Tambon Samrongklang, Amphur Phrapradaeng, Samutprakarn Province, Thailand. Presently the Company operates businesses in Thailand relating to production and distribution of wheat flour.

The Parent Company is Thai Sugar Terminal Public Co., Ltd., which holds 68.80 % of the Company's shares which is incorporated in Thailand.

On November 23, 2012, the Company was listed on The Market for Alternative Investment of Thailand and commenced public trading of its ordinary shares on the same date.

2. Basis of financial statements preparation

2.1 The financial statements are issued for Thai reporting purposes in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

2.2 The financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals ("FAP") established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

2.3 New financial reporting standards

2.3.1 New and revised TFRS that became effective in the current period

During the year, the Company adopted a number of new and revised Thai financial reports standards (TFRS) and interpretations, issued by the FAP, that is effective for fiscal years beginning on or after January 1, 2017, as listed below.

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)</u>	
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimate and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
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 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
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 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings per Share

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS) (continuous)</u>	
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discounted Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
<u>Thai Accounting Standard Interpretations (TSIC)</u>	
TSIC 10 (revised 2016)	Government Assistance-No Specific Relation to Operating Activities
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
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue-Barter Transactions involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets-Web Site Costs
<u>Thai Financial Reporting Interpretations (TFRIC)</u>	
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

<u>Reference standard No.</u>	<u>Name</u>
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Thai Financial Reporting Interpretations (TFRIC) (continuous)

TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmer
TFRIC 14 (revised 2016)	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

2.3.2 New and revised financial reporting standards not yet effective

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards, interpretations accounting standards, interpretations financial reporting standards and accounting practices that are mandatory for annual periods beginning on or after January 1, 2018. The Company has not yet early adopted these new and revised financial reporting standards which are as follows:

<u>Reference standard No.</u>	<u>Name</u>
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Thai Accounting Standards (TAS)

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimate and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
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TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS) (continuous)</u>	
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 2 (revised 2017)	Share-based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discounted Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
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TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The management of the Company believes that above financial reporting standards will not have any significant impact on the financial statements in the year of initial application.

- 2.4 The Company have been reclassified to correspond with the presentation of the financial statements with no effect to the reported total comprehensive income for the year or shareholders' equity. The reclassifications comprised of the following : Preparation of the financial statements in conformity with Thai Financial Reporting Standard requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions used in preparation of financial statements will be revised regularly. Revisions to accounting estimates are recognized in the period in which those estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows: -

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement

Allowance for doubtful debt

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for the cost of goods exceeding net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Plant and equipment and depreciation

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

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

Deferred tax assets

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

Estimate on employee benefit obligations

The obligation under the post-employment benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of the litigation. The management has used judgment to assess of the results of the litigation and estimated contingent damage.

Other estimates are disclosed under related caption in these notes to financial statements.

3. Summary of significant accounting policies

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

3.2 Trade and other receivables are shown 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 from the uncollectability of each account receivable. Bad debts are written off when incurred.

3.3 Inventories are shown at the lower of cost or net realizable value, cost is calculated using the first in first out basis.

Cost 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.

Net realizable value is the estimated selling price in the ordinary course of business less the needed, estimated costs to complete and to make the sale.

3.4 Plant and equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, 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 capitalized borrowing costs.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains or losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognized net within other income or other expense in profit or loss.

Subsequent costs, the cost of replacing a part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

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 plant and equipment. The estimated useful lives are as follows:

- Building and Building improvement	30	years
- Machine and equipment	20-30	years
- Utilities	20	years
- Furniture and office equipment	3-10	years
- Vehicle	7-12	years

No depreciation is calculated for the assets in construction and machine during installation.

- 3.5 Intangible assets are shown at cost less by accumulated, amortized expense and allowance for impairment (if any). Amortization is calculated over the cost of the asset less its residual value. Amortization is recognized 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 are as follows:

- Accounting software	10	years
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- 3.6 Impairment of assets, the carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

The recoverable amount is the greater of the assets' net selling price and value in use. 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.

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 amortization, if no impairment loss had been recognized.

- 3.7 Trade and other accounts payable are shown at cost.
- 3.8 Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.
- 3.9 Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. 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. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

3.10 Employee benefits

Short-term employee benefits

The Company recognizes salaries, wages, bonuses and contributions to Social Security Fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income in the period in which they arise.

- 3.11 Provision is recognized in the statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

3.12 Revenues recognition excludes value added taxes and present net off trade discounts with the following policies: -

3.12.1 Revenue from sales are recognized in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the economic benefit due from the sale of goods or render of services or the amount of the revenue and cost incurred could not be reasonably measured or the probable return of goods.

3.12.2 Revenues from interest received are recognized according to the related period.

3.12.3 Other revenues are recognized by accrual basis.

3.13 Expenses recognition are as follows :-

3.13.1 Payments made under operating leases are recognized on a straight-line basis over the term of the lease.

3.13.2 Finance costs such as 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 capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.13.3 Other expenses are recognized by accrual basis.

3.14 Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settle

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

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

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

3.15 Earning per share

3.15.1 Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

3.15.2 Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares in issue during the period plus the weighted average number of common shares which would need to be issued to convert all dilutive potential common shares into common shares. The calculation assumes that such conversion took place either at beginning of the year or on the date the potential common shares were issued.

3.16 Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the reporting date are translated into Baht at the rates ruling on that date. Exchange gains or losses are included as incomes or expenses in profit or loss.

- 3.17 The related parties and related companies with the Company meant individuals or enterprises which have the controlling power over the Company or are controlled by the Company either directly or indirectly, or under the same control with the Company. Furthermore, the related parties or related companies are also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly and have significant influence to the Company, important management, directors or the employees of the Company who have the power to plan and control the operations of the Company including the family members close to the said persons which could persuade or have power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 3.18 The sectoral business operation is disclosed under the separate business sectors of the Company, by the business sector that acquires products or provides services which have different risks and return from the risks and return of the products or services provide by other business sectors
- 3.19 Financial instruments consisted of financial assets and liabilities which carried on the statements of financial positions include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

Foreign currency forward contracts are meant to prevent risk from volatile movements in exchange rates by establishing a future rate at which a foreign currency asset and liability will be settled. Gain or loss from the foreign currency forward contracts will be recorded in profit of loss when the contracts are settled or contractual terms are expired.

3.20 Fair value measurement

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

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

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

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

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

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

4. Inter-transactions between related parties

The Company incurred business transactions with related entities, which have the same group of shareholders or mutual directors. Such transactions are based on commercial terms and according to criteria agreed between the Company and those companies. The transactions are summarized below :-

4.1 Inter-assets and liabilities

	(Unit : Baht)	
<u>Type of items/company name</u>	<u>2017</u>	<u>2016</u>
- Deposit payment-included in trade and other receivables		
Parent company	1,005,000	-
Related company	576,000	-
Total	<u>1,581,000</u>	<u>-</u>
- Deposit payment-included in other non-current assets		
Parent company	1,738,300	1,738,300
- Trade payable		
Related company	2,183,245	1,922,030
- Other accrued expenses		
Parent company	23,376	9,878
- Other non-current liabilities		
Parent company	18,615,158	14,977,148

4.2 Inter-revenues and inter-expenses

- Inter-revenues and inter-expenses for the years ended December 31, 2017 and 2016

(Unit : Baht)

<u>Type of items/company name</u>	<u>2017</u>	<u>2016</u>
- Expenses of land rental		
Parent company	5,410,958	5,410,958
- Expenses of warehouse rental		
Parent company	11,597,632	11,507,632
- Expenses of silo rental		
Related company	2,304,000	864,000
- Packing expenses		
Related company	14,264,470	14,661,840
- Expenses of providing transportation		
Parent company	126,620	179,300
- Other expenses		
Parent company	2,020,031	1,105,339
Related company	110,400	16,000
Total	<u>2,130,431</u>	<u>1,121,339</u>
- Dividend paid		
Parent company	59,289,930	37,945,555
- Directors' and important management's remuneration		
Short-term benefits	33,314,449	28,869,333
Post-employment benefits	204,753	200,784
Total	<u>33,519,202</u>	<u>29,070,117</u>

Pricing Policies

- Expenses of land and warehouse rental that the Company has entered into agreements with its parent and related companies have the following conditions: -
 - 1) A land lease agreement to construct office building and production factory plants. The contractual term is for 30 years, commencing from August 1, 2010 to July 31, 2040. The lease fee for the 1st to 5th year is Baht 350,650 per month and every five years the lease fee is to be increased by 10% of the existing lease fee. The lessee agreed to paid deposit for rental guarantee at double amount of monthly rental fee for every 5-year lease period and the initial deposit of Baht 701,300 has been made. When the lease contract expires and the lessee wish to renew the lease contract, the lessee shall inform the lessor at least 2 years before the expiration of the contact period and the lesser agrees to renew the leasehold right to the lessee to lease not more than 30 years. When the lease agreement has been terminated, the lessee shall surrender the land with existing construction (if any) as at the expiration date to the lessor except the contractual parties agreed otherwise regarding the constructions on the leased land.
 - 2) A warehouse lease agreement to construct silo building and warehouse lease agreements to store inventory. The contractual term is for 30 years, commencing from April 1, 2014 to March 31, 2044. The lease fee for the 1st to 5th year is Baht 518,500 per month and every five years the lease fee is to be increased by 15% of the existing lease fee. The lessee agreed to deposit the rental guarantee at double amount of monthly rental fee for every 5-year lease period and the initial deposit of Baht 1,037,000 has been made. When the lease contract expires and the lessee wish to renew the lease contract, the lessee shall inform the lessor at least 2 years before the expiration of the contract period.
 - 3) A warehouse and silo lease agreement to store raw materials according to the terms of the lease which the period of rental not over 12 months.
- Inter-other income and other expenses are the price and on the trading term comparable with those applied to other parties in accordance with the conditions of general business in market price.

4.3 Relationship of related companies

Consisted of :-

<u>Company's name</u>	<u>Relationship</u>	<u>Related by</u>
THAI SUGAR TERMINAL PUBLIC CO.,LTD.	Parent company	Direct shareholding 68.80%
T S G ASSET CO., LTD.	Related company	Parent company and mutual executives
T S OIL INDUSTRY CO., LTD.	Related company	Parent company and mutual executives
T S TRANSPORT AND LOGISTICS CO., LTD.	Related company	Parent company and mutual executives
T S WAREHOUSE CO., LTD.	Related company	Parent company and mutual executives

5. Cash and cash equivalent items

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Cash	20,000	20,000
Bank deposit of saving account	36,110,300	58,795,900
Bank deposit of current account	39,498,161	45,921,737
Cheque on hand	607,480	986,250
Total	<u>76,235,941</u>	<u>105,723,887</u>

6. Trade and other receivables

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Trade accounts receivable	177,184,526	189,096,126
<u>Less</u> Allowance for doubtful debts	<u>(7,273,598)</u>	<u>(9,044,072)</u>
Trade accounts receivable	169,910,928	180,052,054
Prepaid expenses	2,007,737	938,367
Deposits for related parties	1,581,000	-
Others	258,708	307,185
Total	<u>173,758,373</u>	<u>181,297,606</u>

Aging analyses for trade accounts receivable were as follows :-

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Domestic trade accounts receivable		
Not yet due	109,480,316	116,998,853
Overdue not over 3 months	60,430,612	62,897,601
Overdue not over 6 months	-	155,600
Overdue not over 12 months	-	62,250
Overdue over 12 months	7,273,598	8,981,822
Total	177,184,526	189,096,126
<u>Less</u> Allowance for doubtful debts	(7,273,598)	(9,044,072)
Net	169,910,928	180,052,054

The normal credit term granted by the Company ranges from 15 days to 60 days.

The Company has movements in transactions of allowance for doubtful accounts for the years ended December 31, 2017 and 2016 as follows: -

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Beginning balance as at January 1,	9,044,072	7,730,506
<u>Plus</u> Allowance for doubtful debts	6,000	2,256,900
<u>Less</u> Reversal of allowance for doubtful debts	(1,776,474)	(943,334)
Ending balance as at December 31,	7,273,598	9,044,072

7. Inventories

Consisted of: -

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Raw materials	503,520,054	189,162,359
Work in process	13,535,774	11,207,531
Finished goods	7,270,148	10,955,068
Supplies	1,141,724	988,497
Raw materials in transit	271,470,498	317,750,355
Spare parts and factory supplies	3,532,914	3,115,323
Total	800,471,112	533,179,133
<u>Less</u> Allowance for decline in value of inventories	-	(991,614)
Net	800,471,112	532,187,519

The Company has movements in transactions of allowance for decline in value of inventories for the years ended December 31, 2017 and 2016 as follows: -

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Beginning balance as at January 1,	991,614	-
<u>Plus</u> Allowance for decline in value of inventories	-	991,614
<u>Less</u> Reversal of allowance for decline in value of inventories	(991,614)	-
Ending balance as at December 31,	-	991,614

	(Unit : Baht)	
	<u>For the years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Cost of inventory record as expense and include in the cost of good sold		
- Cost of good sold	1,031,925,114	1,139,485,811
- Loss for declining in value of inventories (reversal)	(991,614)	991,614
Net	1,030,933,500	1,140,477,425

8. Plant and equipment

Consisted of: -

	(Unit : Baht)						
	Building and Building improvement	Machine and equipment	Utilities	Furniture and office equipment	Vehicles	Work in construction	Total
Cost :-							
As at January 1, 2016	196,309,340	564,790,898	52,811,057	14,180,235	22,065,609	144,351,560	994,508,699
Purchase	165,000	2,397,710	4,150	795,400	2,112,150	2,638,264	8,112,674
Transfer in	1,598,000	141,688,893	9,340	166,800	93,458	-	143,556,491
Disposal/Written off	-	(52,500)	-	(158,403)	-	-	(210,903)
Transfer out	-	-	-	-	-	(143,669,135)	(143,669,135)
Decrease from construction fines	-	-	-	-	-	(2,661,288)	(2,661,288)
As at December 31, 2016	198,072,340	708,825,001	52,824,547	14,984,032	24,271,217	659,401	999,636,538
Purchase	1,691,975	5,158,406	611,836	1,808,712	12,642,799	2,900,944	24,814,672
Transfer in	-	-	-	102,687	752,857	-	855,544
Disposal/Written off	-	(44,660)	(4,280)	(228,721)	(3,971,963)	-	(4,249,624)
Transfer out	-	-	-	-	-	(855,544)	(855,544)
As at December 31, 2017	199,764,315	713,938,747	53,432,103	16,666,710	33,694,910	2,704,801	1,020,201,586
Accumulated Depreciation :-							
As at January 1, 2016	(35,093,621)	(142,926,215)	(14,569,039)	(9,416,813)	(12,023,480)	-	(214,029,168)
Depreciation for the year	(6,989,979)	(29,952,203)	(2,717,894)	(1,851,479)	(1,460,438)	-	(42,971,993)
Disposal/Written off	-	48,799	-	158,292	-	-	207,091
As at December 31, 2016	(42,083,600)	(172,829,619)	(17,286,933)	(11,110,000)	(13,483,918)	-	(256,794,070)
Depreciation for the year	(7,068,400)	(35,330,765)	(2,735,289)	(1,819,704)	(1,757,157)	-	(48,711,315)
Disposal/Written off	-	42,841	355	220,829	2,559,016	-	2,823,041
As at December 31, 2017	(49,152,000)	(208,117,543)	(20,021,867)	(12,708,875)	(12,682,059)	-	(302,682,344)
Net Book Value :-							
As at December 31, 2016	155,988,740	535,995,382	35,537,614	3,874,032	10,787,299	659,401	742,842,468
As at December 31, 2017	150,612,315	505,821,204	33,410,236	3,957,835	21,012,851	2,704,801	717,519,242
Depreciation was shown in profit or loss for the year							
Ended December 31, 2016							42,971,993
Ended December 31, 2017							48,711,315

As at December 31, 2017 and 2016, the Company's wheat flour factory building and machines with the book value of 608.39 million and Baht 644.24 million respectively. The Company is abided by the Negative pledge to a financial institution not to engage any financial burden on a factory, machines and related equipment the Company held at the present and in the future as mentioned in the notes to financial statement No.10.

As at December 31, 2017 and 2016, the Company's assets were fully depreciated but still in use at cost values of Baht 15.13 million, book value of Baht 1,634.45 and cost values of Baht 13.33 million, book value of Baht 1,468.46 respectively.

As at December 31, 2017 and 2016, the Company's building and construction in progress of factory building with the book value of Baht 244.98 million and Baht 257.50 million respectively, were constructed on the land leased from the parent company, as detailed in the notes to financial statements No. 4.2.

9. Deferred tax assets

Deferred tax assets and liabilities as at December 31, 2017 and 2016 were as follows :-

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Deferred tax assets	5,638,200	5,375,548
Deferred tax liabilities	(3,808,853)	(3,386,548)
Net	<u>1,829,347</u>	<u>1,989,000</u>

Movements in total deferred tax assets for the years ended December 31, 2017 and 2016 were as follows :-

	(Unit : Baht)					
	For the year ended December 31, 2016			For the year ended December 31, 2017		
	As at January 1, 2016	(Charged) / credited to profit or loss (Note 20)	As at December 31, 2016	As at January 1, 2017	(Charged) / credited to profit or loss (Note 20)	As at December 31, 2017
Deferred tax assets						
Trade accounts receivable						
(Allowance for doubtful debts)	1,546,101	262,713	1,808,814	1,808,814	(354,094)	1,454,720
Inventories	-	198,323	198,323	198,323	(198,323)	-
Software installation	90,860	(90,860)	-	-	-	-
Provision of litigation	-	226,219	226,219	226,219	68,911	295,130
Employee benefit obligations	120,237	26,525	146,762	146,762	18,557	165,319
Non current liabilities	2,267,827	727,603	2,995,430	2,995,430	727,601	3,723,031
Total	4,025,025	1,350,523	5,375,548	5,375,548	262,652	5,638,200
Deferred tax liabilities						
Plant and equipment	(2,966,863)	(419,685)	(3,386,548)	(3,386,548)	(422,305)	(3,808,853)
Net	1,058,162	930,838	1,989,000	1,989,000	(159,653)	1,829,347

10. Credit facilities and guarantee

As at December 31, 2017 and 2016, the Company received the following credit facilities from financial institutions; bank overdraft, short-term and long-term loans, trust receipts, letter of credit and forward exchange contracts from financial institutions, as mentioned in the notes to financial statements No. 11 and 23.1 the Company needs to settle the obligations of mortgage as well as assets pledged as guarantees to the lenders and adjust conditions borrowing to Negative Pledge.

11. Short-term loans from financial institutions

Consisted of :-

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Promissory note	200,000,000	215,000,000
Trust receipts payable	395,654,160	167,792,923
Total	<u>595,654,160</u>	<u>382,792,923</u>

As at December 31, 2017 and 2016, promissory notes has maturity dated in 1 month the type of call with bearing the interest rates at 2.25-2.35% per annum.

As at December 31, 2017 and 2016, trust receipts payable which loans in Baht currency and bearing the interest rate at the fixed interest rate basing on the financial market situation, under term of trust receipt contract, the Company received merchandise ordered by using credit of the financial institutions. Hence, the Company constitutes obligation commitment to the financial institutions for such merchandise fee both that kept or disposed.

Short-term loans from financial institution have term of credit facilities and guarantee as mentioned in the notes to financial statement No.10.

12. Trade and other payables

Consisted of :-

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Trade accounts payable		
- Trade accounts payable-related parties	2,138,245	1,922,030
- Trade accounts payable-other parties	263,276,717	314,773,745
Total trade accounts payable	265,414,962	316,695,775
Other accounts payable	6,551,121	3,702,680
Accrued expenses-related parties	23,376	9,878
Accrued expenses-other parties	26,553,271	18,637,346
Advance received	-	2,471,726
others	-	6,000
Total	298,542,730	341,523,405

13. Employee benefit obligations

Movement in the employee benefit obligations is as follows :-

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Employee benefit obligations as at January 1,	733,811	601,187
Current service cost	108,397	104,197
Interest cost on obligations	33,941	28,427
<u>Less</u> Employee benefit paid	(49,555)	-
Employee benefit obligations as at December 31,	826,594	733,811

Expenses recognized in statement of comprehensive income for the years ended December 31, 2017 and 2016 are as follows :-

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
<u>Recognized in profit or loss</u>		
Cost of sales	54,023	50,405
Administrative expenses	88,315	82,219
Total	<u>142,338</u>	<u>132,624</u>

Principal actuarial assumptions at the reporting date are as follows: -

	<u>2017</u>	<u>2016</u>
Discount rate	4.03%	4.03%
Salary increase rate	Age band	Age band
Employee turnover rate	5.00%	5.00%
Retirement age	55 year	55 year

Assumptions on the future mortality rate hold to the publicly published statistic information. The discount rate is the yield of government bonds that have maturity date approximating the term of the Company's obligations.

Sensitivity analysis

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

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Discount rate increase (0.5% movement)	(22,195)	(21,857)
Discount rate decrease (0.5% movement)	23,556	23,205
Future salary growth increase (0.5% movement)	30,795	30,096
Future salary growth decrease (0.5% movement)	(28,959)	(28,527)
Employee turnover increase rate (1.0% movement)	(69,762)	(69,105)
Employee turnover decrease rate (1.0% movement)	81,517	79,141

14. Share capital

Authorized share capital and paid up share capital are movement as follow

	Par	2017		2016	
	Value	Number of	Amount	Number of	Amount
	(Baht)	Shares	Baht	Shares	Baht
Authorized share capital					
Ordinary shares at beginning of period	1.00	399,000,000	399,000,000	399,000,000	399,000,000
<u>Add</u> Increase ordinary Shares	1.00	-	-	-	-
<u>Less</u> Decrease ordinary Shares	1.00	-	-	-	-
Ordinary shares at end of period	1.00	399,000,000	399,000,000	399,000,000	399,000,000
Issue and paid-up share capital					
Ordinary shares at beginning of period	1.00	342,246,156	342,246,156	342,000,000	342,000,000
<u>Add</u> Increase ordinary Shares	1.00	2,460,270	2,460,270	246,156	246,156
Ordinary shares at end of period	1.00	344,706,426	344,706,426	342,246,156	342,246,156

In 2017, the Company received proceeds from the increasing in share capital from the exercise of warrants TMILL-W1 for 2,460,270 additional ordinary shares of Baht 2.0 each. As a result, issued and paid up share capital increasing Baht 2,460,270 and premium on share capital increasing Baht 2,460,270. The Company registered the increase in share capital from the exercise of the warrants with the Ministry of Commerce in November 2017.

In 2016, the Company received proceeds from the increasing in share capital from the exercise of warrants TMILL-W1 for 246,156 additional ordinary shares of Baht 2.0 each. As a result, issued and paid up share capital increasing Baht 246,156 and premium on share capital increasing Baht 246,156. The Company registered the increase in share capital from the exercise of the warrants with the Ministry of Commerce in November 2016.

15. Warrants

Type of warrants	: Warrants # 1 appropriated for the former shareholders of the Company (Warrants # 1 or “TMILL-W1”)
Number of warrants	: 57,000,000 units
Term of warrants	: 3 years commencing from the issued date
Issue Date	: November 16, 2015
Rights of warrants	: Exercise Ratio, 1 unit of warrant per 1 ordinary share (Exercise ratio and Exercise price may be subsequently adjusted in accordance with the conditions on the right adjustment)
Exercise Price	: At Baht 2.0 per share (par value at Baht 1.00)
Outstanding unit as at December 31, 2017	: 54,293,574 units

Movements of warrants TMILL-W1 during for the year ended December 31, 2017 are summarized below :-

	(Unit : Unit of warrants)
Warrants issued as at January 1, 2017	56,753,844
<u>Less</u> Exercised during the period	<u>(2,460,270)</u>
Warrants issued as at December 31, 2017	<u><u>54,293,574</u></u>

16. Premium on ordinary shares and legal reservePremium on ordinary shares

Premium on ordinary shares is stated in accordance with Section 51 of the Public Limited Company Act B.E. 2535, in the event the Company offers the ordinary shares for sale at the price exceeding the registered share price, the Company shall appropriate this surplus as reserve (“Premium on ordinary shares”). This premium on ordinary shares cannot be paid out as dividend

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution. In 2017 and 2016, the Company appropriated Baht 5.30 million Baht 3.50 million respectively, of the profit for the year as legal reserve.

17. Dividend paid

	Approved by	Dividend paid	Dividend paid	Date of
		(Unit : Thousand Bath) per share(Baht) dividend payment		
Payment announced from the interim profit of Jan.1, 2016-Jun. 30, 2017	The board of Directors meeting no.8/2017 on August 31, 2017	61,607	0.18	Sep 29, 2017
Payment announced from the profit of the year 2016	The Annual 2016 General Meeting of shareholder's held on April 27, 2017	23,957	0.07	May 19, 2017
Total		85,564	0.25	
Payment announced from the interim profit of Jan.1, 2016-Jun. 30, 2016	The board of Directors meeting no.8/2016 on August 25, 2016	27,364	0.08	Sep 23, 2016
Payment announced from the profit of the year 2015	The Annual 2015 General Meeting of shareholder's held on April 28, 2016	27,360	0.08	May 19, 2016
Total		54,724	0.08	

18. Capital management

The primary objectives of the Company's capital management are to maintain its ability to continue as a going concern, to maintain an appropriate capital structure and to maintain financial ratios not exceeding that specified by the covenants of the loan agreements.

As at December 31, 2017 and 2016, the financial statements present debt to equity ratio at 1.13 : 1.00 and 0.94 : 1.00 respectively.

19. Natures of expense

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Salaries, wages and other benefits to employees	80,362,546	70,163,350
Depreciation	48,711,315	42,971,993
Rental expenses	19,963,262	18,420,382
Public utility fee	28,738,180	29,052,617
Transportation expenses	50,492,047	39,464,003
Raw material and supplies used	877,984,089	1,002,274,785
Changes in finished goods and work in process	1,356,676	14,868,240
Loss from decline in the value of inventories (reversal)	(991,614)	991,614
Other operating expenses	51,322,498	27,696,408
Interest expenses	14,763,786	16,065,246
Total	1,172,702,786	1,261,968,638

20. Income tax expense

Income tax recognized in profit or loss for the years ended on December 31, 2017 and 2016 with the following details :-

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Current income tax expense	27,792,924	18,982,841
Deferred tax expense (Note 9)		
Movements in temporary differences	159,653	(930,838)
Income tax expense	<u>27,952,577</u>	<u>18,052,003</u>

Reconciliation between income tax expenses and the results of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2017 and 2016 as follows :-

	(Unit : Baht)	
	<u>2017</u>	<u>2016</u>
Accounting profit before tax	133,441,919	87,555,872
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	26,688,384	17,511,174
Effects of :		
Accrued expenses of land and warehouse rental agreements	727,602	727,602
Provision of litigation	15,000	226,219
Penalty fee	766,457	-
Others	(404,519)	517,846
Total	<u>27,792,924</u>	<u>18,982,841</u>
Movement in temporary differences	159,653	(930,838)
Income tax expenses reported in profit or loss	<u>27,952,577</u>	<u>18,052,003</u>

21. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares in issue during the year plus the weighted average number of common shares which would need to be issued to convert all dilutive potential common shares into common shares. The calculation assumes that such conversion took place either at beginning of the year or on the date the potential common shares were issued.

Details of calculation of earnings per share for the year ended December 31, 2017 and 2016 are as follows :-

	Baht / shares					
	Profit		Weighted average number		Earnings	
	for the year		of common shares		per share (Baht)	
	2017	2016	2017	2016	2017	2016
Basic earnings per share						
Profit attributable to equity holders of the Company	105,489,342	69,503,869	342,617,665	342,058,084	0.31	0.20
Effect of dilutive potential common shares						
Warrants (TMILL-W1)	-	-	28,462,133	16,792,718		
Diluted earnings per share						
Profit of common shareholders assuming the conversion of dilutive potential common shares	105,489,342	69,503,869	371,079,798	358,850,802	0.28	0.19

22. Financial information by sectors

For the years ended December 31, 2017 and 2016, financial information is presented as the segment of production and distribution wheat flour which are the only main business of the Company. Additionally, the majority of the operation of the Company is solely made in Thailand. As a result, all of the revenues, operating results and assets as reflected in these financial statements pertain to the aforementioned sole business segment and geographic area.

For the years ended December 31, 2017 and 2016, the Company has a major customer whose valuation of sale more than 10% of total revenue from sale in amount of Baht 132.05 million and 133.94 million

23. Commitments and contingent liabilities

23.1 The Company has commitments and contingent liabilities with banks in obtaining credit facilities as follows :-

	<u>Currency</u>	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	(Unit)	Total	Utilized	Available	Total	Utilized	Available
Letters of guarantee	Thousand Baht	25,000	3,484	21,516	25,000	3,484	21,516
Letters of credit, trust receipt and short-term loan							
and Forward exchange contract	Thousand Baht	4,525,000	1,120,937	3,404,063	4,525,000	969,917	3,555,083
Letters of credit, trust receipt and short-term loan							
and Forward exchange contract	Thousand USD	18,000	91	17,909	18,000	536	17,464
Overdrafts	Thousand Baht	70,000	-	70,000	70,000	-	70,000

The above credit facilities are guaranteed by the collaterals as mentioned in the notes to financial statements No. 10.

23.2 As at December 31, 2017 and 2016, the Company has obligations in relation to overseas purchase of raw materials contracts, still not yet delivered, amount of USD 3.08 million and USD 10.27 million respectively.

23.3 As at December 31, 2017 and 2016, the Company entered into agreements of construction and decoration of new factory and construction agreements for every projects as follows :-

	(Unit : Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Contractual value	4,751	-
Remaining binding contractual value	1,584	-

23.4 As at December 31, 2017 and 2016, the Company has obligations in relation to operational lease contracts on the part of lesser which will initiate rental expenses in future for the interval periods as follows:-

	(Unit : Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Within 1 year	10,851	11,472
For 1-5 years	48,020	46,728
5 years onwards	320,229	332,476
Total	<u>379,100</u>	<u>390,676</u>

24. Litigation

A lawsuit had been filed against the Company regarding default of the merchandise shipping contract which claiming in the amount of Baht 14.03 million and interest charges rate 7.50% per annum until the payment is settled.

January 15, 2016, the Civil court has ordered the Company to pay the creditor in the amount of Baht 2.00 million. The Company is being appealed against the ordered with the appeal court.

Later, September 13, 2016 the Appeal Court has ordered the Company to pay the Creditor in the amount of Baht 1.00 million. The Company is being appealed against the order with the Supreme Court, However, the Company has recognized certain contingent liabilities, which the management believes that cover such damage when occur.

25. Financial instruments

Policy to manage financial risk

The Company possesses risk regarding to the change of market interest rate and in currency exchange rate, the change rate of related goods price and from nonperformance of contractual obligations by counter parties. The Company will consider to use appropriate financial instruments when it considers necessary to manage such risks. However, the Company does not has any policy to hold or issue any financial instruments for speculation or for trading.

Risk on interest rate

The Company's risk on interest rates is derived from the fluctuation of the market interest rates in the future, which will affect upon the Company's operating result and cash flow. However, the Company manages the interest rate risks by applying various methods including the allocation of the loans at fixed and floating interest rates appropriately to suit the various activities of the Company with the following details.

(Unit : Baht)

	December 31, 2017						
	Fixed interest rate			Floating	Non		
	Within	More than	More than	interest rate	interest		Interest rate
	1 year	1 year to 5 years	5 years		bearing	Total	(% per annum)
<u>Financial assets</u>							
Cash and cash equivalent items	-	-	-	61,227,465	15,008,476	76,235,941	0.70-0.75
Trade and other receivables	-	-	-	-	173,758,373	173,758,373	-
Total	-	-	-	61,227,465	188,766,849	249,994,314	
<u>Financial liabilities</u>							
Short-term loans from financial institutions	595,654,160	-	-	-	-	595,654,160	2.25-2.35
Trade and other payables	-	-	-	-	298,542,730	298,542,730	-
Total	595,654,160	-	-	-	298,542,730	894,196,890	

(Unit : Baht)

	December 31, 2016						
	Fixed interest rate			Floating	Non		
	Within	More than	More than	interest rate	interest		Interest rate
	1 year	1 year to 5 years	5 years		bearing	Total	(% per annum)
<u>Financial assets</u>							
Cash and cash equivalent items	-	-	-	85,116,796	20,607,091	105,723,887	0.10-0.75
Trade and other receivables	-	-	-	-	181,297,606	181,297,606	-
Total	-	-	-	85,116,796	201,904,697	287,021,493	
<u>Financial liabilities</u>							
Short-term loans from financial institutions	382,792,923	-	-	-	-	382,792,923	2.25-2.5
Trade and other payables	-	-	-	-	341,523,405	341,523,405	-
Total	382,792,923	-	-	-	341,523,405	724,316,328	

Risk on exchange rate

The Company is risk on exchange rate is derived from importing raw materials. Business transactions is a foreign currency The Company has liabilities in foreign currency. The Company has not to hedge against exchange rate risk from debt repayment denominated in foreign currency

currencies

USD

liabilitiesDecember 31, 2017

360,276

The Company conducted a forward exchange contract with a commercial bank to hedge against exchange rate risk from debt repayment denominated in foreign currency with the following details:-

		<u>December 31,</u>	
	<u>Unit and currencies</u>	<u>2017</u>	<u>2016</u>
Amount fixed in contract	USD	7,654,919	14,336,789
Amount earned under forward contract	Baht	253,418,009	505,233,869
Fair value under forward contract	Baht	249,499,229	513,531,221

The fair value of foreign exchange forward contract computed by using rates determined by those counter contract party banks as of the date in the statements of financial position.

Risk on credit provision

The Company obtains risk from credit provision in relation to trade and other accounts receivable. A number of debtors of the Company are several; however, the Company holds the conservative policy in providing credit and is carefully considered the appropriated allowance for doubtful debts. The Company believes that the risk the debtors will not replay is minimal.

Fair value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company' management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

26. Provident fund

The Company and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and their employees contributed to the fund monthly at the rates depending on the working life of the employees. A local financial institution is managing the provident fund and will be paid to the employees upon termination in accordance with the fund rules. For the years ended December 31, 2017 and 2016, the Company has made contributions to the fund amounting to Baht 0.45 million and Baht 0.42 million respectively.

27. Fair value measurement

As at December 31, 2017 and 2016, the Company had certain liabilities that were disclosed at fair value using different levels input as follows :

(Unit : Thousand Baht)				
<u>2017</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities which fair value are disclosed				
Foreign currency forward contracts (Note 25)	-	249,499	-	249,499
<u>2016</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities which fair value are disclosed				
Foreign currency forward contracts (Note 25)	-	513,531	-	513,531

28. Approval of financial statements

These financial statements have been approved for issuance by the Company's board of directors on February 22, 2018.

.....
(Mr.Narong Chenlapwatanakul)

Executive Director

.....
(Mr.Charnkrij Dejvitak)

Executive Vice Chairman & Managing Director



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