

The background of the cover is a vibrant green field under a bright blue sky with fluffy white clouds. Two large, leafy green trees stand on either side of the central text. In the bottom left corner, a white chicken with a red comb is standing. In the bottom right corner, a small pink piglet is lying down. A large white circle is partially visible on the far right edge.

ANNUAL REPORT | 2016

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Message from Directors

Thaifoods Group Public Company Limited (“The Company”) was listed in the Stock Market of Thailand on 8 October 2015. In 2015, our sales suffered from high domestic supply of chicken meat while our administration expense were as high as ever. This led to losses in 2015. However, in 2016 we reemphasize cost management in farms, slaughterhouse and feed production plant making 2016 the “Turn Around” year for the Company. By implementing Value Chain and Economy of Scale in feed production, poultry farm, swine farm, process meat and ready-meal businesses, the Company made 1,466.80 Million Baht in profit and under our shareholder oriented business model, return per share is now 26.84 percent per share.

The Company has attempted to control overall cost in various aspects, from increasing farm efficiency, remaking feed recipe to accommodate raw material price fluctuation, to basic feed factory costs administration, all of which led to decrease in overall costs. At the same time the Company has expanded into more profitable distribution channels such as exports, modern trade and chain restaurant while also making the Thaifoods a well-known brand in the market.

For 2017, the Company aims to make this year a “Year of Growth”. The Company will continue to expand poultry farm, swine farm, feed productions and maintain distribution into profitable channels. Furthermore, in this 2017 the Company plans to invest in the construction of the Further Factory and commence sales operation by 2018, further increasing the value of our product. In addition, the Company plans to expand our swine slaughterhouse in an effort to increase production capacity to stabilize prices and support growing market demands.

The Company is aware of the importance anti-corruption policies. Our commitment is shown by our membership in the Thai Private Sector’s Anti-Corruption Coalition under the Thai Institute of Directors Association, approved by the meeting of the Committee in the fourth quarter of 2016. In addition, the Company has been rated “Good” in the Corporate Governance assessment of the Thai Institute of Director Association, a rating which the Company expects to improve in the coming years to assure our shareholders of the Company’s creditability.





For CSR, the Company has operated in accordance with the principle of Good Governance, being responsible to all stakeholders by committing to our business while maintaining economics, social and environment equilibrium to sustainably develop our business to become a food manufacturer of quality and safety in accordance with global standards, together with development of new innovation and technologies to enhance safety, quality, production efficiency and mitigate impact on local communities, society and environment. In addition, the Company also promotes knowledge in safety, welfare, continuous growth for all personnel to sustainably grow with Thaifoods.

The Company strongly believes that by being a Good Corporate Citizen under good Corporate Governance will no doubt benefit all shareholders and stakeholders. We also strongly believe that “Quality Foods Quality Life”.

A blue ink signature of Mr. Chaipatr Srivisarvacha, consisting of a stylized, flowing script.

(Mr. Chaipatr Srivisarvacha)
Chairman of the Board of Director

A blue ink signature of Mr. Winai Teawsonboonkij, written in a more traditional Thai script style.

(Mr. Winai Teawsonboonkij)
Director

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Board of Directors



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1. Mr. Chaipatr Srivisarvacha
Chairman of the Board
of Director
2. Mr. Winai Teawsonboonkij
Director
3. Mr. Chirdsak Kukiattinun
Director
4. Mr. Prasit Wasupath
Director

5. Mr. Anant Tangtongwechakit
Independent Director
6. Mr. Weidt Nuchcharoen
Chairman of Audit Committee/
Independence Director
7. Mr. Weerasak Ungkajornkul
Audit Committee/ Independence Director
8. Mr. Narakorn Ratchapolsitte
Audit Committee/ Independence Director



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Managements



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1. Mr. Winai Teawsonboonkij Chief Executive Officer
2. Mr. Chirdsak Kukiattinun Chief Operating Officer
3. Mr. Phet Nantavisai Executive Vice President
Farm Unit
4. Ms. Nattaya Huatsoontorn Executive Vice President
Support Unit
5. Mr. Santi wutisela Assistance Vice President
Poultry Farm Business

6. Mr. Narongrit Khwuankhwaisap Assistance Vice President Swine
Farm Business
7. Mr. Adul Buaban Assistance Vice President Factory
Management
8. Mr. Praiwan Paohom Assistance Vice President Food Business
9. Mr. Patipan Chaipanya Assistance Vice President Research &
Development Business

To Shareholders

The Audit Committee of Thaifoods Group Plc. ("the Committee") was appointed by a resolution of the Board of Directors and consists of three independent directors. Mr. Weidt Nuchjalearn was appointed as the Chairman of the Committee while Mr. Weerasak Ungkajornkul and Mr. Narakorn Ratchapolsitte were appointed as members. The Secretary to the Committee is Miss Pattama Hongsittiwongse, who also serves as Internal Audit Division Manager of the Company.

The Committee performed its duties and responsibilities as assigned by the Board of Directors and as set forth in the Audit Committee Charter. The Committee gave precedence to found good internal control framework and operation system, including review suitable corporate governance, adequacy of risk management, efficiency and effectiveness of internal control.

In 2016, the Committee held a total of 4 meetings. The Committee's significant activities in 2016 are summarized below:

1. **Financial Statements Review:** The Committee reviewed the quarterly and annual financial statements of the Company including the Company's connected transactions or any transactions which may give rise to any conflicts of interest. The Committee worked with the Company's management, internal auditors and external auditors to consider significant accounting estimates, policies, the Management Discussion and Analysis (MD&A) and disclosure of information in the notes to the financial statements, including a summary of significant accounting policies, to ensure that the reports were timely, accurate and reliable as well as in compliance with the Thai Financial Reporting Standards (TFRS). Moreover, the Committee held a private meeting with the external auditors without the Company's management to consider risk based audit plan and accuracy and reliability of the Company's financial statements, and to ensure that the external auditors had preserved their independence.
2. **Good Corporate Governance Review:** The Committee reviewed the Company's operations in compliance with the securities and exchange laws, regulations of the SET and rules, regulations related to the Company's business and Code of Conduct. In addition, the Committee reviewed the Company's connected transactions or any transactions resulting in a conflict of interest, by assigning Compliance Division to make a quarterly compliance report to the Committee.
3. **Risk Management Review:** The Committee reviewed effectiveness and reasonableness of the Company's risk management system which may be trigger from inside or outside the Company. The Committee also reviewed risk management policy and monitored progress of risk management plan and its actions to mitigate significant risk to acceptable levels as per the Company's risk appetite on a quarterly basis and gave suggestions on the improvement of the work.
4. **Internal Control Systems and Internal Audit Review:** The Committee reviewed the assessment result of the internal control system reported by internal auditor on a quarterly basis and found that the internal control system of the Company was appropriate and fit for purpose for the Company's business operations which in line with the external auditor's opinion that there was no irregularities were found in the Company's financial statements.



In relation to the internal audit work, the Committee reviewed and approved the internal audit plan, reviewed results of full audit reports, follow-up audit reports and their agreed improvement actions. The Committee provided recommendations and monitored significant issues to ensure sufficient and appropriate internal control system and good corporate governance.

5. Consideration for Appointment of External Auditor for the year 2017: The Committee had worked with the Management team to consider selection of external auditors and audit fees for the year 2017 through auditors' experiences, knowledge, independence and reasonable proposed fees. After which the Committee agreed to recommend the Board of Directors to propose in the Annual General Meeting of Shareholders to appoint auditors from KPMG Poomchai Audit Ltd. The proposed auditors are Mr. Veerachai Ratanajaratkul, Certificated Public Accountant (CPA) License No.4323 and/or Ms. Sujitra Mesana, CPA License No.8645 and/or Ms. Nareewan Chaibantad, CPA License No.9219 and/or Miss Orawan Sirirattanawong, CPA License No.3757 wherein anyone is eligible to conduct audit engagement and express opinion on the financial statements of the Company for the year 2017.

In summary, the Committee has fully performed its duties independently by using knowledge, abilities and prudence in providing opinions and recommendations for the fair benefit of all interested parties. The Committee view that the Company's financial statements were correct, reliable and free from material misstatement, whether due to fraud or error, in compliance with the financial reporting standards and the generally accepted accounting standards. The Board of Directors and all managements' goal is to achieve the Company's target and also focus on effectiveness, transparency and reliability of corporate governance and sufficiency and efficiency of internal control system.

On behalf of the Audit Committee
Thaifoods Group Public Company Limited

A handwritten signature in blue ink, appearing to read 'W. Nuchcharoen'.

(Mr. Weidt Nuchcharoen)
Chairman of Audit Committee



บริษัท ไทย ฟู้ดส์ อาหารสัตว์ จำกัด
THAI FOODS FEED MILLS CO., LTD.
泰福饲料有限公司



Safety First +ปลอดภัยไว้ก่อน

Name	THAIFOODS GROUP PUBLIC COMPANY LIMITED
Symbol	TFG
Type of Business	The principal business operations of the Company are producing and distributing frozen and chilled chicken products, producing and distributing swine and producing and distributing feed mill.
Head Office address	1010, Shinawatra Tower 3 Building, 11-12 th Fl, Vibhavadi Rangsit Road, Jatujak, Jatujak, Bangkok 10900
Registration number	0107557000292
Homepage	www.tfg.co.th
Tel.	(66) 2 513 8989
Fax.	(66) 2 513 9060
Registered Capital	5,610,000,000 baht
Paid up Capital	5,108,664,700 baht
Type of Stock	Common stock
Auditor	KPMG Phoomchai Audit Limited Empire Tower, 50-51 Fl. 1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel (66) 2 677 2000 Fax (66) 2 677 2222
Registrar	Thailand Securities Depository Co., Ltd. 14 th Fl, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel (66) 2 009 9000 Fax (66) 2 009 9991

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SUMMARY OF FINANCIAL HIGHLIGHTS

		2014	2015	2016
Financial Position and Operating Results				
	Million Baht			
Total assets		13,296.70	12,777.58	15,596.27
Total liabilities		9,398.58	8,125.29	9,469.20
Total equity		3,898.12	4,652.29	6,127.07
Revenue from sales of goods and rendering of services		17,067.24	17,370.72	20,625.84
Total income		17,237.13	17,508.07	20,779.59
Cost of sales of goods and rendering of services		15,120.68	18,106.45	18,005.14
Total expenses		16,283.36	19,368.06	19,234.95
Profit (loss) for the year		916.16	(1,574.31)	1,446.80
Current Ratio				
Current Ratio	(Times)	0.89	0.70	0.86
Accounts receivable turnover	(Times)	45.89	40.39	27.71
Inventory Turnover	(Times)	3.85	5.15	7.57
Accounts payable turnover	(Times)	9.19	10.45	9.36
Profitability Ratio				
Gross profit (Loss) margin	(%)	11.41	(4.24)	12.71
Operating (Loss) margin	(%)	7.11	(9.02)	8.68
Net profit (Loss) margin	(%)	5.32	(8.99)	6.96
Return on equity	(%)	28.73	(36.82)	26.84
Efficiency Ratio				
Return on total assets	(%)	7.79	(12.08)	10.20
Return on fixed assets	(%)	33.61	(10.56)	28.74
Financial policy ratio				
Debt to Equity ratio	(Times)	2.41	1.75	1.55
Interest coverage ratio	(Times)	(2.07)	(0.40)	2.05
Dividend payout ratio	(%)	117.99	-	-



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POLICY AND OVERVIEW OF BUSINESS OPERATION

Thaifoods Group Public Company Limited or (the “Company” or “Thaifoods”), we are a vertically integrated food producer specializing in the production of chicken and swine with operations in Thailand and Vietnam.

Our business focuses primarily on the production of chicken (whole chickens, chicken parts and processed chicken) and live pigs for sale to brokers, retailers, slaughterhouses, industrial and modern trade companies, export/re-export agents and the export market. We also operate several feed mills that produce feed for animals, which is primarily used in the raising of our chickens and pigs, but is also sold to third-party customers. These businesses can be categorized according to the following product lines:

- Our poultry business, involving chicken breeding, chicken meat production and sales and sale of day-old chicks, live chickens and processed chicken;
- Our swine business, involving pig breeding, sale of live pig and pork meat;
- Our feed business, involving the manufacture and sale of feed for animals, mainly chickens and pigs; and
- Other business, involving primarily provision of research facility services. In 2015, our other business also included production and sales of animal feed sacks and plastic farming equipment.



At 31 December 2015, the Company has sixteen breeder chicken farms, six hatcheries, Contract farming 445 contract farmers and three chicken slaughterhouses (two of the slaughterhouses are located in the Kanchanaburi province of Thailand and one of the slaughterhouses is located in the Prachinburi province of Thailand). For swine business, the Company has a great-grandparent pig farm, seven grandparent farms, six parent farms, Contract farming 262 contract farmers (242 contract farmers in Thailand and 20 contract farmers in Vietnam) and a contracted swine slaughterhouses in the Nakhon Pathom province of Thailand. For swine business in Vietnam, the Company has a grandparent farms, three parent farms. Moreover, the Company has three feed mills (two of feed mills are located in the Suphanburi province of Thailand and one feed mill located in the Prachinburi province of Thailand).

At 31 December 2016, the Company has seventeen breeder chicken farms, six hatcheries, Contract farming 489 contract farmers, three chicken slaughterhouses (two of the slaughterhouses are located in the Kanchanaburi province of Thailand and one of the slaughterhouses is located in the Prachinburi province of Thailand) and a chicken sausage factory located in the Prachinburi province of Thailand. For swine business, the Company has two great-grandparent pig farm, six grandparent farms, nine parent farms, Contract farming 341 contract farmers (316 contract farmers in Thailand and 25 contract farmers in Vietnam) and two contracted swine slaughterhouses in the Nakhon Pathom and Prachinburi province of Thailand. For swine business in Vietnam, the Company has a grandparent farms, three parent farms. Moreover, the Company has three feed mills (two of feed mills are located in the Suphanburi province of Thailand and one feed mill located in the Prachinburi province of Thailand).

Total revenue for the year 2014-2016 were Baht 17,237.13 million, Baht 17,508.07 million and Baht 20,779.59 million, respectively or increasing 1.57% and 18.69%, respectively. Mainly revenue came from poultry operations and also, revenue from swine operations and feed operations.

Revenue from poultry operations for the year 2014-2016 were Baht 12,365.27 million, Baht 11,043.91 million and Baht 13,360.25 million, respectively. Revenue of 2015 decreased 10.69% from 2014 due to the decrease in average chicken meat price from Baht 41.36/kg in 2014 to Baht 35.98/kg in 2015. However, sales of chicken products increased from 278,068.55 tonnes in 2014 to 289,302.04 tonnes in 2015. Revenue from poultry operations for the year 2016 increased 20.97% from 2015 as a result of an increase in volumes sold and in the price per kg for chicken. Average chicken meat prices in 2016 were Baht 37.70/kg and the amount of chicken products were 338,191.77 tonnes which increased from 2015 due to the Company expand the capacity to supporting increasing domestic and export sale.

Revenue from swine operations for the year 2014-2016 were Baht 3,567.73 million, Baht 4,581.06 million and Baht 5,439.31 million, respectively. Revenue for the year 2015 increased 28.40% from 2014 due to the increasing sale volume while the average price is decreased. The average prices in 2015 were Baht 59.59/kg decreased from Baht 70.04/kg in 2014. Sale volume of swine products increased from 47,532.47 tonnes in 2014 to 65,528.20 tonnes in 2015. Revenue from swine operations for the year 2016 increased 18.73 % from 2015 as a result of an increase in volumes sold and in selling price per kg. Average selling prices in 2016 were Baht 63.35/kg and the volumes sold were 75,806.44 tonnes which increased from 2015 due to additional capacity and increasing domestic sale.

Revenue from feed operations and others for the year 2014-2016 were Baht 1,134.25 million, Baht 1,745.75 million and Baht 1,826.28 million, respectively or increasing 53.91% and 4.61%, respectively because of higher selling volume to customer. The sell volumes for the year 2014-2016 were 79,891.49 tonnes, 93,008.10 tonnes and 137,222.43 tonnes, respectively.

We utilize a highly effective vertically-integrated supply chain in our poultry and swine businesses. Pursuant to our poultry business model, we raise breeder chickens on our breeder chicken farms, hatch eggs in our hatcheries, outsource day-old chicks for raising to contract farmers, which allows us to maximize our return on capital investment, and then collect the chickens for meat production at our slaughterhouses.

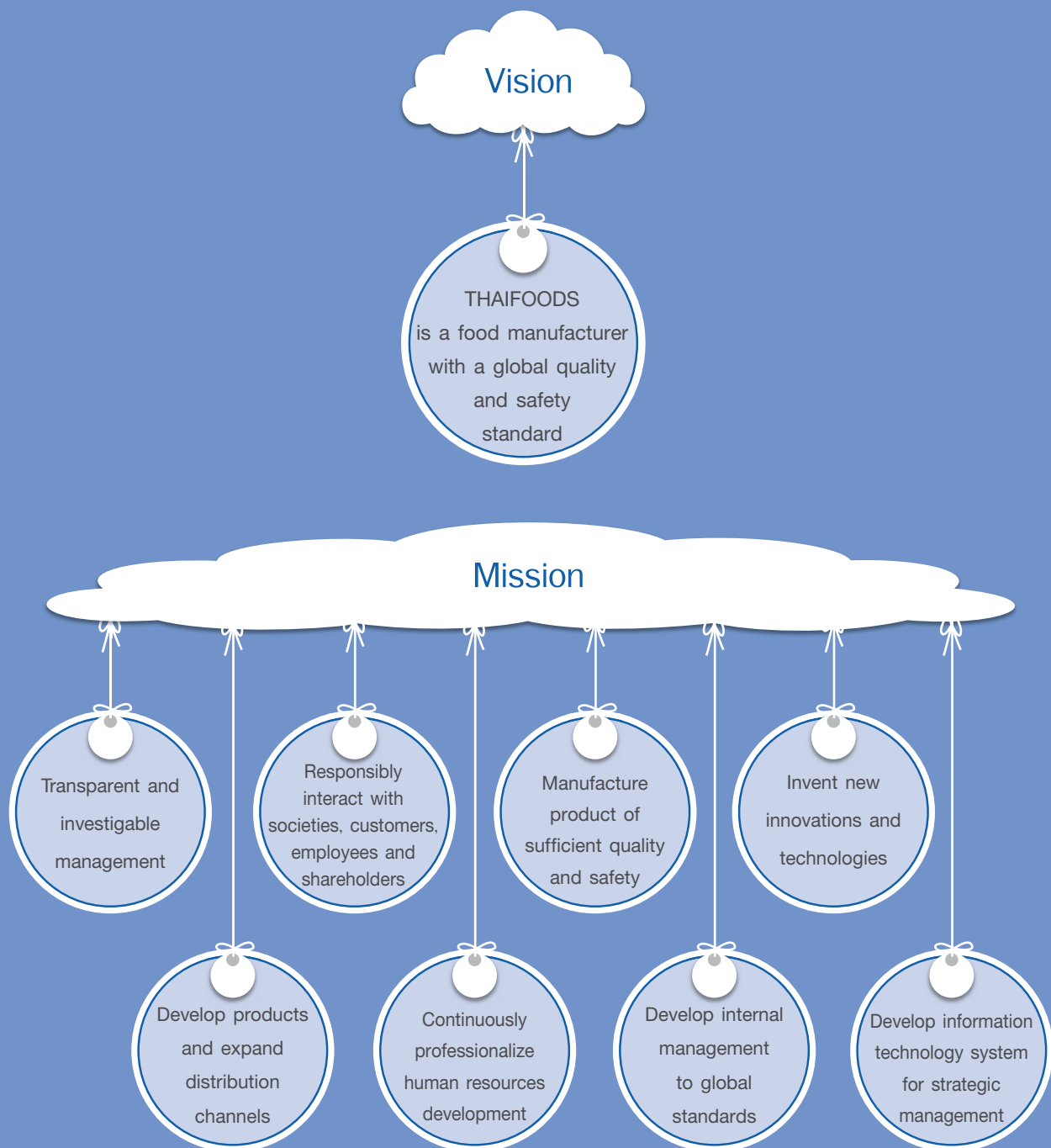
We sell whole chickens and chicken parts primarily to our customers located in Thailand, and, beginning in the first quarter of 2015, to customers located in Japan and European Union. In April 2016, chicken sausage factory started operating for domestic sale. Our poultry business represented 64.29% of consolidated revenue from total revenue for the year 2016.

In swine business, we sell live pigs through our operations in Thailand and Vietnam. We purchase three different breeds of pigs, breed them to a triple crossbreed pig, outsource the pigs for raising to our contract farmers and then sell the live pigs to our customers. Our swine business represented 26.18% of our consolidated revenue from total revenue for the year 2016.

We also produce animal feed. In 2016, 86.05% of the feed by volume produced was used to feed our chickens and pigs with the remainder of the feed sold to third-party customers. Our feed business represented 8.79% of our consolidated revenue from total revenue for the year 2016.



Vision, Mission, Objective and Long-Term Goals of the Company



Objective

“Conduct sustainable integrate business under good governance and moral and social responsibility”

Long-Term Goals

“Deliver food of good quality and safety to consumer hands”

History and major Milestones

In 1987, Mr. Winai Teawsomboonkij, our founder, CEO and Chairman of the Executive Committee, began operating his first chicken farm, with a capacity of 20,000 chickens, in the Lopburi province of Thailand. We were incorporated in Thailand on 4 July 2001 under the name Thai Food (2001) Co., Ltd. On 2 July 2002, we officially changed our registered name to Thai Foods Poultry International Co., Ltd., and on 17 February 2012, we officially changed our registered name to our current name of Thai Foods Group Co., Ltd. On 18 August 2014, we converted to a public company and officially changed our registered name to THAIFOODS GROUP PUBLIC COMPANY LIMITED. Our reorganization was effected through a series of transactions from 2011 to 2014, pursuant to which all of our business operations controlled by Mr. Winai Teawsomboonkij and his related persons were reorganized and restructured to be held by our Company.

The following timeline summarizes key events in our history.

Year	Milestone
2001	The Company were founded under the name Thai Food (2001) Co., Ltd.
2002	The Company changed our registered name to Thai Foods Poultry International Co., Ltd.
2003	The Company began operating our first chicken slaughterhouse in the Kanchanaburi province of Thailand with a capacity of 139,000 chickens per day.
2004	The Company began operating breeder chicken farms by acquiring three breeder chicken farms and one hatchery in the Chonburi province of Thailand, which increased our breeder chicken capacity to 312,000 chickens and our production capacity at our hatcheries to 699,840 eggs per week.
2007	The Company began operating our first grandparent pig farm in the Kanchanaburi province of Thailand with a capacity of 1,900 pigs. The Company began operating our first feed mill facility in the Suphanburi province of Thailand with a capacity of 30,000 tonnes of feed per month.
2010	The Company established our first great-grandparent pig farm in the Kanchanaburi province of Thailand with a capacity of 450 pigs.
2011	The Company began operating our first layer chicken farm in the Kanchanaburi province of Thailand with a capacity of 38,400 layer chickens.
2012	The Company changed our registered name to Thai Foods Group Co., Ltd. The Company began operating our first parent pig farm in the Nakornsawan province of Thailand with a capacity of 1,800 pigs. The Company acquired Thai Foods Research Center and Thai Foods Layer Farm, which were previously owned directly and/or controlled by Mr. Winai Teawsomboonkij and his related persons.
2013	The Company established our Vietnam swine operations and began operating our first grandparent pig farm in Vietnam, through a contract farmer, with a capacity of 700 grandparent pigs and our first parent pig farm in Vietnam with a capacity of 1,400 pigs. The Company began operating a new feed mill facility in the Prachinburi province of Thailand with a capacity 50,000 tonnes per month, increasing our feed capacity to 120,000 tonnes per month. The Company acquired Thai Foods Swine Farm, which was previously owned directly and/or controlled by Mr. Winai Teawsomboonkij and his related persons.



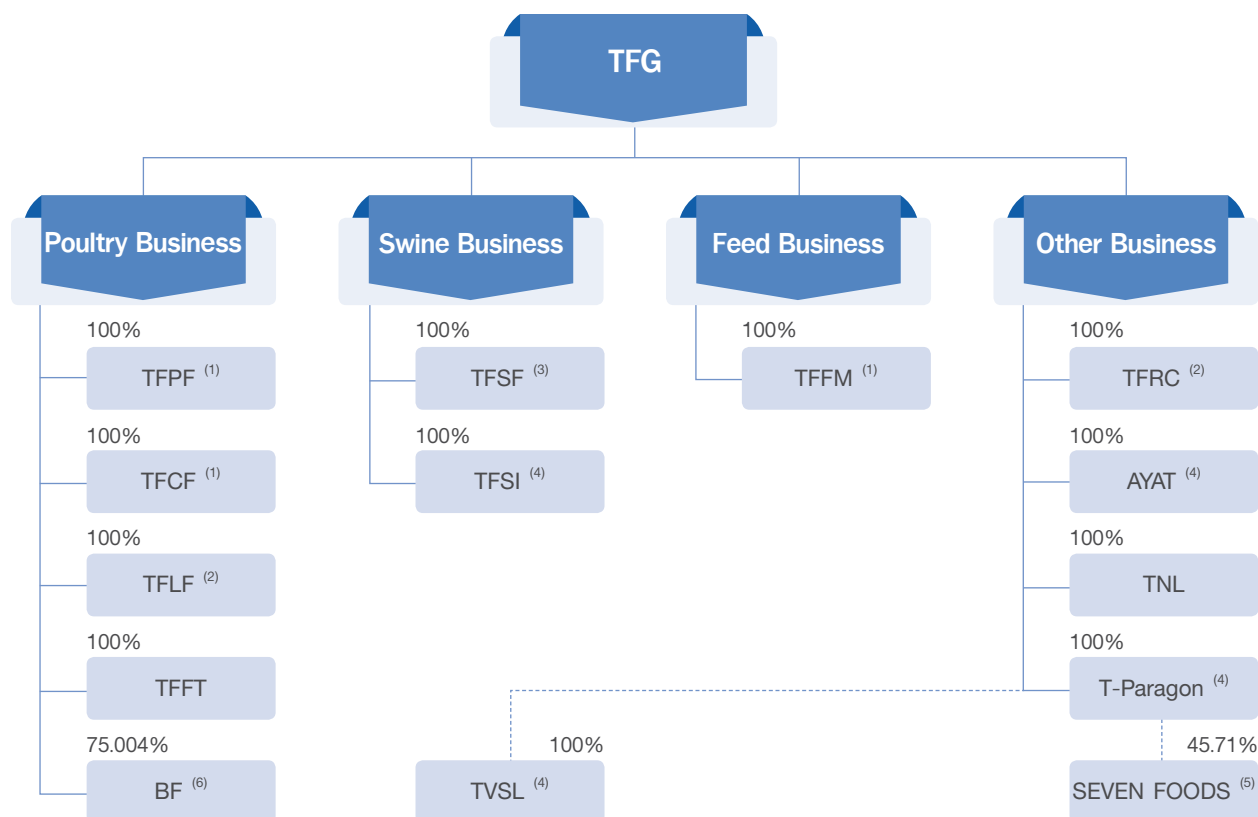
Year	Milestone
2014	<p>The Company began operating a new slaughterhouse in the Prachinburi province of Thailand with a capacity 150,000 chickens per day, increasing our production capacity to 440,000 chickens per day.</p> <p>The Company began operating a new hatchery in the Kanchanaburi province of Thailand, increasing our hatchery capacity to 4,878,720 eggs per week</p> <p>The Company converted one of our breeder chicken farms into a farm to raise some of our day-old layer chicks. Prior to this conversion, the raising of all of our day-old layer chicks was outsourced to contract farmers. Around the same time, the Company finished constructing and began operating a replacement breeder chicken farm in the Sa Kaeo province of Thailand. Following this conversion of one breeder chicken farm and construction of one replacement breeder chicken farm, our breeder chicken capacity increased to 1,716,900 breeder chickens as the replacement breeder chicken farm had a higher capacity than the farm it replaced.</p> <p>The Company began operating two new parent pig farms in the Kanchanaburi and Nakhon Ratchasima provinces of Thailand, increasing our total capacity at our parent pig farms (including our Vietnam parent pig farm with a capacity of 1,400 pigs) from 8,950 pigs to 12,000 pigs.</p> <p>The Company began renting and operating a new grandparent pig farm in the Prachinburi province of Thailand, increasing our total capacity at our grandparent pig farms from 5,300 pigs to 8,000 pigs.</p> <p>The Company acquired Ayothaya Agri-Tech, Thai Foods Swine International, and T. Paragon, which were previously owned directly and/or controlled by Mr. Winai Teawsomboonkij and his related persons.</p> <p>On 5 August 2014, from EGM No. 4/2014 our shareholders approved the decrease in par value of our Shares from Baht 100 per Share to Baht 1 per Share and the total number of issued Shares consequently increased from 37,500,000 Shares to 3,750,000,000 Shares. In addition, our shareholders approved an increase of our Company's registered share capital from Baht 3,750,000,000 to Baht 5,400,000,000 of which up to 250,000,000 Shares will be allocated to existing shareholders and up to 1,400,000,000 Shares will be allocated to the public.</p> <p>On 18 August 2014, the Company converted to a public company and officially changed our registered name to THAIFOODS GROUP PUBLIC COMPANY LIMITED.</p> <p>On 14 November 2014, the Company registered with the MOC our increase in paid-up share capital from Baht 3,750,000,000 to Baht 4,000,000,000 in connection with the allocation of 250,000,000 Shares to existing shareholders.</p>
2015	<p>In the first quarter of 2015, the Company began exporting 504 tonnes and 120 tonnes of meat to customers located in Japan and the European Union respectively.</p> <p>The Company also began selling chicken sausage by entering into an outsourcing arrangement with a third-party food processor which will allow us to sell processed chicken sausage to customers under our own brand.</p> <p>Extraordinary General Meeting of the Company No. 4/2014, held on 5 August 2014, approved the resolution to increase the capital and the initial public offering (IPO). As the period in which the Company will make an initial public offering will exceed one year from the date of the passing of</p>

Year	Milestone
	<p>the resolution, Extraordinary General Meeting No. 2/2015, held on 19 June 2015 passed the following resolution:</p> <ul style="list-style-type: none"> - The decrease of the Company's registered capital from Baht 5,400,000,000 to Baht 4,000,000,000 by decreasing the number of shares which have not been sold to 1,400,000,000 shares; and - The increase of the Company's registered capital from Baht 4,000,000,000 to Baht 5,400,000,000 by offering to sell not more than 1,400,000,000 shares to the public. <p>The Company registered the resolution to decrease and increase the Company's registered capital with the Department of Business Development, Ministry of Commerce on 11 August 2015 and 13 August 2015, respectively.</p> <p>The Company listed in Stock Exchange of Thailand on 8 October 2015.</p> <p>On 22 December 2015 T Paragon Holding Co., Ltd. has made the payment for the increase of capital in the amount of JPY 32 million or THB 9.6 million to invests 45.71% shareholding in SEVEN FOODS Company Limited</p>
2016	<p>On 8 April 2016, the Company began operating a new chicken sausage factor in the Prachinburi province of Thailand.</p> <p>On 7 June 2016, the Warrants No. 1 ("TFG-W1") to offer such Warrants for sale to the existing shareholders of the Company at the allocation ratio of 10 existing ordinary shares per 1 unit of TFG-W1 was traded in Stock Exchange of Thailand. The exercise ratio is that 1 unit of TFG-W1 shall be entitled to purchase 1 ordinary share of the Company. The exercise price under the Warrants is Baht 2.50 per share. Therefore, there was the changing registered capital of Baht 5,100,000,000 to Baht 5,610,000,000 to accommodate the exercise of TFG-W1 Warrants</p> <p>On August 22, 2016, the Company has established of Thaifoods Further Company Limited to operate the cooked product. With initial registered capital of Baht 20,000,000 divided into 200,000 ordinary shares with a par value of Baht 100 each and paid-up capital of Baht 5,000,000, the Company holds 100% of the registered capital.</p>
2017	<p>On January 6, 2017, the Company purchased shares of Big Food Group Company Limited ("Big Food"), which operates broiler chicken business and there is a chicken slaughterhouse by purchasing 100,016 existing shares from the existing shareholders and January 24, 2017, purchase 200,000 new ordinary shares, totaling 300,016 shares at the price of Baht 200 per share. (At par value of Baht 100 per share) or total value of Baht 60,003,200, representing a proportion of shareholding 75.004 of the capital share (registered capital after the capital increase of Big Food)</p> <p>On January 11, 2017, the Company registered the increase of paid-up capital from Baht 5,100,000,000 to Baht 5,108,664,700 due to the first exercise of the warrants on December 30, 2016.</p> <p>On January 12, 2017, the Company registered the increase in the share capital of Thaifoods Further Company Limited from its registered capital of Baht 20,000,000, paid-up capital of Baht 5,000,000 to registered capital 100,000,000 Baht Paid up capital 25,000,000 Baht (With a par value of 100 baht).</p> <p>On January 12, 2017, the Company has established of Thai National Logistics Company Limited. With initial registered capital of Baht 60,000,000 divided into 6,000,000 ordinary shares with a par value of Baht 10 each and paid up capital of Baht 15,000,000. The Company holds 100% of the registered capital.</p>



Shareholding Structure of the Company

Shareholding Structure of the Company as of 31 December 2016



Notes : Initial of each company as follow

TFPF : Thai Foods Poultry Farm Co., Ltd.

TFLF : Thai Foods Layer Farm Co., Ltd.

BF : Big Food Group Co., Ltd.

TFSI : Thai Food Swine International Co., Ltd.

TFCF : Thai Foods Contract Farming Co., Ltd.

TFFT : Thaifoods Further Co., Ltd.

TFSF : Thai Foods Swine Farm Co., Ltd.

TVSL : Thai Viet Swine Line Joint Stock Co., Ltd. (formerly Thai Viet Swine Line Co., Ltd.)

TFFM : Thai Foods Feed Mills Co., Ltd.

TFRC : Thai Foods Research Center Co., Ltd.

AYAT : Ayothaya Agri Tech Co., Ltd.

TNL : Thai National Logistics Co., Ltd.

T-Paragon : T Paragon Holding Co., Ltd.

SEVEN FOODS : SEVEN FOODS Company Limited

(1) In 2011, the Company acquired Thai Foods Poultry Farm Company Limited or ("TFPF") Thai Foods Contract Farming Company Limited or ("TFCF") and Thai Foods Feed Mills Company Limited or ("TFFM").

(2) In the year 2012, the Company acquired Thai Foods Research Center Company Limited or ("TFRC") and Thai Foods Layer Farm Company Limited or ("TFLF")

(3) In 2013, the Company acquired Thai Foods Swine Farm Company Limited or ("TFSF"). Thai Foods Swine Line Co., Ltd. and Thai Foods Hybrid International Co., Ltd., entities in the business of pig breeding on 26 December 2012 and wholly owned by Mr. Winai Teawsomboonkij and his related persons, were amalgamated into Thai Foods Swine Farm prior to our acquisition of Thai Foods Swine Farm

(4) In 2014, the Company acquired the following additional subsidiaries: T Paragon Holdings Company Limited or ("T Paragon") which owns Thai Viet Swine Line Joint Stock Company Limited or ("TVSL"), Ayothaya Agri-Tech Company Limited or ("AYAT") and Thai Foods Swine International Company Limited or ("TFSI") which started swine operations in 2015 Thailand by the year 2015.

(5) In 2015, T-Paragon invests 45.71% shareholding in SEVEN FOODS Company Limited or ("SEVEN FOODS")

(6) In 2017, the Company acquired Big Food Group Co., Ltd. ("BF") which operated broiler chicken and slaughter house. The Company will hold 75.004 percent of Big Food's registered capital (after Big Food's capital increase).

* Each of the subsidiaries the Company acquired was previously owned directly and/or controlled by Mr. Winai Teawsomboonkij and his related persons. Following the reorganization, all of our business operations are now held directly by our Company.

The Company's subsidiaries

The following table sets out certain information about our Group.

Company name	Register Capital (THB)	% Shareholding	Principal Business Activities
Poultry Business			
1. Thai Foods Poultry Farm Co., Ltd.	1,200,000,000	100	Production and distribution of broiler chick
2. Thai Foods Contract Farming Co., Ltd.	125,000,000	100	Production and distribution of broiler chicken
3. Thai Foods Layer Farm Co., Ltd.	50,000,000	100	Production and distribution of layer chick and layer chicken
4. Thaifoods Further Co., Ltd.	100,000,000	100	Production and distribution of processed product
5. Big Food Group Co., Ltd.	40,000,000	75.004	Production and distribution of broiler chicken and chicken meat
Swine Business			
6. Thai Foods Swine Farm Co., Ltd.	1,000,000,000	100	Production and distribution of swine
7. Thai Foods Swine International Co., Ltd.	100,000,000	100	Production and distribution of swine
8. Thai Viet Swine Line Joint Stock Co., Ltd. ¹⁾	8,700,000 ²⁾	100	Production and distribution of swine
Feed Business			
9. Thai Foods Feed Mills Co., Ltd.	2,000,000,000	100	Manufacturing and distribution of feed
Other Business			
10. Thai Foods Research Center Co., Ltd.	50,000,000	100	Research of cattle disease and manufacturing of vaccine
11. Ayothaya Agri Tech Co., Ltd.	80,000,000	100	Manufacturing of sack and plastic sack
12. T Paragon Holding Co., Ltd.	276,300,000	100	Holding company
13. Thai National Logistics Co., Ltd.	60,000,000	100	Logistic business

Notes : ¹⁾ The Company indirectly own 100% of Thai Viet Swine Line Joint Stock Co., Ltd. (formerly Thai Viet Swine Line Co., Ltd.), as Thai Viet Swine Line Joint Stock Co., Ltd. is a wholly owned subsidiary of T. Paragon Holding Company Limited.

²⁾ Register capital in U.S dollars



Revenue Structure

Revenue structure of the Company and subsidiaries separate by category in 2014 - 2016 as follows;

Type of Business	2014		2015		2016	
	Baht (million)	%	Baht (million)	%	Baht (million)	%
Poultry	12,365.27	71.74	11,043.91	63.08	13,360.25	64.29
Swine	3,567.73	20.70	4,581.06	26.17	5,439.31	26.18
Feed	1,134.25	6.58	1,745.75	9.97	1,826.28	8.79
Others	169.89	0.99	137.35	0.78	153.75	0.74
Total	17,237.13	100.00	17,508.07	100.00	20,779.59	100.00

Note : Others income comprised of interest income and gain on changes in fair value of biological assets

Product

The Company are a vertically-integrated producer of: (i) poultry - chicken products in whole and in parts and processed chicken, with operations comprising breeding, chicken raising, egg laying, hatching, chicken meat and processed chicken production; (ii) swine - live pigs, with our operations comprising breeding, pig raising, live pig and pork meat sales; and (iii) feed - feed for animals, mainly chicken and pigs, with operations comprising manufacturing and distributing animal feed for both internal use and external sales and (iv) other business - the Company provide research facility services to third parties and develop vaccinations. The Company also produce and sale of animal feed sacks and plastic farming equipment.

Product

1) Poultry business

The Company produce and sell a variety of chicken meat, including whole chickens and chicken parts, such as wings, chests, legs, flippers and gizzards, and processed chicken. Chicken sales are main source of revenue, accounting for 71.74%, 63.08% and 64.29% of consolidated revenue in 2014 - 2016, respectively. The Company also sell live chickens to slaughterhouses depending on market circumstances, as well as day-old chicks, breeder chickens after they are no longer able to lay eggs and layer chickens.

Grow-out in Contract Farms

As at 31 December 2016, the Company utilized a network of more than 489 contract farmers (which included over 1,507 farms) to raise day-old chicks. The contracts with the contract farmers are generally three years in length with automatic renewals if neither party terminates the agreement, through network of contract farmers, the Company had the ability to raise 3 million chickens at any given time. Outsourcing to contract farmers enables us to maximize return on capital investment as it limits the amount of capital expenditures required to raise our chickens and it allows us to quickly scale up operations.

Breeder Chickens

As at 31 December 2016, the Company raise breeder chickens at our 17 breeder farms, which consist of 211 operational farm houses. The Company purchase breeder chickens from Arbor Acres, a company with a division specializing in the production of breeder chickens. The Company began purchasing breeder chickens from Arbor Acres in 2004 when the Company began operating first three breeder farms and first hatchery. The Company do not enter into long-term contracts with them, but instead enter into contracts on an annual basis, which provides us greater flexibility in estimating our order amounts and pricing of our products.

Sales and Marketing

The Company generally do not experience any significant seasonality patterns in our operations and business, although the Company usually experience an increase in sales volume before major festive seasons such as Chinese New Year and Christmas. The Company generally experience a slowdown in sales volume for a short period of time after these festive seasons. Additionally, during Thailand's Vegetarian Festival, which occurs sometime in September or October depending on the Lunar calendar, the Company experience a decrease in sales volume.

The Company has sales and marketing team who responsible to sell the chicken products which target sales to broker, industrial and modern trade companies, exporter/ re-exporter agents and retailers. The Company began to export chicken products to other countries such as Japan and the European Union in first quarter of 2015.

2) Swine Business

The Company have pig breeding and farming operations in Thailand and Vietnam whereby the Company sell live pigs to brokers, slaughterhouses and retailers. Revenue from swine business growth continuously, the revenue from 2014-2016 was Baht 3,567.73 million, Baht 4,581.06 million and Baht 5,439.31 million, respectively. Our operations in Thailand and Vietnam are substantially similar, with very few differences.

The operations include breeding and raising pigs, and selling live market pigs to our customers. The Company have adopted the "Duroc x Landrace x Yorkshire" crossbreeding technique with "Landrace x Yorkshire" crossbred females mating with Duroc males, giving birth to "Duroc x Landrace x Yorkshire" crossbred piglets, which, when grown at the contract farmers' fattening farms, are sold to the customers.

Fattening Pigs at Contract Farms

As at 31 December 2016, the Company utilized a network of 341 contract farmers (316 in Thailand and 25 in Vietnam) to raise the fattening pigs on fattening farms before selling the live pigs to the customers. The contracts are generally a minimum of five years.

Through the network of contract farmers, as at 31 December 2016, the Company had the capacity to raise over 383,890 fattening pigs at any given time which increased from 2015 that raise over 334,020 fattening pigs at any given time. In 2016, the Company sold an average of approximately 53,767 fattening pigs per month, which was an increase from an average of approximately 48,453 fattening pigs per month and 39,589 fattening pigs per month in 2015 and 2014 respectively.



Purchase of Great-Grandparent Pigs

Since 2012, the Company have purchased our great-grandparent pigs through a distributor in Thailand, which acquires our great-grandparent pigs as 10-week old piglets from DanBred International, a Denmark-based company specializing in the production of breeder pigs. Our contracts for our pigs from DanBred International are priced in U.S dollars. Prior to 2012, the Company purchased our great-grandparent pigs from Pig Improvement Company in the United States. In 2016, the Company purchased Pietrain swine breed from Pig Improvement Company in the United States to improve the quality of breeds of pigs.

The Company purchase three breeds of pigs: the Landrace, the Yorkshire (also referred to as a Large White), and the Duroc. Yorkshires make up 75.0% of our purchased pigs, Landraces make up 10.0% of our purchased pigs and Durocs make up the remaining 15.0% of our purchased pigs. The Company generally purchase 30.0% male pigs and 70.0% female pigs.

Sales and Marketing

The Company sell live pigs primarily through the efforts of our sales and marketing team consisting of 21 persons as at 31 December 2016. As the Company operate in both Thailand and Vietnam, our sales team is located in both countries with 14 members in Thailand and 5 members in Vietnam.

Simultaneous with our plans to expand our swine business and increase our diversity of swine products in the future, the Company expect to increase our sales team.

3) Feed Business

The Company produce animal feed primarily for chickens and pigs, but also, to a much lesser extent, for ducks. Our feed is primarily used to feed our chickens and pigs at our owned and operated farms and those of the contract farmers. Our feed is also sold to third parties as another source of revenue for our Company. The Company produced 983,399.70 tonnes of animal feed in 2016, 86.05 % of the feed produced in 2016 was used to feed our chickens and pigs. The remaining feed was sold to agents who then resold the feed primarily to chicken and pig farmers. Our total revenue for the sales to third-party customers was Baht 1,811.37 million, constituting 8.72% of our consolidated revenue in 2016.

Purchase of Raw Materials

Our feedstuffs production process begins with our purchase of feed ingredients, such as corn, soybean meal, rice bran fresh, rice bran solvent and various feed additives. Corn is the main raw material. Our raw material purchased was purchased domestically and was imported from outside of Thailand especially soybean meal and feed additives represent the majority of the ingredients the Company import. Our soybean meal is imported from the United States, Brazil, Argentina and Paraguay and a portion of our feed additives are imported from the United States. The Company pay our international suppliers in U.S. dollars. Our feed ingredients are readily available from numerous sources at competitive prices and the Company generally purchase these ingredients as the Company enter into forward purchase contracts base on appropriate period for reduce risk of raw material price. The Company typically have at least one month's supply of raw materials on hand at any one time and the Company perform regular storage checks for quality and quantity.

While feed ingredients have historically been subject to price fluctuation due to factors such as consumption demand, government policies and weather conditions in major farming regions, in the event that the prices increase for our feed ingredients, there are known substitutes that the Company could purchase to include in our animal feed. For example, some part of rice bran oil or palm oil could be a substitute for soybean meal.

As of 31 December 2016, Cargill Siam Ltd. and Bunge Agribusiness Singapore Pte. Ltd. are our soybean suppliers, which accounted for 6.35 % and 3.45 % our cost of sales of goods and rendering of services for the year ended 31 December 2016. There is no single supplier accounted for more than 10.0% of cost of sales of goods and rendering of services over the past.

Sales and Marketing

Our animal feed is sold directly to our customers through the efforts of our sales and marketing team.

4) Other Businesses

Sales of Animal Feed Sacks and Plastic Farming Equipment

Ayothaya Agri-Tech was established in 2011 and the Company acquired it in 2014. Ayothaya Agri-Tech produces sacks for our internally used animal feed and plastic farming equipment for our chicken operations, including plastic buckets, food pans and egg trays. Ayothaya Agri-Tech's sales were made to our Company or our subsidiaries. The revenue contribution for Ayothaya Agri-Tech to our Company is not material.

Provision of Research Facility Services, Development of Vaccinations and Medical Supplies and Sales of Medical Supplies to Third Parties

The Company provide research facility services to third parties and develop vaccinations and medical supplies in our research and development facility to be used in the raising of our chickens and pigs. The revenue contributions for our third-party research facility services.

Tax Incentives

The prevailing corporate rate of income tax applicable to Thai companies was 20.0% of net profit under BOI law B.E. 1997. Our Company and certain subsidiaries incorporated in Thailand have been granted various tax exemptions by the BOI relating to the Company and relevant subsidiaries' operations. The BOI exempts the Company and relevant subsidiaries from paying corporate income tax on the net profit derived from certain of the Company and the relevant subsidiary's activities. Each tax exemption is valid for 5-8 years commencing on the date of first income derived from the relevant activity.



The following table represents the current status of the corporate income tax exemptions for each relevant subsidiary.

Company	BOI Certificate No.	Facility Location	Date of First Income Derived From Relevant Activity	Date of Expiration of Corporate Income Tax Exemption	Product Under the Promoted Project
TFFM	1278(2)/2553	Suphanburi	1 November 2011	30 October 2019	Animal Feed
	2017(2)/2556	Prachinburi	16 September 2013	15 September 2021	Animal Feed
TFG	2099(2)/2555	Kanchanaburi	29 May 2012	28 May 2020	Whole chicken and chicken part
	2100(2)/2555	Prachinburi	25 April 2014	24 April 2022	Whole chicken and chicken part
	59-1424-1-00-1-0	Prachinburi	4 November 2016	3 November 2021	Processed product
TFPF	2945(2)/2555	Chonburi	18 October 2012	17 October 2020	Day-old chick
	1257(2)/2556	Kanchanaburi	27 December 2012	26 December 2020	Day-old chick
	2763(2)/2556	Sra Kaew	3 January 2014	2 January 2022	Day-old chick
TFSF	1180(2)/2556	Kanchanaburi	17 February 2011	16 February 2019	Breeder and Fattening Pigs
	1196(2)/2556	Prachinburi	11 February 2013	10 February 2021	Piglet
AYAT	1209(5)/2555	Suphanburi	30 December 2011	29 December 2019	Plastic Farming Equipment

In addition, the Company and certain subsidiaries have been granted tax exemptions from payment of import duties on machinery within the specific date of each promotion. In the case where a loss has been incurred during the period of receiving the exemption of juristic person income tax, the Company and certain subsidiaries have been granted permission to deduct such annual loss from the net profits accrued after the expiration of the period of exemption of corporate income tax for a period of not more than five years from the expiration date. The relevant company may choose to deduct such loss from its net profit of any one year or several years. Also, the dividends derived from promoted activities that are granted an exemption of juristic person income tax shall be exempted from computation of taxable income throughout the period our Company receives the exemption of juristic person income tax. However, the aforementioned promotions are subject to the condition that our Company and certain subsidiaries have at least 51.0% of their share capital held by Thai shareholders.

In addition, in Vietnam, TVSL has been granted tax incentives pursuant to Investment License No. 331023000026, as amended, dated 22 April 2013 issued by the People's Committee Quang Nam Province for the operation of a 1,400 lean sow farm. The relevant provisions of the license are as follows:

1) Corporate tax rate

<u>Year</u>	<u>Tax rate</u>
Year 1-4	0%
Year 5 - 15	5%
Year 16 - 24	10%

In 22 June 2015, Vietnam Governance issued new regulation (Circular 96 - Income tax 2015) determined each farm area would get different corporate tax rate (the Governence separate 3 areas; normal area, urban area and special urban area).

For Nuitan was TVSL area which in special urban area and could be operate farming, the rate for 50 years at 0% and TVSL's revenue generates from hired other farm with TVSL may the different tax rate.

2) Exemption from import tax

TVSL is exempted from import tax for the goods that are to be used in the production of fixed assets as prescribed in Article 12 of Decree No. 87/2010/ND-CP, dated 13 August 2010 of the government, detailing regulations to implement the law on Export Tax and Import Tax for a period of 50 years, expiring on 23 June 2064.

3) Exemption from the land rent

TVSL is entitled to an exemption from the land rent for the project promoted under the Investment License for a period of 50 years after the project is complete (according to Article 14 of Decree No. 142/2005/ND-CP).

Material Licenses and Permits

In Thailand and Vietnam, our facilities and operations are subject to regulation by various governmental agencies. In Thailand, these include, but are not limited to, the Department of Livestock Development, the National Bureau of Agricultural Commodity and Food Standards, the Ministry of Industry of Thailand and the Subdistrict Administrative Organization.

In Vietnam, the Company were granted Investment License No. 331023000026, as amended, dated 22 April 2013, for the operation of a 1,400 lean sow farm in the Quang Nam Province of Vietnam. Further, the governmental agencies in Vietnam include, but are not limited to, the Ministry of Agriculture and Rural Development, the Animal Husbandry and Veterinary Department, the Department of Planning and Investment, the Department of Building and Construction, the Ministry of Natural Resources and Environment and the Provincial People's Committee.

Our slaughterhouses in Thailand are subject to continuous on-site inspection by the government. The official inspector from Department of Livestock Development visit our farms at least once a year and the official inspector from Department of Livestock and a Halal representative from the Central Islamic of Thailand are stationed at our slaughterhouses on a daily basis to ensure our products meet the applicable standards and to monitor the facilities sanitary conditions. Each time the Company transport the chickens and pigs from and to the contract farmers, the Company need a permit from the local veterinarian from the Department of Livestock Development, who is there at the time of transport to check whether the chickens satisfy the food safety standard.



Certificate

Over the past four years to end of 31 December 2016, the Company have received numerous certificates from governmental and regulatory agencies for our quality management and good practices. These certificates include, but are not limited to the following: (1) Good Agricultural Practice (“GAP”) Certificates from the Department of Livestock Development for our various chicken and swine farms and for our hatcheries; (2) Good Manufacturing Practice (“GMP”) Certificate from the Department of Livestock Development for our feed mills in the Suphanburi and Prachinburi provinces of Thailand; (3) Certified Qualified Producer for Hygienic Meat Certificate from the Department of Livestock Development for our chicken products; (4) Beta-Agonist Free Certificate from relevant Livestock Provincial Offices for various pig farms; (5) Quality Management System Certificates (“ISO 9001”) from the Management System Certification Institute (Thailand) for our feed mill in the Suphanburi province of Thailand and our slaughterhouses; (6) a Hazard Analysis and Critical Point System (“HACCP”) certificate from the Department of Livestock for our slaughterhouses; (7) an Environmental Management System Certificate (“ISO 14001”) from the National Quality Assurance for our slaughterhouses; and (8) a certificate issued by the Department of Livestock Development for the resting area (lairage) of animal carcasses for export out of Thailand; (9) Universal Feed Assurance Scheme (“UFAS”); (10) Genesis GAP Certificate; (11) General Requirements for the Competence of Testing and Calibration Laboratories (“ISO 17025”); (12) The British Retail Consortium Certificate (“BRC”) and (13) Certificate for Storage facilities and sales of pharmaceuticals for animals.

The Certificate of TVSL’s operation has as follows; (1) Good Operation Agriculture (VietGAP) for swine farm issued by the Vietnam’s Governance (2) Quality Management System Certificates (“ISO 9001”) issued by Vietnam’s Governance.

Industry and Trends

Poultry Business

Manufacturing Figures

In 2016, broiler manufacturing figures was 1,397.47 Million, weighting at 1.92 Million tonnes, increased from 2015 which was 1,338.94 Million, weighting 1.85 Million tonnes. The total increase is measured at 4.37% from 2015, this is due to the good safety and manufacturing standard of broiler farm in Thailand which effectively increased production figures to meet the demands of consumer in Thailand and for exportation. (The Office of Agricultural Economics)

Export Figures

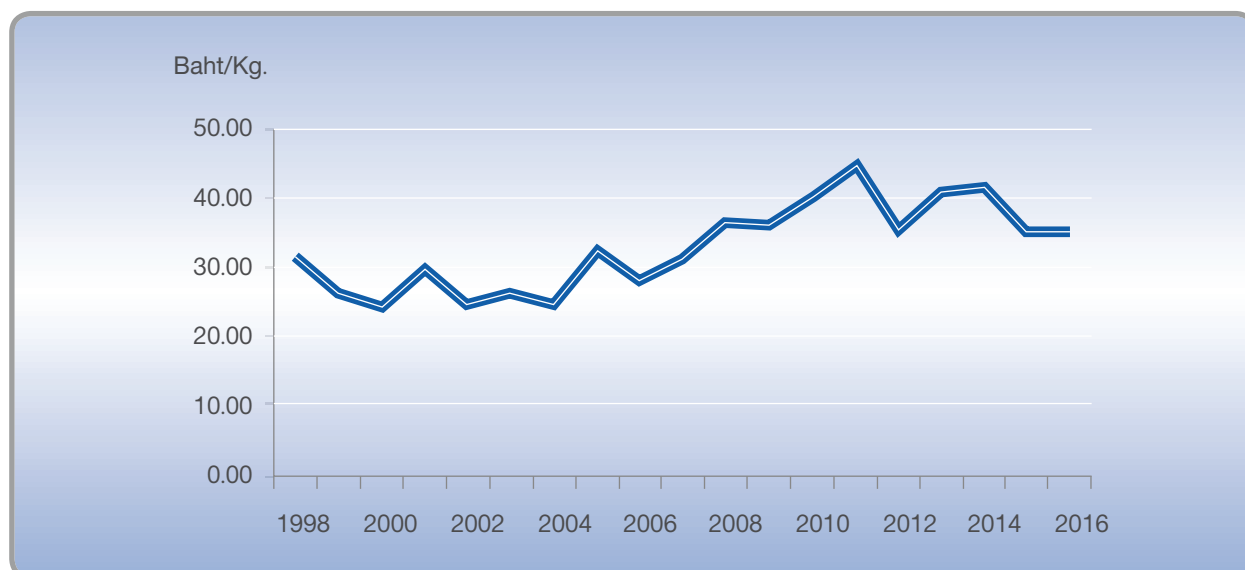
In 2016, Thailand exports a total of 660,000 tonnes of broilers, valued at 86,500 Million Baht, increased from 2015 which was 621,774 Million tonnes, valued at 81,175 Million Baht, with total sales figures in 2016 increased by 6.15% from 2015 due to increased demand from consumers in exporting partner and the ability of Thai manufacturer to produce products corresponding to the market demands. Main export market includes: Japan, European Union and ARSEAN Countries respectively. Thailand currently ranked as one of the world top broiler exporters.

Broiler exports can be divided into two parts, frozen broiler exports and processed chicken. Total frozen broiler export figures in 2016 was 200,000 tonnes, valued at 16,500 Million Baht, increased from 2015 which was 175,758 tonnes at 14,320 Million baht, total increase in 2016 was 13.79% from 2015. As for processes chicken in 2016, total export figures was 460,000 tonnes, valued at 70,000 Million Baht, increased from 2015 which was 443,016 tonnes, at 66,855 Million Baht, total increase in 2016 was 3.14% from 2015. (Source: The Office of Agricultural Economics)

Broiler Farm Pricing

In 2016, pricing of broilers was 35.12 Baht per kilogram, decreased from 2016 which was 35.25 Baht per kilogram or decrease by 0.37% due to increased broiler supply in the market.

Annual Figures: Broiler Broiler Pricing 1998 - 2016



(Source: Thai Feed Mill Association)



Swine Business

Manufacturing Figures

In 2016, swine manufacturing figures was 14.543 Million, increased from 2015 which was 13.65 Million. The total increase is measured at 6.52% from 2015, this is due to rise in live pig prices, encouraging farmer to increase production capacity. (Source: The Office of Agricultural Economics)

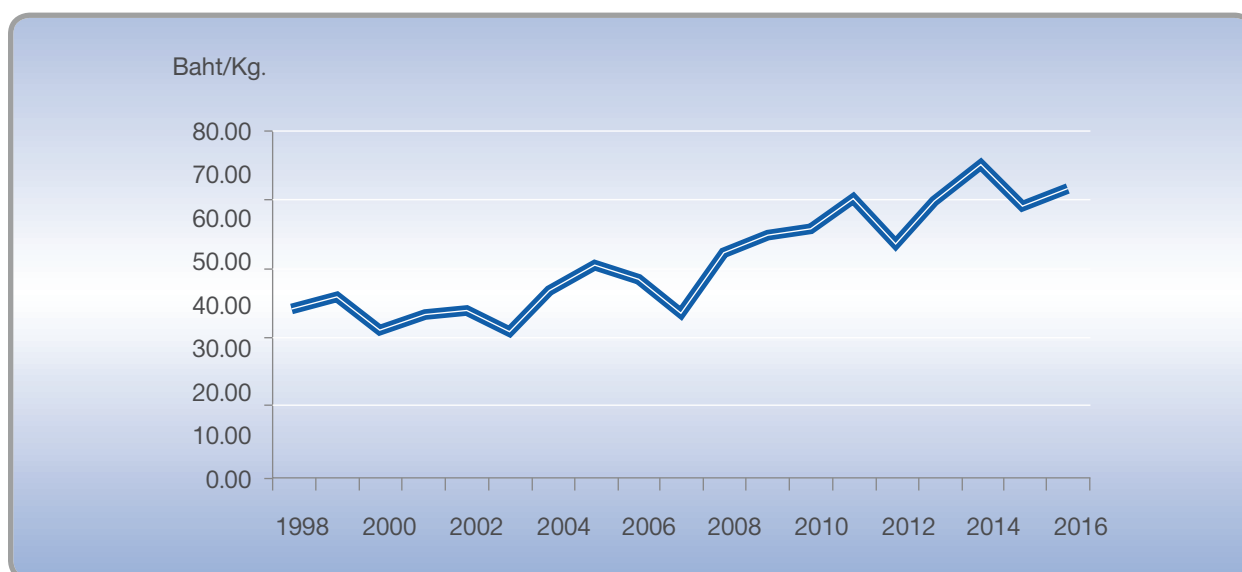
Export Figures

In 2016, Thailand exports a total of 1,262,000 live pig, increased from 2015 which was 872,500, increased by 44.64% from 2015. As for processed pork exports, the total figure was 3,500 tonnes, valued at 180 Million Baht, increased from 2015 which was 3,189 tonnes, valued at 193.99 Million Baht. Total export figure increased by 9.75% from 2015. However, export of lives pig and process pork meat account for only 10% of all swine production due to limitation caused by Food and Mouth disease in Thailand. (Source: The Office of Agricultural Economics)

Swine Farm Pricing

In 2016, swine prices at farm was 66.58 Baht per kilogram, increased from 2015 which was 62.79 Baht per kilogram or 6.04% increase due to droughts in certain areas slowing swine growth and increasing investment cost causing price hikes.

Annual Figures: Swine Farm Pricing 1998 - 2016



(Source: Thai Feed Mill Association)

Business Trends

Production figure of broiler in 2017 is estimated to be 1,414.53 Million, increase by 1.22% from 2016 in accordance with population increase and consumer demands due to poultry being essential for consumption and due to poultry being cheaper compared to other meat. For poultry export in 2017, figures are estimated to be 710,000 tonnes, valued at 93,000 Million Baht, increased by 7.58% from 2016 due to population increase and poultry consumption as protein with low fat. Moreover, effective quality control and strict disease control in manufacturing has prevented bird flu in its entirety, with no report since the end of 2008, earning the trust and acceptance of export partners in Thailand's broiler production capabilities. As for pricing, prices are estimated to rise at slightly in 2016.

Production figures of swine in 2017 is estimated to be 14.92 Million swine, increased by 2.59% from 2016 due to continuous demand in domestic market and the effectiveness of large producers in mitigating livestock death, granting increase production figures. Export figures and pricing are estimated to be similar to 2016. (Source: The Office of Agricultural Economics)



Production and Facilities

Production Capacity

Poultry Business

Facilities

As at 31 December 2016, the Company raises the breeder chickens at 17 breeder farms, which consist of 211 operational farm houses. The breeder farms are strategically located in areas with no history of disease and which are low risk flood zones.

As at 31 December 2016, the Company also own and operate six hatcheries where eggs are incubated and hatched which have the location detail as follow;

No.	Name	Location/Province
1.	Thung Krabam	19/1 Thung Krabam Subdistrict, Lao Khwan District, Kanchanaburi Province
2.	Nong Pradu	155/3 Moo.2, Nong Pradu Subdistrict, Lao Kwan District, Kanchanaburi Province
3.	Bor Ploy	11/1 Moo.5 Bor Ploy Subdistrict, Bor Ploy District, Kanchanaburi Province
4.	Lao Khwan	107 Moo.7, Lao Khwan Subdistrict, Lao Khwan District, Kanchanaburi Province
5.	Nern Moke	139 Moo.8, Nong Irun Subdistrict, Ban Bueng District, Chonburi Province
6.	Nong Samsak	45/1 Moo.1, Nong Samsak Subdistrict, Ban Bueng District, Chonburi Province

As at 31 December 2016, the Company own 147 automatic hatchery machines across 6 hatcheries that aid in the hatching process, the hatcheries operated at approximately 73% of capacity. The Company also own and operate three slaughterhouses, two of the slaughterhouses are located in the Kanchanaburi province of Thailand and one of the slaughterhouses is located in the Prachinburi province of Thailand.

Moreover, as at 31 December 2016, the Company also rent and operates 41 distribution facilities to store and deliver a portion of chicken meat to the customers in all regions. The Company also use these distribution facilities to store and deliver the pork meat, chicken sausage and other products to the customers.

Production Capacity

The following table sets out the historical production capacities for the poultry operations as at the end of year 2013 - 2016

Poultry	2013	2014	2015	2016
Breeder ^{1/} (unit)	1,644,000	1,716,900 ^{2/}	1,716,900	1,755,178
Eggs ^{3/} (egg)	3,957,120	4,878,720	4,878,720	5,008,320
Slaughter (Chickens per day)	316,000	466,000	466,000	466,000
Chicken Sausage (Tonnes per day)	-	-	-	60

Notes : ^{1/} This category represents the number of breeder chickens that can be raised and housed at the breeder farms.

^{2/} In 2014, the Company converted one of the breeder chicken farms into a farm to raise some of the day-old layer chicks. Around the same time, the Company finished constructing and began operating a replacement breeder chicken farm in the Sa Kaeo province of Thailand. Following this conversion of one breeder chicken farm and construction of a replacement breeder chicken farm, the breeder chicken capacity increased to 1,716,900 breeder chickens as the replacement breeder chicken farm had a higher capacity than the farm it replaced.

^{3/} This category represents the number of eggs that can be hatched at the hatcheries per week.

As at 31 December 2016, the Company operates three slaughterhouses with the total capacity of 466,000 chickens per day. The two slaughterhouses located in the Kanchanaburi province of Thailand have a capacity of 165,000 chickens per day and 151,000 chickens per day respectively. Each was operating at 91.51% of capacity. The slaughterhouse in the Prachinburi province of Thailand had a total capacity of 150,000 chickens per day and was operating at 91.33% capacity. This slaughterhouse in the Prachinburi province of Thailand has started operates in 2014. For the chicken sausage factory which located in the Prachinburi province of Thailand, had have a capacity of 60 tons per day and was operating at 33.00% capacity. This factory has started operates in 2016.

The slaughtering is able to increase the capacities in the future beyond the stated capacities due to the expansion plans, the Company intend to increase the number of operational hours, the number of days per week, the Company operate and/or the number of work shifts at the slaughterhouses to accommodate the intended expansion of the poultry operations.

Swine Business

Facilities

As at 31 December 2016, the Company own and operate two great-grandparent pig farms. The first great-grandparent pig farm is located in the Kanchanaburi province of Thailand since 2010 with the capacity 450 great-grandparent pigs. The second great-grandparent pig farm has operated from 2016, located in the Sa Kaeo province of Thailand with the capacity 700 great-grandparent pigs. The total capacity is 1,150 great-grandparent pigs. Moreover, The Company own and operate three grandparent farms and rent and operate three grandparent farms in Thailand with total capacity 7,800 grandparent pigs. The Company also has one grandparent farm, owned and operated by a contract farmer, in Vietnam with the capacity 800 grandparent pigs.

The Company operate nine parent pig farms in Thailand, one of which the Company own, the farm is the first parent pig farm, had capacity 1,800 parent pigs which has operated since 2012 and located in the Nakhonsawan province of Thailand. The eight of parent pig farms which the Company rent, had the capacity 17,500 parent pigs. The Company also relies on contract farms in Thailand to raise a portion of the parent pigs.

Moreover, the Company operates three parent pig farms in Vietnam, two of which the Company own and one of which the Company rent. The total capacity was 4,200 parent pigs. And the Company has contract with 25 contract farms to raise the remaining Vietnam parent pigs.

The Company does not own or operate fattening farms and rely entirely on contract farmers to raise the fattening pigs. In 2016, the Company can raise an average of approximately 53,767 fattening pigs per month. In Vietnam, the Company can raise an average of approximately 6,700 fattening pigs per month.

The contracted swine slaughterhouses in the Nakhon Pathom and Prachinburi province of Thailand have the total capacity 364 pigs per day.



Production Capacity

The following table sets out the historical production capacities for the swine operations as at the end of year 2013 - 2016

Swine	2013	2014	2015	2016
Farms in Thailand				
Great-grandparent pig ^{1/}	450	450	450	1,150
Number of great-grandparent pigs farm	1	1	1	2
Grandparent pig ^{1/}	5,300	5,300	7,800	7,800
Number of Grandparent pigs farms	6	6	7	6
Parent pig ^{1/}	2,150	7,900	10,000	17,500
Number of parent pigs farms	2	5	6	9
Fattening pigs (Pig/Month)	26,998	28,334	44,045	53,767
Farms in Vietnam				
Grandparent pig	800	800	800	800
Number of Grandparent pigs farms	1	1	1	1
Parent pig	1,400	2,800	4,200	4,200
Number of parent pigs farms	1	2	3	3
Fattening pigs (Pig/Month)	-	2,355	5,178	6,700
Number of contract farming	-	10	20	25
Slaughterhouses (Pig/Day)				
Nakhon Pathom and Prachinburi province of Thailand	-	80	314	364

Notes : ^{1/} This category represents the number of pigs that can be raised at our great-grandparent farm, grandparent farms (not including our contract farm in Vietnam and our replacement gilts), parent farms (not including our contract farms), respectively.

Feed Business

Facilities

As at 31 December 2016, the Company own and operate three feed mills to produce the feed with total capacity 120,000 tonnes per month, two of which are located in the Suphanburi province of Thailand with total capacity of 70,000 tonnes per month and operating at 77.79% of capacity. The third feed mill located in the Prachinburi province of Thailand has a total capacity of 50,000 tonnes per month and, operating at 72.07% of capacity.

The following table sets out the historical production capacities for the feed business as at the end of year 2013 - 2016

Feed mills (Tonnes per month)	2013	2014	2015	2016
Capacity	120,000	120,000	120,000	120,000

Environmental Matters

All hatchery, slaughtering, meat production, butchering facilities, sausage production and feed production in Thailand must be in compliance with the laws and regulations governing the environment under the control of the Bureau of Industrial Environmental Technology of the Department of Industrial Works. In this regard, the aforementioned laws prescribe standards on the environmental conditions inside and surrounding the facilities, such as water, noise, air chemical boiler and facility emissions that are deemed waste, pollution or any other substances that has an impact on the environment.

Although according to the law, the establishment of the company is not in line with the environmental report. However, the company's factory is classified as a factory that must provide environmental personnel at the establishment. Controller of water pollution And environmental manager In addition, both refineries are equipped with a BOD Online) Connect the signal to the factory department. For feed mill, it is a company that has factories that need to have chemical controllers. But no other environmental pollution controllers.

The Company provides environmental and safety audits in accordance with relevant laws. Every year, outsourced companies make a report to measure the environment of the company's feed mill. To check the environment in and around the Company's facilities, both in terms of noise levels and air quality within the establishment. Air quality in general atmosphere outside the establishment. Include the amount of pollutant in the air vented from the chimney of the establishment as a result of such transaction. Compliance with (1) The Notification of the Ministry of Industry Re: Safety Measures for Factory Operation in Working Environment (2) The Ministerial Regulations prescribe standards for management and management of occupational safety, health and working environment. (2006) and (3) Notification of the Ministry of Industry Re: Determination of noise levels, noise levels and noise levels caused by factory operation. End of discharge shaft (2005) (4) Annoucement of the Ministry of Industry Re : Characteristics of air relaease from pipe (2006) (5) Notification of the Ministry of Industry (No. 2) Concerning the characteristics of wastewater discharged from factory in 1996 (6) On Disposal 2005 and (7) Public Health Act No. 2, 2008 for the disposal of solid waste.

We also engaged other private companies to prepare an internal report on the environmental conditions inside and outside our slaughterhouses in 2016. The report focused on the heat, light, noise, chemicals and mineral dust in the atmosphere and concluded that our slaughterhouses meet the following standards: (1) the Notification of the Ministry of Interior B.E. 2520 Re: The occupational safety in respect to the working environment (Chemical); (2) the Ministerial Regulation on the Prescribing of Standards for Administration and Management of Occupational Safety, Health and the Environment in Relation to Heat, Light and Noise B.E. 2549 (2006); (3) the Notification of the Ministry of Industry No.2 Re: Industrial effluent standard B.E. 2539 (1996); and (4) the Notification of the Ministry of Industry Re: Emission standard of soot from boiler B.E. 2549 (2006).

In addition, we are focused on minimizing the environmental impact of our production processes. In an effort to determine as environment policy for factoryand farm's operation, reduce our environmental impact, we endeavor to reduce our energy and resource consumption and recycle where possible. We additionally adhere to the guidelines of the Ministry of Natural Resources and Environment, which conducts inspections of our farms' waste control from time to time. In the past, we have not received complaints from the relevant authorities in connection with environmental matters.



Structural Risk

1) Risk from the from single breeder supplier and few great grandparents swine supplier

The Company purchase breeder chickens from Arbor Acres Co., Ltd., the sole well-known supplier of breeder chickens in the market, in yearly purchase deal for each subsequent year. As for great grandparent swine, the Company exclusively purchase from the representative of Dan Breed International Co., Ltd. and Pig Improvement Co., Ltd. in yearly purchases deal from each company. Supplies of breeder chicken and great grandparent breeders swine are essential for the Company's business, shortage may affects the Company's supply and demand or the products manufactured by the Company.

Risk Management

The Company has extensive experience and knowledge in the field of poultry and pork production and has long maintained a good relationship with our suppliers. However, if such supplier could not meet our demands for, the Company inevitably resorts to other suppliers who could provide the same level of quality and supply. The market currently features a large pool of supplier and sales representative selling breeder chickens and great grandfather swine. The Company can also develop our own swine breed to compensate for great grandfather swine breeds.

2) Contract Farming dependence risk

The Company utilizes contract farming system to raise poultry and swine. As of December 31st, 2016 the Company have 489 poultry farmers contracted and 341 swine farmers contracted. In the contract farming system, farmers will be responsible for the raising of poultry and swine until they have matured. The Company will then collects and transport the poultry to the slaughterhouse for processing and distribution as meat to buyers. Swine follows the same process, however, some are sold live rather than slaughter for meat. The risk factor in contract farming includes instability in the interest of the farmers which may sometimes shift agricultural interest based on potential market profit or if more preferable contract rate were provided by our competitor and the issues in quality control which affect demand and may incur opportunity loss to the Company.

Risk Management

In mitigating the aforementioned risks, the Company will preferably engage in contract of at least 3 years, where farmers selected must pass the farming capabilities assessment of the Company and if needed upgrades may be perform on the contracted farm to meet the specification of the Company. The Company also stipulates maximum transportation distance to mitigate risk for transportation death . Development and assistance program are also provided, where veterinarian and veterinary nurse advise farmers in an effort to bolsters farming standards and ensure profit for the farmers.

3) Risk factors from the labor required for slaughterhouse operation

As of 31 December 2016, the Company has 6,252 employees working in slaughterhouses, 3,876 in the Kanchanaburi and 2,376 in Prachinburi (most are employed at daily rates). In the operation of slaughterhouses, large amount of labor is required to handpick and modify raw materials. Shortage in the number of employees would impact the production the plant reducing production numbers. This particular risk factor also includes the requirement in employee skills, which may adversely affect the quality of the product.

Risk Management

The Company employs local worker as well as recruitment agencies to fulfill the production demands. When employees procured by recruitment agencies resign, the agency will promptly find replacement for the position. The Company also offers competitive remuneration rates as incentive. To ensure quality from product produced by new employees, the Company regularly provides training programs, employ Quality Assurance officers throughout the whole production line and invest in machinery which reduce labor requirement while ensuring stable production numbers.

4) Risk factor from consumer confidence in the product safety

Consumers prefers products which are clean and safe, if the produce were to be contaminated or of unsatisfactory quality due to the production, transportation or storage, adverse effects may be felt to the reputation, image, business opportunity and performance of the Company.

Risk Management

The Company prioritizes product quality and safety above all. For this purpose the Company utilizes; quality control, sanitization measures, product temperature control and product samplings in order to meet manufacturing standard and assure quality of products. The Company also received the following standards certificate from both local agencies and abroad; GMP (Good Manufacturing Practice), HACCP (Hazard Analysis Critical Control Point), HALAL, ISO 9001 (Quality Management System) and ISO14001 (Environmental Management System).

5) Risk factors from single shareholder group holding more than 75 percent of tradable shares

The Company has one major shareholder group which is Mr. Winai Teawsomboonkij's Group holding 3,947,081,729 shares as of December 31 2016, accounting for 77.39% of all tradable shares, in the ratio of 3:4 of all shares, enabling this particular group to affect the decision making of the Company in agenda requiring special resolution in the meeting of shareholders. Other shareholders may be at risk in their ability to vote against the agenda proposed by this major shareholder group. In addition, shareholding in this magnitude prevents takeover from other parties without the consent of this major shareholder, whereby some shareholders may view such event as an opportunity to generate profit.

Risk Management

As of 25 January 2017, the Company has 4 independent directors into the board of director from the total position of 8 persons available, i.e. 50 percent of all directors and appoints another 3 independent surveyor in to the Surveyor Committee. The committee will operate to investigate and correct transaction which may be regarded as conflict of interest and to ensure that any such transaction benefits the Company. As well as maintaining transparency in the system.



External Risk Factors

1) Risk factor from price fluctuation

The Company revenue are mostly generated from the sales of live chicks, poultry meat, live swine and pork meat, price are dependent on demands at the time, which fluctuates under the influence of many factors including; consumer behavior, purchasing power and seasonal demands. In terms of product supply, factors affecting includes; disease, domestic sales and sales abroad. Where demand may exceed supplying capacity, the Company will be unable to reap the full profit potential at that time, however, this particular scenario could also serve to increase price and provide for greater profit yield if managed appropriately. If supply exceeds demand, prices will fall along with the sales figures.

Risk Management

The Company has expanded sales channels to areas which provides better profit and is at lesser risk from price fluctuation. These new area includes; export, vendor agreements with large restaurant chains and poultry sausage production using raw material produce by the Company under the brand TFG which help enhance product value. To compensate for price fluctuation in the swine sector, the Company has increase production capacity to maintain stable pricing. The Company swine sales channel in Vietnam also helps mitigates risk from domestic price fluctuation.

2) Risk factors from uncertainties in raw material cost

The Company's main raw material cost are animal feeds material cost including; corn, soybean meal, tapioca pellet, in which market prices fluctuates in accordance with demand and supply at the time and other factors such as; trade embargo, weather condition, biofuel demands, state intervention, agriculture promotion policies and the future trades market mechanism. Any changes in prices will affect the principle cost of the Company.

Risk Management

The Company's material resource planning put into consideration; pricing, storage cost, purchasing period and exchange rates. Where price may rise above acceptable levels, the Company can shift to alternative raw material. The Company also hires teams of pricing expert to closely monitor raw material price as well as a research and development department ready to adapt and develop new recipe to accommodate alternative raw materials.

3) Risk factor from disease

Animal borne disease directly affects consumer confidence and the livestock industry as a whole. Disease which has recently plague Thailand includes; Swine Flu, Porcine Epidemic Diarrhea, Foot and Mouth Disease: FMD. Outbreak of any such serious animal disease may require the culling of potential host animal or exportation may be restricted, all of which adversely affects the Company.

Risk Management

The Company utilizes a number of prevention methods to ensure sanitization including; Evaporative Cooling System: EVAP to adjust to temperature to a suitable level and prevent disease carrying microbes from entering the plant, animal vaccination and Genesis farm development system are used in both the Company's farm and of contractors. The Company has invested in the development of lab testing system which can swiftly analyze and detect disease causing microorganism in order to

resolve any emergency situation. The Company has also received certification from the Department of Livestock Development, Ministry of Agriculture and Cooperatives for the standard of safety practiced by the Company. However, animal borne disease generally affects the livestock industry as a whole. Major outbreaks in Thailand are beyond the control of the Company and will unavoidably affect the Company, regardless of the measure taken.

4) Risk factors from fluctuation in exchange rate

The Company import raw material and machinery from overseas, while also exporting products to foreign markets. Fluctuation in the exchange rates will affect the principle cost of the Company.

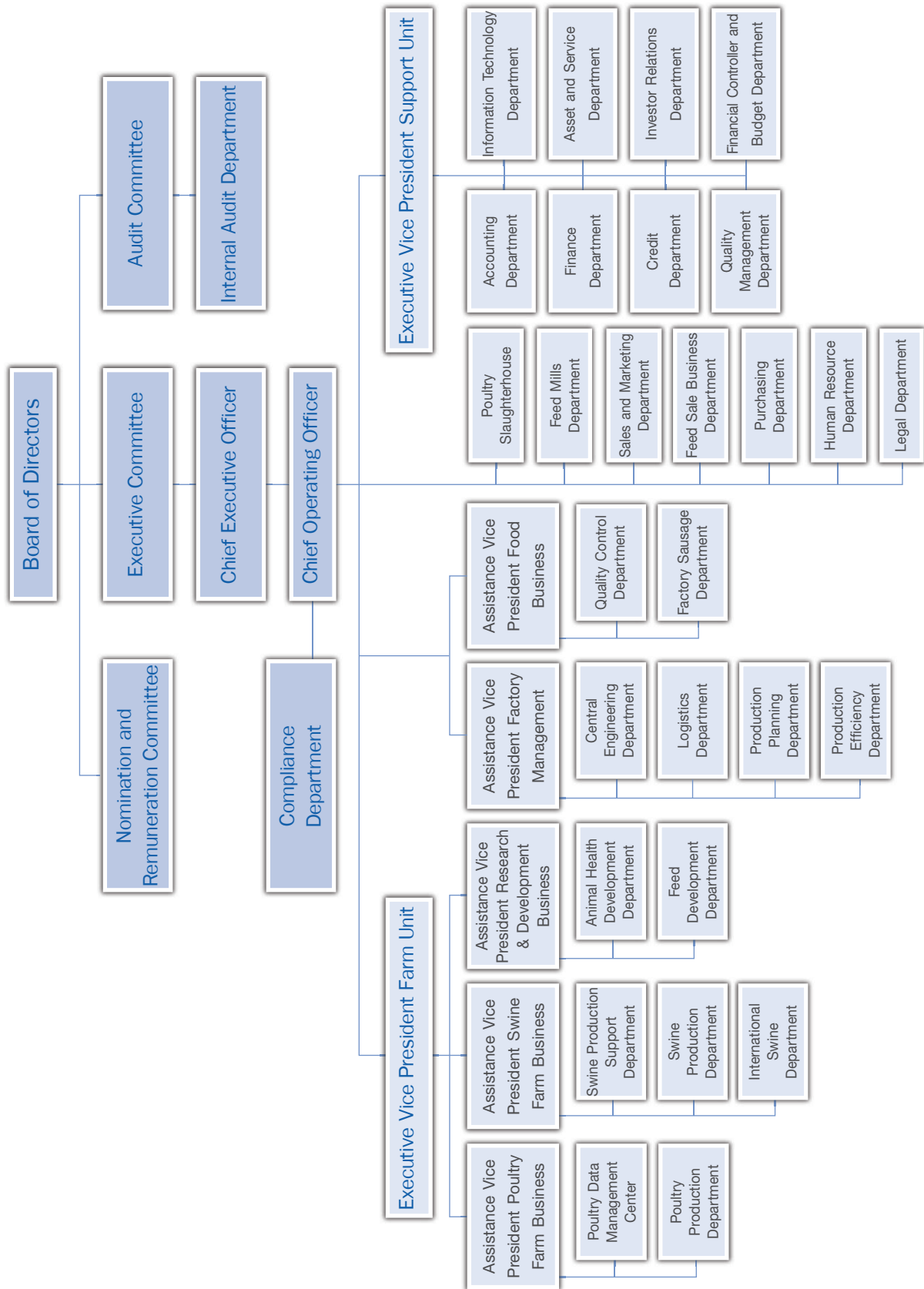
Risk Management

The Company has teams which monitor daily exchange rates in order to mitigate risk and trade currencies at acceptable pricing with the assistance from financial instrument from numerous banks. The Company also mainly settles debts in US dollars to purchase raw material and machinery from abroad, while also accepting the same for sales made in foreign market, effectively mitigating some of the risk in exchange rates.





The Organization Chart of the Company as of 31 December 2016 are as follow;



Registered capital and Paid up capital

As of January 11, 2017 (the date that the Company increased its paid-up capital with the Ministry of Commerce due to the exercise of the Warrants No.1), the Company has registered capital 5,610,000,000 baht and paid-up capital amount 5,108,664,700 Baht divided into ordinary shares 5,108,664,700 shares with a par value of Baht 1 each with one share one vote.

Transfer of Shares Limit

The Company's shares can be transferred without restriction unless such transfer of shares would cause the "non-Thai" shareholders to hold shares in the Company in excess of 49% of the total issued outstanding shares.

Shareholding Structure

List of major shareholders listed in the share register of shareholders as of 31 December 2016 are summarized below:

No.	Name	No. of Shares	%
1.	Mr. Winai Tiewsomboonkij Group	3,947,081,729	77.39
	Mr. Winai Tiewsomboonkij	984,915,132	19.31
	Ms. Pritsana Teawsomboonkij	1	0.00
	Newstar Victor Company Limited ^{1/}	1,592,166,596	31.22
	Star Capital (H.K.) Limited ^{2/}	970,000,000	19.02
	Newsaga Limited ^{3/}	400,000,000	7.84
2.	Mr. Nattawut Tiewsomboonkij	326,500,571	6.40
3.	Mr. Wuttipong Wangsomboondee	68,866,500	1.35
4.	Ms. Kanyarat Trongthummakij	39,423,000	0.77
5.	Ms. Panida Trongthummakij	38,401,300	0.75
6.	Seamico Securities Public Company Limited	37,940,000	0.74
7.	Thailand Securities Depository	37,201,026	0.73
8.	BANK J.SAFRA SARASIN LTD. SINGAPORE BRANCH	35,000,000	0.69
9.	Ms. Woranard Wangsomboondee	30,485,300	0.60
10.	KT ZMICO Securities Company Limited	29,600,000	0.58
Top Ten Shareholders		4,590,499,426	90.01
Other Shareholders		509,500,574	9.99
Total		5,100,000,000	100.00

Note : ^{1/} Newstar Victor Company Limited was incorporated in Thailand on 17 June 2014 as a company engaged in investment business. It has a registered capital of Baht 1 million, fully paid-up. The major shareholder is Mr. Winai Teawsomboonkij, holding 99.97% of shares in the Company.

^{2/} Newsaga Limited was incorporated in British Virgin Islands on 2 January 2014 as a company engaged in investment business. It has a registered capital of USD 100, fully paid-up. Mr. Winai Teawsomboonkij is the sole shareholder, holding 100% of shares in the company.

^{3/} Star Capital (H.K.) Limited was incorporated in Hong Kong on 2 October 2013 as a company engaged in investment business. It has a registered capital of HKD 10,000, fully paid-up. Major shareholders are Mr. Winai Teawsomboonkij and related parties, holding 100% of shares in the company.

Other Securities

Bill of Exchange (B/E)

The Company issued Bill of Exchange (B/E) (unsubordinated and unsecured) which filling effective on 31 October 2016, offering period from 31 October 2016 to 30 October 2017. Total amounted of B/E is not more than Baht 3,500 million at any time with term of B/E is not more than 270 days from issuing date. As at 31 December 2016 the issuance of bills of exchange outstanding of Baht 1,740 million, average interest rate 3.47% - 4.10% per year.

Debentures

Debentures 1/2016

On 21 October 2016 the Company issued Baht 150 million unsubordinated, unsecured debentures in registered name form, which offering for no more than 10 specific investors. Maturity date at 22 October 2018 with bearing interest at the fixed rate of 4.25% per annum.

Debentures 2/2016

On 25 November 2016 the Company issued Baht 60 million unsubordinated, unsecured debentures in registered name form, which offering for no more than 10 specific investors. Maturity date at 25 May 2018 with bearing interest at the fixed rate of 3.95% per annum.

The Board of Directors

As of 31 December 2016, the Board of Directors structure of the Company consists of 1) Board of Directors and 2) sub-committee which are three committees, namely Audit Committee, Executive Committee, Nomination and Remuneration Committee, and 3) Managements.

Board of Directors

As of 25 January 2017, the Board of Directors consists of 8 members are as follows:

Name	Position
1. Mr. Chaipatr Srivisarvacha	Chairman of the Board of Director
2. Mr. Winai Teawsonboonkij	Director
3. Mr. Chirdsak Kukiattinun	Director
4. Mr. Prasit Wasupath	Director
5. Mr. Anant Tangtongwechakit	Independent Director
6. Mr. Weidt Nuchcharoen	Chairman of Audit Committee/Independence Director
7. Mr. Weerasak Ungkajornkul	Audit Committee/Independence Director
8. Mr. Narakorn Ratchapolsitte	Audit Committee/Independence Director

Mr. Winai Teawsomboonkij and Mr. Chirdsak Kukiattinun are authorized directors who can sign on behalf of the Company and jointly sign with the Company's seal affixed.



Director Attendant the Meeting

The details of Director Attendant the Meeting are as follows

Name	No. of Attendant the Meeting
1. Mr. Chaipatr Srivisarvacha	6/8
2. Mr. Winai Teawsonboonkij	8/8
3. Mr. Chirdsak Kukiattinun ^{1/}	6/6
4. Mr. Prasit Wasupath ^{2/}	5/6
5. Mr. Anant Tangtongwechakit ^{2/}	4/6
6. Mr. Weidt Nuchcharoen	8/8
7. Mr. Weerasak Ungkajornkul	8/8
8. Mr. Narakorn Ratchapolsitte ^{2/}	6/6
9. Mr. Prasit Maekwatana ^{3/}	2/2
10. Mr. Win Thanittiraporn ^{4/}	1/1
11. Mr. Wattana Rattananon ^{5/}	4/4

Notes : ^{1/} Mr. Chirdsak Kukiattinun has been appointed as director since 29 February 2016

^{2/} Mr. Prasit Wasupath, Mr. Anant Tangtongwechakit and Mr. Narakorn Ratchapolsitte have been appointed as director since 28 April 2016

^{3/} Mr. Prasit Maekwatana has been appointed as director since 30 September 2016 and resigned as 12 January 2017.

^{4/} Mr. Win Thanittiraporn resigned from director position as 15 February 2016.

^{5/} Mr. Wattana Rattananon resigned from director position as 6 September 2016.

Ms. Siriluck Tangwiboonpanich is the secretary to our Board of Directors and the Company's Secretary.

Audit Committee

As of 25 January 2017, Audit Committee consists of 3 members are as follows:

Name	Position
1. Mr. Weidt Nuchcharoen	Chairman of Audit Committee/Independence Director
2. Mr. Weerasak Ungkajornkul	Audit Committee/Independence Director
3. Mr. Narakorn Ratchapolsitte	Audit Committee/Independence Director

Mr. Weidt Nuchcharoen have knowledge and experience in matters of accounting and finance to audit the reliability of the financial statement. Mr. Weidt Nuchcharoen has a Master's degree in Business and Accountancy from Thammasart University.

The Details of Audit Committee Attendant the Meeting are as follows:

Name	No. of Attendant the Meeting
1. Mr. Weidt Nuchcharoen	4/4
2. Mr. Weerasak Ungkajornkul	4/4
3. Mr. Narakorn Ratchapolsitte	3/3

Nomination and Remuneration Committee

As of 25 January 2017, Nomination and Remuneration Committee consists of three members are as follows:

Name	Position
1. Mr. Chaipatr Srivisarvacha	Chairman of the Nomination and Remuneration Committee
2. Mr. Weerasak Ungkajornkul	Nomination and Remuneration Committee
3. Mr. Narakorn Ratchapolsitte	Nomination and Remuneration Committee

The Details of Nomination and Remuneration Committee Attendant the Meeting are as follows:

Name	No. of Attendant the Meeting
1. Mr. Chaipatr Srivisarvacha	2/2
2. Mr. Weerasak Ungkajornkul	4/4
3. Mr. Narakorn Ratchapolsitte	2/2

Executive Committees

As of 25 January 2017, Executive Committees consist of four members are as follows:

Name	Position
1. Mr. Winai Teawsonboonkij	Chairman of Executive Committee/Chief Executive Officer
2. Mr. Chirdsak Kukiattinun	Executive Committee/Chief Operating Officer
3. Mr. Phet Nantavisai	Executive Committee/Executive Vice President Farm Unit
4. Ms. Nattaya Huatsoontorn	Executive Committee/Executive Vice President Support Unit

Managements

As of 25 January 2017, managements consist of nine members are as follows:

Name	Position
1. Mr. Winai Teawsonboonkij	Chief Executive Officer
2. Mr. Chirdsak Kukiattinun	Chief Operating Officer
3. Mr. Phet Nantavisai	Executive Vice President Farm Unit
4. Ms. Nattaya Huatsoontorn	Executive Vice President Support Unit
5. Mr. Santi wutisela	Assistance Vice President Poultry Farm Business
6. Mr. Narongrit Khwuankhwaisap	Assistance Vice President Swine Farm Business
7. Mr. Adul Buaban	Assistance Vice President Factory Management
8. Mr. Praiwan Paohom	Assistance Vice President Food Business
9. Mr. Patipan Chaipanya	Assistance Vice President Research & Development Business

Company's Secretary

Our Board of Directors Meeting on 29 February 2016 resolved to approve the appointment of Ms. Siriluck Tangwiboonpanich to be our Company's Secretary in compliance with the requirements of the Securities and Exchange Act.

Ms. Siriluck Tangwiboonpanich has a Bachelor's degree of Business Administration (Accounting), Kasetsart University and Master's degree of Business Administration (Finance), Kasetsart University



Remuneration of our Board of Director and Executives

Remuneration of our Board of Directors

Monetary Remuneration

As of 31 December 2016, the total remuneration paid by the Company 9 members of the Board of Directors total amounted 2,830,000 Baht as follow:

Name	Remuneration (Baht) (as of 31 December 2016)				Total
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Bonus as at Year 2015	
1. Mr. Chaipatr Srivisarvacha	360,000	-	60,000	-	420,000
2. Mr. Winai Teawsonboonkij	320,000	-	-	-	320,000
3. Mr. Chirdsak Kukiattinun	240,000	-	-	-	240,000
4. Mr. Prasit Maekwatana ^{1/}	80,000	-	-	-	80,000
5. Mr. Prasit Wasupath	200,000	-	-	-	200,000
6. Mr. Anant Tangtongwechakit	160,000	-	-	-	160,000
7. Mr. Weidt Nuchcharoen	320,000	200,000	-	-	520,000
8. Mr. Weerasak Ungkajornkul	320,000	120,000	80,000	-	520,000
9. Mr. Narakorn Ratchapolsitte	240,000	90,000	40,000	-	370,000
Total	2,240,000	410,000	180,000	-	2,830,000

Notes : ^{1/} Mr. Prasit Maekwatana has been appointed as director since 30 September 2016 and resigned as 12 January 2017

Other Remuneration

-None-

Remuneration of our Executives

Monetary Remuneration

As of 31 December 2016, the total remuneration paid by the Company to the Executives total amounted Baht 27.38 Million as follow:

Type of Remuneration	2016		2015	
	Number of Executives	Total Amount (Mil Baht)	Number of Executives	Total Amount (Mil Baht)
Monthly salary	9	20.44	9	32.00
Bonus	9	4.22	9	1.88
Other expenses	9	2.72	9	2.67
Total		27.38		36.55

Notes : Other expenses include travel allowance and a phone allowance.

Other Remuneration

The Company provide a company car with the value not exceeding Baht 0.27 million in 2016.

Employees

No. of Employees

As of 31 December 2016, there were a total number of 2,602 employees by the Company as follow:

Department	As at 31 December 2016 Number of employees	As at 31 December 2015 Number of employees
1. Manangement	11	12
2. Poultry Unit	232	203
3. Swine Unit	192	180
4. Support Unit	5	7
5. Food Business Unit	21	8
6. Research and Development Unit	100	96
7. Internal Audit Department	7	9
8. Compliance Department	3	5
9. Purchasing Department	50	55
10. Human Resource Department	34	44
11. Sales and Marketing Department	242	206
12. Factory/sale feed business	519	470
13. Poultry Slaughter Factory	467	413
14. Legal Department	13	18
15. Account Department	133	122
16. Finance Department	16	15
17. Credit Department	28	30
18. Information Technology Department	23	29
19. Asset and service Department	40	46
20. Budget and Controller Department	6	13
21. Other Department	460	411
Total	2,602	2,392



Remuneration of Employees

In 2016, the total remuneration paid by the Company to our employees total amounted Baht 889.36 million for 2,602 employees and in 2015, the total remuneration paid by the Company to our employees total amounted Baht 819.79 million for 2,392 employees including salary, bonus, and other types of remuneration, as follow:

Type of Remuneration	As at 31 December 2016		As at 31 December 2015	
	Number of employees	Million Baht	Number of employees	Million Baht
Monthly salary		617.17		621.48
Bonus		166.66		39.19
Other expenses		105.53		159.12
Total	2,602	889.36	2,392	819.79

Notes : Number of employees are monthly employees.

Our provident funds were founded on 1 July 2014.

Human Resource Development Policy

We focus on human resource development so that our employees have the knowledge and ability to contribute to our operations and future growth. On an annual basis we review the training offered to our employees. We regularly arrange for our employees to attend appropriate external and internal courses, and monitor and assess the result of these courses. For the year ended 31 December 2016, a training budget of Baht 3.03 million

Labor Dispute

As at 31 December 2016, we were not involved in any material legal dispute with our employees and no employees were members of any labor union.

BOARD OF DIRECTORS AND MANAGERMENTS' PROFILES

Details of the Board of Directors, Management and Company Secretary as of 25 January 2017

Mr. Chaipatr Srivisarvacha

**Chairman of the Board of Director/Chairman of the
Nomination and Remuneration Committee**

Age	Appointed as director on December 25, 2015 57 Year
Highest Education	Master Business Administration (Finance), Illinois Benedictine College, U.S.A. Bachelor (Metallurgy), Lehigh University, U.S.A.
Experience	<p>2015 - Present Chairman of the Board of Director/Chairman Nomination and Remuneration Committee, Thaifoods Group Public Company Limited</p> <p>2016 - Present Director, TSFC Securities Public Company Limited</p> <p>2016 - Present Director, Lumpini Asset Management Company Limited</p> <p>2015 - Present Governor, The Stock Exchange of Thailand</p> <p>2011 - Present Director, Solaris Asset Management Company Limited</p> <p>2011 - Present Independent Director, Precious Shipping Public Company Limited</p> <p>2010 - Present Director, Global Alliance Partners Limited</p> <p>2009 - Present Chairman of the Board and Executive Chairman, Thanh Cong Securities Company J.S.C.</p> <p>2009 - Present Chief Executive Officer, KT ZMICO Securities Company Limited</p> <p>2007 - Present Chief Executive Officer, Seamico Securities Public Company Limited</p> <p>2013 - 2014 Member of Audit Committee, The Stock Exchange of Thailand</p> <p>2012 - 2014 Governor, The Stock Exchange of Thailand</p> <p>2013 - 2013 Chairman Derivatives Investor Fund Committee, Thailand Future Exchange Public Company Limited</p> <p>2012 - 2013 Director, Thailand Future Exchange Public Company Limited</p> <p>2003 - 2013 Independent Director and Audit Committee Member, Brooker Group Public Company Limited</p> <p>2010 - 2012 Independent Director, Evolution Capital Public Company Limited</p> <p>2010 - 2012 Independent Director and Chairman of Audit Committee, Dhanarak, Asset Development Company Limited</p>
Director program and other training course	<p>Director Certification Program, class, 2003, Institution of Directors Association (IOD)</p> <p>Chairman 2000 program, 2005, Institution of Directors Association (IOD)</p> <p>Capital Market Leader Program, 2013, Capital Market Academy</p> <p>Corporate Governance for Capital Market Intermediaries program, class 3/2015 Institution of Directors Association (IOD)</p> <p>CMA-GMS 1 Program, Capital Market Academy Executive Education 27 March - 12 April 2015, Stock Exchange of Thailand</p>
Year of Directorship	1 year
Position in others listed Company	<p>Director, TSFC Securities Public Company Limited</p> <p>Independent Director, Precious Shipping Public Company Limited</p> <p>Chief Executive Officer, Seamico Securities Public Company Limited</p>



Position in Non-Listed Company

Director, Lumpini Asset Management Company Limited
 Governor, The Stock Exchange of Thailand
 Director, Solaris Asset Management Company Limited
 Director, Global Alliance Partners Limited
 Chairman of the Board and Executive Chairman, Thanh Cong Securities Company J.S.C.
 Chief Executive Officer, KT ZMICO Securities Company Limited
 None

Nature of relationships between director/management

No. of shares held as at
 December 31, 2016

None

Mr. Winai Teawsonboonkij
**Director/Chairman of Executive Committee/
 Chief Executive Officer**
Age

(The director who authorized to sign)
 Appointed as director on August 18, 2014
 54 Year

Highest Education

Diploma in Agriculture Economics, Kasetsart University

Experience

2001 - Present Director/Chairman of Executive Committee/
 Chief Executive Officer,
 Thaifoods Group Public Company Limited
 2016 - Present Director, Golden Shine Company Limited
 2016 - Present Director, Speed Force Company Limited
 2014 - Present Director, Newsaga Company Limited
 2014 - Present Director, Star Capital (HK) Limited/Holdings Business
 2014 - Present Director, Norcot Holdings Limited/Holdings Business
 2014 - Present Director, NEWSAGA Limited/Holdings Business
 2014 - Present Director, Newstar Victor Company Limited/Holdings Business
 2014 - Present Director, T Treasury Company Limited/Holdings Business
 2014 - Present Director, Thaifoods's subsidiaries

Director program and other training course

Director Certification Program (DCP), class 169/2013, Institution of Directors Association (IOD)

Year of Directorship

3 Year

Position in others listed Company

None

Position in Non-Listed Company

Director, Golden Shine Company Limited
 Director, Speed Force Company Limited
 Director, Newsaga Company Limited
 Director, Star Capital (HK) Limited/Holdings Business
 Director, Norcot Holdings Limited/Holdings Business
 Director, NEWSAGA Limited/Holdings Business
 Director, Newstar Victor Company Limited/Holdings Business
 Director, T Treasury Company Limited/Holdings Business
 Director, Thaifoods's subsidiaries

Nature of relationships between director/management

None

No. of shares held as at
 December 31, 2016

984,915,132 shares or equivalent to 19.31% of total Company's share.

Mr. Chirdsak Kukiattinun**Director/Executive Director/Chief Operating Officer**

	(The director who authorized to sign)
	Appointed as director on February 29, 2016
Age	63 Year
Highest Education	Master of Science in System Analysis, Aston University, United Kingdom Bachelor of Economics, Major in Accounting and Finance, London School of Economics political Science, University of London, United Kingdom
Experience	<p>2016 - Present Director/Executive Director/Chief Operating Officer, Thaifoods Group Public Company Limited</p> <p>2011 - Present Risk Management Director, Property Perfect Public Company Limited</p> <p>2011 - Present Chairman of Audit Committee/Independence Director, We Retail Public Company Limited</p> <p>Present Director, Uniloft Service (Thailand) Company Limited</p> <p>2006 - Present Director, Capital Management Company Limited</p> <p>2006 - Present Director, Rechproperty Company Limited</p> <p>2006 - Present Director, Rechproperty Chonburi Company Limited</p> <p>2006 - Present Director, Rechproperty Thai Market Company Limited</p> <p>2016 - 2016 Chairman of Audit Committee/Independence Director, Thai Capital Corporation Public Company Limited</p> <p>2014 - 2015 Chairman of Executive Director/Chief Executive Officer, CTH Public Company Limited</p>
Director program and other training course	Director Certification Program (DCP), class 172/2013, Institution of Directors Association (IOD)
Year of Directorship	1 Year
Position in others listed Company	Risk Management Director, Property Perfect Public Company Limited Chairman of Audit Committee/Independence Director, We Retail Public Company Limited
Position in Non-Listed Company	Director, Uniloft Service (Thailand) Company Limited Director, Capital Management Company Limited Director, Receproperty Company Limited Director, Receproperty Chonburi Company Limited Director, Receproperty Thai Market Company Limited
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None



Mr. Prasit Wasupath
Director
Age

Appointed as director on April 28, 2016

62 Year

Highest Education

Master Business Administration, Ramkhamhaeng University

Experience

2016 - Present Director, Thaifoods Group Public Company Limited

2016 - Present Director/Executive Director,
Thai Credit Guarantee Corporation

2016 - Present Audit Committee/Independence Director, Sirivej Medical
Company Limited

2015 - Present Audit Committee/Independence Director, Ubon Bio Ethanol
Company Limited

2015 - Present Specialist in SME, Krung Thai Bank Public Company Limited

2014 - Present Chairman of the Board of Director, Krung Thai Leasing
Company Limited

2010 - Present Director/Executive Director, KT ZMICO Securities Company
Limited

2012 - 2014 First Senior Executive Vice President/Business Center Group,
Krung Thai Bank Public Company Limited

2011 - 2014 Director, Krung Thai Asset Management Public Company Limited

2011 - 2012 First Executive Vice President/Business Center Group,
Krung Thai Bank Plc

Director program and other training course

Role of the Chairman Program RCP 36/2016, Institution of Directors
Association (IOD)

Corporate Governance for Capital Market Intermediaries-CGI, Class 2/2015

Financial Executive Development Program (FINEX XVII) Class 17/August 2008

Modern Management Strategy for KTB's Executives Class 1 (July 2007)

Year of Directorship

1 Year

Position in others listed Company

Specialist in SME, Krung Thai Bank Public Company Limited

Position in Non-Listed Company

Director/Executive Director, Thai Credit Guarantee Corporation

Audit Committee/Independence Director, Sirivej Medical Company Limited

Audit Committee/Independence Director, Ubon Bio Ethanol Company Limited

Chairman of the Board of Director, Krung Thai Leasing Company Limited

Director/Executive Director, KT ZMICO Securities Company Limited

**Nature of relationships between
director/management**

None

No. of shares held as at

None

December 31, 2016

Mr. Anant Tangtongwechakit**Independent Director**

	Appointed as director on April 28, 2016
Age	51 Year
Highest Education	Master of Arts (Political Science and Government), Ramkhamhaeng University Bachelor of Business Administration (Marketing), Assumption University
Experience	<p>2016 - Present Independent Director, Thaifoods Group Public Company Limited</p> <p>2012 - Present Director/Executive Director/Managing Director, Buriram Sugar Public Company Limited</p> <p>2011 - Present Chairman/Executive Director/Managing Director, Buriram Sugar Factory Company Limited</p> <p>2011 - Present Chairman/Executive Director, Key Brand Fertilizer Company Limited</p> <p>2011 - Present Chairman/Executive Director, Buriram Power Company Limited</p> <p>2010 - Present Chairman/Executive Director, Buriram Sugarcane Research and Development Company Limited</p> <p>2007 - Present Chairman/Executive Director, B.R.S. Train Terminal Logistics Company Limited</p> <p>2005 - Present Chairman/Executive Director, Buriram Energy Company Limited</p> <p>1995 - Present Director, Thai Sugar Trading Corporation Limited</p> <p>1975 - Present Director, Thai Sugar and Bio-Energy Producers Association</p> <p>2008 - 2012 Vice Chairman, Federation of Thai Industry (Buriram Chapter)</p>
Director program and other training course	<p>Director Accreditation Program Class 99/2012, Institution of Directors Association (IOD)</p> <p>Certificate of Leadership Program, Class 15, Capital Market Academy</p> <p>Certificate of Sugar Technology, Class 1 Year 2001, Faculty of Agro-Industry, Kasetsart University</p>
Year of Directorship	1 Year
Position in others listed Company	Chairman/Executive Director/Managing Director, Buriram Sugar Public Company Limited
Position in Non-Listed Company	<p>Chairman/Executive Director/Managing Director, Buriram Sugar Factory Company Limited</p> <p>Chairman/Executive Director, Key Brand Fertilizer Company Limited</p> <p>Chairman/Executive Director, Buriram Power Company Limited</p> <p>Chairman/Executive Director, Buriram Sugarcane Research and Development Company Limited</p> <p>Chairman/Executive Director, B.R.S. Train Terminal Logistics Company Limited</p> <p>Chairman/Executive Director, Buriram Energy Company Limited</p> <p>Director, Thai Sugar Trading Corporation Limited</p>
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None



Mr. Weidt Nuchcharoen
Chairman of Audit Committee/Independence Director

Age	Appointed as director on August 18, 2014 63 Year
Highest Education	Master's Degree in Thammasat Business School, Thammasat University Bachelor's Degree in Faculty of Economics (Agriculture) and Business Administration, Kasetsart University
Experience	<p>2014 - Present Chairman of Audit Committee/Independence Director, Thaifoods Group Public Company Limited</p> <p>2016 - Present Director, WHA UP & Power Public Company Limited</p> <p>2016 - Present Director, Thai Zoological Park Organization</p> <p>2016 - Present Director, Thai Water Logical Organization</p> <p>2015 - Present Director, Thipaya Insurance Public Company Limited</p> <p>2015 - Present Director, Srisawad Power 1979 Public Company Limited</p> <p>2015 - Present Director, Executive Audit STEC Company Limited</p> <p>2015 - Present Director, Thai Forest Industry Organization</p> <p>2015 - Present Adviser, SME Bank</p> <p>2015 - Present Adviser, Stock Exchange MAI</p> <p>2013 - 2014 Director, KTB Leasing Company Limited</p> <p>2012 - 2013 Director Krungthai-AXA Life Insurance Public Company Limited</p> <p>2011 - 2014 Senior Executive Vice President - Head of Retail Banking, Krungthai Bank Public Company Limited</p> <p>2009 - 2011 Executive Vice President - Head of Business Center Group, Krungthai Bank Public Company Limited</p>
Director program and other training course	<p>Role of Chairman Program, Class 31 year 2013, Institution of Directors Association (IOD)</p> <p>Commercial Credit Skills Assessment Program, Year 2007, Chulalongkorn University</p> <p>Top Executive Program in Commerce and Trade (TEPCOT), class 3/2010, Commerce Academy, University of Thai</p> <p>Financial Executive Development Program, Class 14/2005, The Thai Institute of Bangkok and Finance Association (FINEX)</p>
Year of Directorship	3 Year
Position in others listed Company	<p>Director, WHA UP & Power Public Company Limited</p> <p>Director, Thipaya Insurance Public Company Limited</p> <p>Director, Srisawad Power 1979 Public Company Limited</p>
Position in Non-Listed Company	<p>Director, Thai Zoological Park Organization</p> <p>Director, Thai Water Logical Organization</p> <p>Director, Executive Audit STEC Company Limited</p> <p>Director, Thai Forest Industry Organization</p> <p>Adviser, SME Bank</p> <p>Adviser, Stock Exchange MAI</p>
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None

Mr. Weerasak Ungkajornkul**Audit Committee/Independence Director/Nomination and Remuneration Committee**

Age	Appointed as director on August 18, 2014 68 Years
Highest Education	Bachelor's Degree in Law (Honor Degree), Thammasart University
Experience	2014 - Present Audit Committee/Independence Director /Nomination and Remuneration Committee, Thaifoods Group Public Company Limited 2009 - 2013 Director/Legal Advisor, Law for Life Company Limited
Director program and other training course	Director Certification Accreditation Program (DCP), Class 79/2009, Institution of Directors Association (IOD)
Year of Directorship	3 Year
Position in others listed Company	None
Position in Non-Listed Company	None
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None

Mr. Narakorn Ratchapolsitte**Audit Committee/Independence Director/Nomination and Remuneration Committee**

Age	Appointed as director on April 28, 2016 46 Year
Highest Education	Master's Degree of Manufacturing and Design, Mechanical and Aero Space Engineering, Illinois Institute of Technology, USA Bachelor of Engineering Program in Mechanical Engineering, Chulalongkorn University
Experience	2016 - Present Audit Committee/Independence Director/Nomination and Remuneration Committee, Thaifoods Group Public Company Limited 2016 - Present Managing Director, Eureka Automation Company Limited 2010 - Present Managing Director, Fujii Iron Works (Thailand) Company Limited 2002 - Present Director/Managing Director/Chairman of Executive Committee, Eureka Design Public Company Limited
Director program and other training course	Director Certification Program (DCP), Class 158/2012, Institution of Directors Association (IOD) Director Accreditation Program (DAP), Class 92/2011, Institution of Directors Association (IOD) Executive Development Program, Class 9 Year 2009, Thai Listed Companies Associate
Year of Directorship	1 Year
Position in others listed Company	Director/Managing Director/Chairman of Executive Committee, Eureka Design Public Company Limited
Position in Non-Listed Company	Managing Director, Eureka Automation Company Limited Managing Director, Fujii Iron Works (Thailand) Company Limited
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None



Mr. Phet Nantavisai
Executive Vice President Farm Unit

Age	32 Year
Highest Education	Master Degree of Business Administration, NIDA Business School MINI MBA of faculty of commerce and accountancy, Chulalongkorn University Bachelor's Degree in Veterinary Science, Chulalongkorn University
Experience	2016 - Present Executive Vice President Farm Unit, Thaifoods Group Public Company Limited 2012 - 2016 Deputy Managing Director (Swine Business, Research and Development), Thaifoods Group Public Company Limited 2010 - 2011 Farm Manager, Thaifoods Group Public Company Limited
Director program and other training course	Seminar "Animal Nutrition and Feed Formulation" at Kasetsart University
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None

Ms. Nattaya Huatsoontorn
Executive Vice President Support Unit

Age	40 Year
Highest Education	Bachelor's Degree in B.B.A. (Accounting), Assumption University
Experience	2016 - Present Executive Vice President (Support Unit), Thaifoods Group Public Company Limited 2015 - 2016 Assistant Managing Director (Accounting, Credit and Human Resource), Thaifoods Group Public Company Limited 2013 - 2014 Assistant Managing Director (Accounting and Corporate Governance), Thaifoods Group Public Company Limited 2011 - 2013 Senior Internal Audit Manager, Minor Global Solutions Limited
Director program and other training course	Certified Public Accountant # 6822, Federation of Accounting Professions
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None

Mr. Santi wutisela**Assistance Vice President Poultry Farm Business**

Age	53 Year
Highest Education	Bachelor's Degree in Poultry Science, Maejoo University
Experience	2016 - Present Assistance Vice President Poutry Farm Business, Thaifoods Group Public Company Limited 2013 - 2015 Assistant managing director, broiler and hatchery business, Thai Foods Poultry Farm Company Limited 2012 - 2013 General manager, broiler and hatchery business, Thai Foods Poultry Farm Company Limited
Director program and other training course	Arbor Acres training school in U.S.A.
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None

Mr. Narongrit Khwuankhwaisap**Assistance Vice President Swine Farm Business**

Age	53 Year
Highest Education	Bachelor of Science, Animal Science, King mongkut's Institute of Technology Ladkrabang Bachelor of Business Administration, Marketing Sukhothai Thammathirat Open University
Experience	2010 - Present Assistance Vice President Swine Farm Business, Thaifoods Group Public Company Limited 1996 - 2009 Agrithai and Consultant Company Limited 1994 - 1995 Thai Denmark Swine Breeder Public Company Limited
Director program and other training course	Entrepreneurship : Management of Innovation, Jan - Mar 2012 Sasin Graduate Institute of Business Administration of Chulalongkorn University
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	None



Mr. Abdul Buaban
Assistance Vice President Factory Management

Age	47 Year
Highest Education	Bachelor's Degree, Industrial Engineering, Faculty of Engineering, Chiang Mai University
Experience	2015 - Present Assistance Vice President Factory Management, Thaifoods Group Public Company Limited 2012 - 2014 General Manager, Eggs Processing Plant , CPF Thailand 2005 - 2012 General Manager, Further Processing, CPF Thailand
Director program and other training course	-
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	280,000 shares or equivalent to 0.01%

Mr. Praiswan Paohom
Assistance Vice President Food Business

Age	40 Year
Highest Education	Bachelor's Degree, Faculty of Biotechnology, Rangsit University
Experience	2016 - Present Assistance Vice President Food Business, Thaifoods Group Public Company Limited 1999 - 2016 General manager, Charoen Pokphand Foods Public Company Limited
Director program and other training course	-
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	2,238,000 shares or equivalent to 0.04% of total Company's share.

Mr. Patipan Chaipanya
Assistance Vice President Research & Development Business

Age	45 Year
Highest Education	Bachelor's Degree in Veterinary Science, Khon Kaen University
Experience	2016 - Present Assistance Vice President Research & Development Business, Thaifoods Group Public Company Limited 2014 - 2015 Senior Manager, Research & Development Business, Thaifoods Group Public Company Limited 2010 - 2013 DVM Intertrade Company Limited
Director program and other No. of shares held as at December 31, 2016 training course	-
Nature of relationships between director/management	None
No. of shares held as at December 31, 2016	96,000 shares or equivalent to 0.00% of total Company's share.

Shareholding of Directors and Management

Name	Common Share (Shares)				
	25 February 2016		31 December 2016		Change increase / (decrease)
	Direct	Indirect	Direct	Indirect	
Directors					
1. Mr. Chaipatr Srivisarvacha	-	-	-	-	-
2. Mr. Winai Teawsonboonkij	932,654,632	2,962,166,597	984,915,132	2,962,166,597	52,260,500
3. Mr. Chirdsak Kukiattinun	-	-	-	-	-
4. Mr. Prasit Wasupath	-	-	-	-	-
5. Mr. Anant Tangtongwechakit	-	-	-	-	-
6. Mr. Weidt Nuchcharoen	-	-	-	-	-
7. Mr. Weerasak Ungkajornkul	-	-	-	-	-
8. Mr. Narakorn Ratchapolsitte	-	-	-	-	-
Managements					
	-				
1. Mr. Phet Nantavisai	-	-	-	-	-
2. Ms. Nattaya Huatsoontorn	-	-	-	-	-
3. Mr. Santi wutisela	-	-	-	-	-
4. Mr. Narongrit Khwuankhwaisap	1,692,077	-	-	-	(1,692,077)
5. Mr. Adul Buaban	730,000	-	280,000	-	(450,000)
6. Mr. Praiwan Paohom	1,765,000	-	2,238,000	-	473,000
7. Mr. Patipan Chaipanya	590,000	-	96,000	-	(494,000)



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DIVIDEND PAYMENT POLICY

Our Board of Directors may consider making an annual dividend payment upon the approval of the shareholders at a shareholders' meeting. An interim dividend payment can be approved by the Board of Directors from time to time, provided that we have adequate profits and liquidity. The Board of Directors will inform shareholders of any interim dividend payment at the next shareholders' meeting.

Our current dividend policy is to pay a total dividend of not less than 50% of net profits after deductions for tax and the legal reserve fund as required by applicable law and our Articles of Association and setting aside amounts required for working capital, capital expenditure and business expansion requirements. The Board of Directors will take shareholders' interests into account when considering the dividend payment, ensuring that such a payment will not materially and adversely affect our ordinary course of business. Dividend payments are subject to change based on our performance, financial condition, liquidity, business expansion plans, and future needs as our Board of Directors and/or shareholders deem appropriate.

No minimum dividend payment has been set for our subsidiaries. Nonetheless, the Board of Directors and/or the shareholders of our subsidiaries may consider dividend payments out of annual net profit after deductions for tax and the legal reserve fund, and will take into consideration business conditions, including, but not limited to, the investment plans for business expansion, performance, the financial condition, the liquidity and future needs of each subsidiary.

As at 31 December 2015, we had a retained loss of Baht 1,553.13 million. Therefore, we cannot pay dividend for the shareholders until the retained loss subsides.

As at 31 December 2016, we had a retained loss of Baht 77.74 million. Therefore, we cannot pay dividend for the shareholders until the retained loss subsides.

Corporate Governance Policy

We acknowledge and prioritize as efficient, transparent and accountable management system, which will assure all related parties and contribute to the sustainable growth of the business by operating ethically and in accordance with the applicable law. We, therefore, have established a policy of corporate governance in order to enhance the implementation of the operation to be of a clear standard and distributed to employees at all levels to create a true culture of corporate governance. We accept the good corporate governance policies specified by SET which have five principles as follows:

Section 1 Right of Shareholders

We prioritize the rights of shareholders, which are not just limited to the rights specified by law, do not infringe or deprive the rights of shareholders and encourage the shareholders to exercise their rights. The basic shareholders rights include the right to buy, sell, transfer shares, to share in the profit of our Company, obtain relevant and adequate information on our Company in a timely manner and on a regular basis, participate and vote in shareholders meeting to elect or remove members of the Board of Directors, appoint the external auditor, and make decisions on any transactions that affect our Company, such as dividend payment, amendments to our Company's Articles of Association and Memorandum of Association, capital increases or decreases, or the approval of extraordinary transactions.

Apart from the basic shareholders rights above, we also determine other guidelines to encourage and facilitate the exercise of shareholders rights as follows:

- 1) We will disclose policies to encourage all shareholders, including institutional ones, to attend our Company's shareholders meeting.
- 2) We will provide shareholders, in advance of meetings, with the date, time, venue, and all agenda items with the rationale or explanation for each agenda item or resolution in the notice of the annual general meeting and extraordinary general meeting or attachments of each agenda item and will not perform anything to limit the rights of shareholders to study the information memorandum of our Company.
- 3) We will facilitate shareholder participation and voting in meetings. Any action that could hinder shareholders from conveniently exercising their right to attend meetings should be prohibited. For example, procedures to attend and vote should not be complicated for shareholders, and the meeting location should be easy to reach.
- 4) The chairman of the meeting shall allocate adequate time for discussion and encourage the shareholders to express their opinions and ask questions related to our Company as well as allow the shareholders to send their questions to our Company prior to the meeting date. Shareholders should be clearly informed in advance of the determined criteria for accepting advance questions and shareholders informed by sending the notice for convening the meeting and also disclosed on our Company's website.
- 5) We will encourage the use of proxy forms on which shareholders are able to specify their votes. We will allow shareholders to appoint an independent director as their proxy.
- 6) We will encourage all directors and executives to attend the shareholders meeting to answer the questions of shareholders.
- 7) There will be no bundling of several items into the same vote; for example, election of directors.



- 8) We will use secure, fast, precise, and accurate technology in the shareholders meeting, to be used in recording attendee registration, printing ballots and processing voting results.
- 9) We will encourage the appointment of an independent party of scrutineers/inspectors to count and/or validate votes at the annual general meeting or extraordinary general meeting. These scrutineers shall be disclosed at the meeting and recorded in the minutes.
- 10) We will prepare the minutes of shareholders meetings which will include a description of the voting and vote tabulation procedures used, and declare both before the meeting opens, and give an opportunity for shareholders to ask questions or raise issues, questions and answers, resolutions, voting results of each agenda item containing approving, dissenting, and abstaining votes, and list the board members who attended or missed the meetings.
- 11) We will make the result of voting during the annual general meeting or extraordinary general meetings for all resolutions publicly available on our website and the SET website by the next working day.

Section 2 Equitable Treatment of Shareholders

We have a policy that all shareholders, including those with management positions, non-executive shareholders or major shareholders and minority shareholders and foreign shareholders, should be treated fairly and equally. We therefore have adopted the following procedure:

- 1) We will send the Thai and English versions of the notice to convene the shareholders' meeting with detailed agenda and explanatory circulars to the SET and also disclose this information on our Company's website, at least 14 days before the date of the meeting.
- 2) We will inform shareholders of meeting procedures and voting criteria, including the voting rights attached to each class of shares.
- 3) We will, in advance of the meeting date, specify pre-determined criteria on allowing minority shareholders to propose any agenda items and on screening those proposed by them. In addition, executive shareholders should not insert any agenda items without notifying in advance, especially if it is an issue that will require shareholders to spend a good deal of time studying before making a decision.
- 4) We will establish procedures for the nomination of candidates by minority shareholders. One alternative is to nominate via our nomination and remuneration committee prior to the meeting date. Supporting information, candidates' qualifications and their consent, should be provided by the minority shareholders nominating the candidates.
- 5) We will allow shareholders to vote on individual nominees.
- 6) We will procure the directors to regularly submit to the Board of Directors a report on their ownership of the Shares, and this information should be disclosed in the firm's annual report.
- 7) We will specify the written procedures concerning the use and protection of inside information. The Board of Directors should establish these procedures and communicate them to everyone in our Company in order to prevent the sale and purchase the shares of our Company within one month before the disclosure of the financial statement for each quarter and the annual financial statement, and also 24 hours after the disclosure of an important information memorandum.
- 8) We will procure the Board of Directors to reveal their conflicts of interest regarding each agenda item before consideration by the Board of Directors; such conflicts should be noted in the minutes and each member of the Board of Directors should abstain from participating in the board discussion on a particular agenda item in which such director has a conflict of interest.

In 2016, the company did not receive any complaints about disrespect toward basic rights of shareholders as the company treated every shareholder equally.

Section 3 Roles of Stakeholders

We acknowledge the importance of each group of stakeholders (e.g., customers, creditors, business partners, competitors, public sector, society, community). We are conscious that the support and the comments of stakeholders will be useful for the operation and development of our Company. We therefore will comply with the law and related regulations to protect the rights of stakeholders, and we will not do anything to infringe the right of stakeholders. In addition, for the operation of our Company, we appreciate the right of each stakeholder according to the following principles:

(1) Policies and regulations for Stakeholders

Policies and regulations for employees

Employees are the most valuable asset of our Company and are crucial to achieving our goals. We have therefore set up the following policy of fair treatment regarding opportunities, remuneration, appointments, transfers and capacity enhancement:

- 1) To treat each employee with respect for their honor, dignity and privacy.
- 2) To determine fair remuneration for employees, including the establishment of a provident fund and emphasis upon the employees' welfare.
- 3) To keep the working environment safe for employees' lives and property.
- 4) To prioritize the enhancement of knowledge and capacity of employees with continuous improvement programs for the development of the capacity of employees to serve the growth of our Company.
- 5) To strictly comply with the law and each regulation relating to the employees.

Policies and regulations for shareholders

Shareholders are the owners of our business and we have the duty to add a long-term value to their shareholding. We therefore require that our directors, management and employees perform their duties in the following manner:

- 1) To conduct their duties with honesty and determine any operations with their professional care, caution and fairness to major shareholders and minority shareholders to the highest benefit of the shareholders.
- 2) To regularly and completely report the status of our Company, operating results, financial information, accounting and other reports.
- 3) Not to seek any benefit for themselves or other persons by using information which has not been publicly disclosed, or to take any action which may lead to a conflict of interest with our Company.

Policies and regulations for customers

We acknowledge the importance of customers, we therefore specify our customer policy in the following manner:

- 1) To establish a control system regarding the production procedure and the procurement of goods in a good condition as well as prioritizing the amendment and development of technology for production and always checking the quality of goods.
- 2) To establish a control system to strictly, honestly and regularly comply with agreements with customers.
- 3) To keep customers' information confidential as with the confidential information of our Company and not misuse such information for our own benefit or for the benefit of related persons.



Policies and regulations for business partners and/or creditors

We set the policies for our employees to perform their duties fairly with our business partners and/or creditors and not to take advantage of the business partners for the highest benefit of our Company, and to avoid circumstances that may lead to a conflict of interest, and negotiations shall be based on the business relationship.

- 1) Not to ask or receive or pay any illegal benefits in dealing with our business partners and/or creditors.
- 2) To perform any agreed conditions, and in the case that our Company cannot perform any conditions, we shall coordinate to find a solution.

Policies and regulations for competitors

We treat all competitors without fraudulently breaching confidentiality or trade secrets of competitors with the following policies

- 1) To comply with the framework of good competition.
- 2) Not to fraudulently seek confidential information regarding our competitors.
- 3) Not to intentionally accuse or damage the reputation of our competitors.

Policies and regulations for society and/or communities

We have policies to conduct business that will benefit the economy and society, and adhere to behave as good citizens and entirely comply with laws and regulations. We are committed to developing, promoting and enhancing the quality of life of the community in the location of our Company together with our growth.

(2) Environment policy and effective resource utilization

The Company runs the food business with awareness of safety on environment in every process from surveying and making environmental impact assessment by setting the system and operation regulations not to affect environment internally and around the area. Furthermore, it also promotes knowledge and training about environment maintenance to every personnel and emphasizes on promoting the effective use of resources for highest benefit by recognizing the environment impact and defining measures to prevent and mitigate environmental impacts systematically.

(3) Policy of Occupational Health, safety and work environment

The Company is determined to recognize the occupational health, safety and work environment of personnel, properties and work process by providing the policy to support activities that strengthen occupational health, safety as well as work environment to be secure to life and property of employees, community and society. The company determines a policy and appoints Occupational health, safety and work environment committee to develop safety management system and to control, improve and prevent hazards from its operations. In addition, it arranges activities to promote knowledge and understanding about work safety for every personnel.

(4) Non-violation of intellectual property

The Company has a policy and practices about legal rights on intellectual property including trademark, patent, copyright, commercial secret and other intellectual properties as specified by law by defining that all committees, executives and employees of the company shall comply with code of conduct about intellectual property or copyright.

(5) Anti-corruption

The Company is determined to operate businesses transparently under principle of good governance to oppose bribery, corruption and support personnel in every level to realize and have conscience about anti-corruption. Furthermore, the company signs to declare its intention in Collective Action Coalition program of Thai private sector to oppose corruption and it determines anti-corruption policy in writing as the guidelines for committee, executives and employees of the company to strictly comply.

Anti-corruption Practice guidelines

Any operations according to anti-corruption policy as specified in code of conduct manual of the company, policy and practices to stakeholders along with relevant regulations, operation manual and other regulations to be defined by the company. For clarity of operations with high risk of corruption, the Company determines the policy in following matters

- 1) Comply with the policy consistent with corruption prevention and opposition along with all kinds of regulations and provisions directly and indirectly.
- 2) Do not take any actions suspected to be corruption including corruption with stakeholders related to the company about direct and indirect duties and responsibilities to gain benefit to the organization to himself or relevant people.
- 3) Do not ignore when witnessing actions seeming to be corruption about the company. It is regarded as duties to inform the secretary of good governance committee or other complaint channels of the company as seen proper by cooperating in fact examination.
- 4) The Company will support and promote personnel in every level to realize the importance and have conscience in opposing corruption and provide internal control to prevent all kinds of corruption in every country in which the company will invest.
- 5) Any corrupted person will be interrogated without recognizing the position because it is an offense according to work regulations about human resource management which is enforced with employee in every level. The offender will be considered disciplinary punishment along with legal penalty if such action is illegal.
- 6) The Company will be fair and protect employees or others that report the clue or show evidences about company-related corruption as well as employees that deny committing corruption as per protection measure. The petitioner or those who cooperate in reporting corruption as specified in the policy of complaining and protecting petitioner.
- 7) The company will trace back to procedures and operations regularly to be consistent with changes of law and business conditions.

Political Assistance

The Company is politically neutral not being on any party side, political group or with any politicians and it holds fast to democracy with a policy not to contribute to finance, property, other benefits or take part in political parties, get involved with politicians or politic-related people directly or indirectly for benefit of the company's business. However, the Company realizes that employees have rights and duties in democracy system to participate in or support political activities freely under the provision of constitution and relevant regulations.

Donation for charity and contribution

The Company is cautious about donation for charity and contribution because it is an activity related to payment without tangible return which may cause risk of corruption. Donation for charity and contribution of the Company shall be done transparently and not contrary to laws and morality and it



shall be approved by authority of the company and verified and traced back to evidences. Donation for charity and contribution shall be under the conditions; in other word, it shall have clear origin and objectives of operations such as request of the applicant, name of program owner, objective, achievement and benefit of the program together with other documents. Besides, the program shall not have aspects showing any actions that bring about other benefits which can cause corruption.

Accepting or giving gifts, welcome cost and other expenses

- 1) The Company specifies that giving or accepting gifts and/or welcome cost and/or other expenses from any people shall be subject to type and values suitable with custom and tradition.
- 2) Do not allow employees in every level to claim or accept gifts, welcome cost, or service costs unrightfully to motivate performance or to avoid actions. This includes other benefits from the contractor, sub-contractor, customer, sub-customer, trader, seller, co-investor, or every stakeholder of the company in any cases.
- 3) If the Company is in process of bidding, the employees shall not accept gifts, welcome cost, service cost or other benefits from the company participating in such auction.

Communication channel

The Company has many channels that stakeholder can send suggestion, opinions or questions along with complaints to the company through sealed post to the committee or chief executive officer or email cg.secretary@tfg.co.th or website of the Company www.tfg.co.th Topic: sustainable development “Complain channel”. However, the company provides measures to keep data of the complainer confidential to ensure the petitioner.

Policy of clue report and reporter protection mechanism

The Committee has specified channels for reporting clues in 2 levels including executive level covering commanders in each level, internal audit division and committee level such as Company’s committee, audit committee. The Company provides channels to accept complaints, comments and suggestions along with clues of illegal or unethical acts as well as behaviors that are likely to cause corruption or improper behaviors of people in the company from employees and stakeholders of the company. In addition, it defines guidelines to protect the reporter and emphasizes on keeping complaints confidential that it will be known among those who are assigned works only to ensure the petitioners.

Section 4 Disclosure of Information and Transparency

Our Board of Directors will ensure that all important information relevant to our Company, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and transparently, according to the Thai SEC and SET rules, as well as any other information that might affect the price of securities of our Company as a result of the decision of investors and stakeholders as follows:

- 1) Our Board of Directors has a policy to disclose financial information and other information relating to our business and operating results correctly, completely, regularly and in a timely manner.
- 2) Our Board of Directors shall provide a summary of the firm’s corporate governance policy, code of ethical conduct or other policies (e.g., our risk management policy), and corporate social responsibility policy as approved by the Board of Directors, together with steps taken to implement such policies and the identification of and reasons for each case of non-compliance through various channels (e.g., our annual reports and our website).

- 3) Our Board of Directors shall present its responsibilities concerning our Company's financial reports alongside the auditor's report in our Company's annual report.
- 4) Our Board of Directors shall ensure that audit and non-audit fees are disclosed.
- 5) Our Board of Directors shall ensure that its roles and responsibilities, together with those of its committees, the number of meetings held, the attendance record of each director, and the results of tasks assigned, as well as the ongoing professional education or training of its directors, are disclosed in the annual report.
- 6) Our Board of Directors, in addition to the disclosure of its remuneration according to regulations, should also disclose remuneration policies for directors and executives that correspond to the contribution and responsibilities of each person. The Board of Directors shall also disclose the forms and the amounts of payment to each person. If any director of our Company is also a director of our subsidiaries, the amount paid by each subsidiary to each director should also be disclosed as well the audit fee.
- 7) In addition to disclosing information as specified in regulations through the SET, annual statements (Form 56-1), and annual reports, the Board of Directors shall consider the disclosure of information, both in Thai and English, via other channels, such as our Company website. All disclosed information should be up-to-date.

Section 5 Responsibility of our Board of Directors

The Board of Directors gives precedence to roles of corporate governance, proper committee structure and clear duty and responsibility of the company to bring ultimate benefits to the Company.

Management Structure

1) Composition of Board of Directors

- 1.1) Our Board of Directors shall consist of at least five directors and no less than one-third of the total number of directors shall be independent in compliance with the Thai SEC's regulations. In this regard, our Board of Directors, shall comprise directors who have knowledge, ability and experience in our business operations, accounting and financing that is related to and supports our Company's business.
- 1.2) The roles and responsibilities of the chairman of the Board of Directors are different from those of the Chief Executive Officer, President of Executive Committee and Managing Director, and the Board of Directors have separated the roles and responsibilities of each position in order to achieve a balance of power.
- 1.3) We have appointed a Company Secretary in order to provide legal advice and advice on other regulations of which the Board of Directors should be aware.

2) Qualification of company's committee

- 2.1) Every company's committee shall be fully qualified without prohibitions as specified by law on public company limited, law on securities and exchange and notices of the institute monitoring the Company.
- 2.2) The Committee has experience, knowledge and proficiency in business and relevant industry. Nevertheless, it is to bring overall benefit to the Company. Furthermore, they can perform duties and works effectively, present useful perspectives about critical risks and have honesty, integrity and virtue.



3) The Meeting of Board of Directors

- 3.1) We regularly convene the Board of Directors' meeting at least four times per year and other special meetings (if necessary). The members of the Board of Directors shall attend every meeting except in an emergency case. We will deliver the notice of the meeting with the agenda to all directors at least seven days prior to the meeting to allow Board members time to consider the agenda and meeting documents.
- 3.2) In the Board of Directors meeting, all directors shall express their opinions openly and freely. The minutes of the meeting shall be recorded in writing and the previous minutes of meetings which have been approved by the Board of Directors shall be kept to be checked by the Board of Directors or related persons. In addition, in respect of agenda items, high-level executives of our Company should attend the Board of Directors meetings to present details on the issues of which they are directly responsible, and to acknowledge the policies to perform efficiently.
- 3.3) The chairman of the Board of Directors shall propose the agenda to the meeting and each member of the Board of Directors should be free to propose an issue to be included on a meeting agenda.
- 3.4) The Board of Directors should have access to additional information, under prearranged conditions, via the managing director, company secretary or other executives designated as contact persons. If necessary, the Board of Directors may request opinions of an independent advisor or a professional consultant, at our Company's expense.
- 3.5) For resolutions of Board of Directors meetings, each director shall have one vote, except a director having an interest in any matter, and in such case, the director shall not attend the meeting and shall have no right to vote on such matter. In the case of an equality of votes, the chairman of the meeting shall give the casting vote.
- 3.6) At each Board of Directors meeting, our Company secretary shall attend the meeting, record the minutes of meeting and deliver them to the chairman for certifying. Such certified minutes shall be proposed to the next minutes for certifying. To facilitate reference, our Company secretary shall keep the information and documents relating to the meeting.

4) Remuneration of directors and management

- 4.1) The Directors' remuneration should be comparable to that of the industry sector in which the company operates, and reflect the experience, obligations, scope of work, accountability and responsibilities and contributions of each director. Members who are assigned to more tasks, such as committees, should be paid more.
- 4.2) Remuneration of the managing director and high-level executives should be in accordance with the Board of Directors' policy and within the limit approved by the shareholders. For the best interests of our Company, executives' salaries, bonuses, and other compensation should correspond to the performance of each given executive. The type and level of compensation should be related to shareholders' benefit and the sustainability of our Company.
- 4.3) All non-executive directors or the remuneration committee should appraise the performance of the managing director annually in order to set his/her compensation. The basis of the appraisal should be agreed upon by the managing director ahead of the evaluation. The criteria should be objective, including financial performance, long-term strategic performance, and career development plan. The appraisal results should be presented to the board for approval, and the chairman of the board or a senior director should communicate the evaluation results to the managing director.

5) Board and management training

- 5.1) We will encourage and facilitate training for all internal parties related to corporate governance such as directors, members of the audit committee, executives, company secretary, etc. Training will enable them to continuously improve their performance, and can be either internal or external training.
- 5.2) New directors should be provided with all the documents and information useful to perform their duties, including an introduction to the nature of the business and the operations of our Company.

6) Self-assessment of Company's Committee

The Company has a policy to let company's committee to do self-assessment for at least once a year so that they can consider and review their performance, issues and obstacles in previous year. This method will increase performance of the committee. Performance assessment of the committee is provided in 2 aspects as follows

6.1) Performance assessment of the whole committee group in following terms

- 1) Structure and qualification of the committee
- 2) Roles, duties and responsibilities of the committee
- 3) Committee meeting
- 4) Duty performing of committee
- 5) Relationship with the management
- 6) Self-development of the committee and executive development

6.2) Performance assessment of individual committee in following terms

- 1) Readiness of committee
- 2) Strategy defining and business planning
- 3) Risk management and internal control
- 4) Supervision to prevent conflict of interest
- 5) Following up financial report and operations
- 6) Committee meeting
- 7) Other

7) Orientation for new committee

The Company has specified the orientation for new committee by giving a presentation to show overall image of the business for new committees in following topics

- 1) Framework of operation (rule, regulation and law)
- 2) Operation and activity
- 3) Important project
- 4) Organization and business development
- 5) Good governance
- 6) Corporate Social Responsibility



Roles and responsibilities of the board

The management structure of the Company consists of Board of Directors, Audit Committee, Executive Committee and Nomination and Remuneration Committee.

Our Company's policies and annual budget plans are approved by our Board of Directors, while our Executive Committee approves and amends our Company's business plans. Our Company's approval of capital investments, transfers of rights over assets over three years and acquisitions and disposals of assets relating to our business operations must be approved by either our Board of Directors or our Executive Committee, depending on the size of the proposed transaction. Our Board of Directors may approve the aforementioned transactions where the value of such transactions is less than or equal to 15.0% of our net tangible assets, while our Executive Committee may approve any such transaction with a value greater than 10.0% of our net tangible assets.

Our Company requires certain approvals prior to entering into various financial agreements. For example, our Executive Committee may approve the following actions: (i) opening of any bank account; (ii) entering into of non-funded credit facilities, such as letters of guarantee; (iii) entering into funded credit facilities, such as promissory notes, term loans and trust receipts, that are less than Baht 500.0 million; and (iv) signing as a guarantor for the obligations of our subsidiaries where the value of the guarantee is less than 3.0% of our net tangible assets. Our Board of Directors may approve the entering into of any funded credit facilities and our Company signing as a guarantor for the obligations of our subsidiaries. Further, our CEO may approve the entering into any memorandum of understanding which is entered into in the ordinary course of our business, while our Managing Director may approve any such memorandum of understanding with a value less than Baht 20.0 million.

Term and scope of power and duties of the Committee as follow:

Board of Directors

Term of membership

The term of membership for the Board of Directors is three years. Any retiring member of the Audit Committee may be re-elected.

Scope of power, duties and responsibilities of the Board of Directors

- 1) To perform their duties in accordance with the law, our Company's objectives, Articles of Association, and resolutions of the Board of Directors and shareholders, and with responsibility, care and honesty.
- 2) To consider and approve the vision, business strategies, business direction, business policy, target, guidelines, operation plan and annual budget of our Company and subsidiaries as prepared by the Executive Committee and management.
- 3) To oversee the management and performance of the Executive Committee, President and Chief Executive Officer, Managing Director, management or any other person assigned to perform such duties, so as to conform to the policy set out by the Board of Directors.
- 4) To continuously monitor our Company's performance so as to be in accordance with the action plan and budget of our Company.
- 5) To review and ensure that our Company has transparent, appropriate and efficient internal controls and internal audit systems and finances.
- 6) To prepare balance sheets and profit and loss statements at the end of our Company's relevant accounting period, and to execute such financial statements prior to submitting the same to the annual meeting of shareholders for further approval.
- 7) To consider and approve the selection and nomination of auditors and to determine their remuneration as proposed by the Audit Committee, prior to proposing the same to the annual meeting of shareholders for further approval.

- 8) To make available a written corporate governance policy and to efficiently adopt such policy, to ensure that our Company is equally responsible for each group of stakeholders.
- 9) To consider the appointment of a person who possesses the requisite qualifications and does not possess any characteristics prohibited under the Public Limited Company Act (as amended) B.E. 2535 and the Securities and Exchange Act B.E. 2535 (as amended) as well as any relevant notifications, rules and/or regulations, as a director of our Company should there be a vacancy in the Board of Directors due to a cause other than a director retiring by rotation, and to consider and approve the appointment of directors replacing the directors retiring by rotation and to determine the remuneration for directors as proposed by the Nomination and Remuneration Committee, in order to submit to the annual meeting of shareholders for further approval.
- 10) To consider the appointment of sub-committees, including the Audit Committee, Executive Committee, Nomination and Remuneration Committee or any other committees, and to prescribe the roles and responsibilities of such committees in order to enhance the performance of the Board of Directors.
- 11) To prescribe and change the names of directors who have the power to sign to bind our Company.
- 12) To consider the appointment of executives in accordance with the definition prescribed by the Thai SEC or the Capital Market Supervisory Board and our Company's Secretary, and to consider the remuneration of executives as proposed by the Nomination and Remuneration Committee.
- 13) To seek professional advice from third-party organizations as appropriate, if necessary.
- 14) To encourage our directors and executives to participate in the Institution of Directors' seminar courses, which relate to their duties and responsibilities.
- 15) To review and ensure that our Company is operated efficiently and to protect the interests of all relevant stakeholders.

Audit Committee

Term of membership

The term of membership for the Chairman and members of the Audit Committee is three years. Any retiring member of the Audit Committee may be re-elected.

Scope of power, duties and responsibilities of the Audit Committee

- 1) To review and ensure that our Company provides a sufficient and accurate report of our financial statements.
- 2) To review and ensure that our Company has appropriate and efficient internal controls and internal audit systems, to consider the independency of our Internal Audit Unit, and to approve the appointment, transfer, termination of employment of the Chief of Internal Audit Unit or any other unit responsible for internal audit.
- 3) To review and ensure that our Company complies with the securities and exchange laws, regulations of the SET and the laws relating to our Company's business.
- 4) To consider, select and nominate an independent third-party to be our Company's auditor, and to determine the audit fee, as well as to participate in at least one meeting per annum with the auditor, without participation of management.
- 5) To consider and ensure that our Company's connected transactions or transactions that may result in conflicts of interest are in compliance with the laws and the rules of the SET, and to ensure that the terms of such transactions are reasonable and in the best interest of our Company.
- 6) To prepare the Audit Committee's report, which will be disclosed in our Company's annual report. The report must be signed by the Chairman of the Audit Committee and shall contain at least the following details:
 - Opinion on the accuracy, completeness and reliability of our Company's financial report;
 - Opinion on the sufficiency of our Company's audit control system;



- Opinion on the compliance with the securities and exchange laws, regulations of the SET and the laws relating to our Company's business;
 - Opinion on the suitability of the auditor;
 - Opinion on the transactions which may result in conflicts of interest;
 - Number of meetings of the Audit Committee and attendance records of each member of the Audit Committee;
 - Comments or overall remarks obtained by the Audit Committee regarding its performance under the Charter; and
 - Other matters which shareholders and general investors should be informed of, as assigned by the Board of Directors.
- 7) To perform any other activities as designated by the Board of Directors.
- 8) If the Audit Committee, in the course of the performance of their duties, finds or suspects the occurrence of one of the following transactions or actions which may significantly affect our Company's financial standing and operating results, the Audit Committee shall report the same to the Board of Directors such that any rectification will be made within a time frame that the Audit Committee deems appropriate:
- a transaction resulting in a conflict of interest;
 - fraud or any major irregularity or defect in the internal control system;
 - a violation of the securities and exchange laws, regulations of the SET and the laws relating to our Company's business.
- If our Company's Board of Directors or management fails to rectify the problem within the time deemed appropriate by the Audit Committee, any one member of the Audit Committee may report the matter to the Thai SEC or the SET.
- 9) To review and propose an amendment to the scope, duties and responsibilities of the Audit Committee as appropriate.
- 10) To review the regulations and operation results of the past year, at least once per year.

Executive Committee

Term of membership

The term of membership for the Executive Committee is three years. Any retiring member of the Audit Committee may be re-elected.

Scope of power, duties and responsibilities of the Executive Committee

- 1) To consider and prepare our Company's policies, business strategies, targets and operational plans, financial targets and budget taken with proper consideration of business factors, and propose the same to the Board of Directors for approval. In case of a change of situation, the Executive Committee may review the approved budget in order to be appropriate with such changed situation.
- 2) To control, oversee and monitor operations according to our Company's management policies, business strategies, targets and operation plans, financial targets and budget as approved by the Board of Directors in an efficient manner for the business including providing advice on management to high-level executives.
- 3) To determine the organizational structure and management policies, the appointment and transfer of the management of each business, consider and monitor the management plans to create the replacement of the management including manpower planning and determine the criteria for consideration and evaluation of management.

- 4) To study the feasibility of the investment of new projects and have the authority to consider and approve the investment or joint-venture with any individuals or entities or other business sectors in the criteria that the Executive Committee deems appropriate to carry out our Company's objectives including the consideration and the approval of the expenditure for such investment. To enter into agreements and/or any actions related to such matters until finishing according to the financial amount and/or related laws and regulations and/or our Company's Articles of Association.
- 5) To monitor the operating results and the progress of the investment projects of each business and report the results including occurred problems or obstacles and the guidelines for revisions to the Board of Directors.
- 6) To provide the recommendation or opinion to the Board of Directors regarding the projects, proposals or entering into any transactions relating to the business operations of our Company including the consideration of options for fundraising, if necessary, and exceeding of the financial amount and/or specified by related laws and regulations or our Company's objectives to have the approval of shareholders or Board of Directors meeting.
- 7) To consider and approve the entering into of a financial transaction with a financial institution to open a bank account, borrow money, apply for credit, pledge, mortgage, guarantee and others including sale and purchase acts and the registration of the proprietary rights of any lands according to the purposes of the business operations of our Company as well as the entering into the agreements, filing applications/proposals, communicating and performing actions with the government entities in order to obtain the rights of our Company and/or any operations relating to such matters until finishing according to the financial amount and/or related laws and regulations and/or our Company's Articles of Association.
- 8) To consider and approve the rules, regulations, management policies and the operating business of our Company or any actions binding upon our Company.
- 9) Monitoring compliance with risk management policy and risk management framework so that the Company has effective risk management in entire organization with continual practices.
- 10) Monitoring and supporting operations about risk management to be consistent with strategies and targets of operations as well as promoting risk management culture throughout the organization
- 11) Reviewing the system or assessing effectiveness of risk management for at least once a year
- 12) Reporting the company's committee about risk and risk management plan that are essential to the organization. In case of factors or major incidents that may have impact on the Company significantly, it shall be reported to the company's committee for acknowledgement and consideration as soon as possible.
- 13) To appoint and/or assign to the members of Executive Committee or any person or persons on any matters within the authority of the Executive Committee that the Board of Directors deems appropriate. The Committee may revoke or amend such authority.
- 14) To have the duties and responsibilities as assigned by or according to the policies of the Board of Directors.
- 15) To consider and approve the manual of authorities for the acknowledgment on their scopes, responsibilities and authorities and to be the operating manual by having the reference and according to the procedures methodically.



Nomination and Remuneration Committee

Term of membership

The term of membership for the Nomination and Remuneration Committee is three years. Any retiring member of the Audit Committee may be re-elected.

Scope of power, duties and responsibilities of the Nomination and Remuneration

- 1) To consider and propose the structures, elements and qualifications of the Board of Directors and sub-committees.
- 2) To consider the nomination criteria and process, as well as to nominate qualified persons for holding office as directors to the consideration of the Board of Directors in order to propose to the shareholders' meeting, in case of the vacancies by rotation and in order to propose to the Board of Directors in other cases.
- 3) To propose the list of directors to hold office as members of sub-committees of our Company.
- 4) To consider and screen, in case of vacancies, the persons who are qualified to be the key executives of our Company, for example, the Chief Executive Officer.
- 5) To consider the approval of the succession plans of key executives of our Company.
- 6) To consider the schemes and criteria in respect of the appropriate determination of remuneration for our Company's directors and key executives.
- 7) To consider and determine the evaluation criteria of the Chairman of the Executive Committee and propose to the Board of Directors for approval.
- 8) To evaluate the operating results of the Chairman of the Executive Committee and propose to the Board of Directors for consideration.
- 9) To consider and determine the annual remuneration of directors and key executives of our Company including the allowances, bonus, welfares and other considerations by submitting such items to the Board of Directors.

Committee chairman

Scope of power, duty and responsibility of committee chairman

- 1) The committee chairman is not and executive committee and shall be the same person with the managing director and does not have any relationship with the management
- 2) Supporting, assisting, consulting about business operations of the management through managing director but he/she shall not interfere regular works or daily business that the management by managing director is responsible.
- 3) Being the president in committee meeting and shareholder's meeting of the company
- 4) Giving a final vote in case in the committee meeting, the votes of 2sides are equal.
- 5) Taking responsibility as the leader of committee in supervising, monitoring and taking care of administration of the executive committee and other sub-committees to achieve objectives specified in the action plan.

Chief Executive Officer

Scope of power, duties and responsibilities of Chief Executive Officer

- 1) To determine the policies, strategies, structures and the management authorities including preparing the strategic plans and annual budget as proposed by management in order to submit to the Board of Directors.

- 2) To control, regulate and operate and/or generally manage to conform to the policy, work plans and budget as approved by the Board of Directors.
- 3) To be the attorney of our Company to manage the business of our Company to be in accordance with our Company's objectives, policies, rules, regulations, orders, resolutions of the shareholders and/or Board of Directors of our Company.
- 4) To act on behalf of and represent our Company in matters related and beneficial to our Company.
- 5) To consider and approve the operational plans of each department of our Company and the requests of each department that are beyond the department's authority.
- 6) To impose orders, regulations, notifications, or memoranda to ensure that our operations comply with internal policies and for the benefit of our Company and to maintain the working discipline within the organization.
- 7) To grant an executive of our Company the power to act on any matter or matters as he may deem appropriate.
- 8) To consider and appoint any advisor(s) necessary for the operation of our Company and in order to comply with the Thai SEC and SET regulations.
- 9) To take responsibility for managing the subsidiaries and departments of our Company.
- 10) To conduct any other affairs that may be from time to time assigned to him by the Board of Directors.

Composition and Appointment of the Board of Directors and Executives Management

Independent Directors

The Board of Directors of the Company is comprised of at least one - third (1/3) Independent Directors of the Board of Directors. The independent directors consist of at least three independent directors.

The criteria for the selection of independent directors shall be in accordance with the criteria for selection of directors which qualifications are in accordance with the prohibitions of directors in accordance with the Act on Public Companies and the Securities and Exchange Acts, and the related regulations and/or regulations. Independent directors are qualified from work experience, special skill and other appropriate to propose to the shareholders' meeting for appointment. As the Company's director, if any one of them is vacated prior to the expiration of the term. The Board of Directors may appoint an independent director who has the qualifications. An independent director who is appointed as a substitute director shall be in office only for the remaining term of the independent director whom he replaces.

The Board of Directors are qualified Independent directors as follows:

- 1) Holding shares representing not more than 1.0% of all voting rights of our Company, parent company, subsidiary company, associated company, major shareholders or controlling persons of our Company, provided that the shareholding of the connected persons of such proposed independent director shall be included in the computation.
- 2) Not being or having been a director participating in management, an employee or an advisor who receives a regular salary from our Company, or controlling person of our Company, parent company, subsidiary company, associated company, subsidiary company in the same level, major shareholder or of the controlling persons of our Company, unless the foregoing criteria did not exist for a period of no less than two years prior to the date of filing an application with the Office of the Thai SEC. Such prohibited criteria does not include the situation where a proposed independent director was previously a civil servant or an advisor to a governmental agency which is a major shareholder or controlling person of our Company.



- 3) Not being a person who has a blood or legal registered relationship as parent, spouse, sibling, child, son-in-law or daughter-in-law, with the other directors, executives, major shareholder, controlling person or persons who are to be nominated as directors, executives or controlling persons of our Company or its subsidiaries.
- 4) Had no and having no business relationship with our Company, parent company, subsidiary company, associated company, major shareholders or controlling persons of our Company, which may interrupt his independent discretion, and not being or having been a significant shareholder or controlling person of the person having business relationship with our Company, parent company, subsidiary company, associated company, major shareholders or controlling persons of our Company, unless the said criteria did not exist for a period of no less than two years prior to the date of filing an application with the Office of the Thai SEC.
- 5) Not being or having been the auditor of our Company, parent company, subsidiary company, associated company, major shareholders or controlling persons of our Company, and not being a significant shareholder, controlling person or partner of the audit firm where the auditor of our Company, parent company, subsidiary company, associated company, major shareholders or controlling persons of our Company is working, unless said criteria did not exist for a period of no less than two years prior to the date of filing an application with the Office of the Thai SEC.
- 6) Not being or having been a professional service provider, including legal advisor or financial advisor who receives fees exceeding Baht 2.0 million per annum from our Company, parent company, subsidiary company, associated company, major shareholders or controlling persons of our Company, and not being a significant shareholder, controlling person or partner of such professional service provider, unless the said criteria did not exist for a period of no less than two years prior to the date of filing an application with the Office of the Thai SEC.
- 7) Not being a director appointed to be a nominee of a director of our Company, major shareholder or a shareholder who is a related person of the major shareholder.
- 8) Not operating a business of the same nature which significantly competes with our Company or subsidiaries, or a significant partner in a partnership, a director participating in the management or an employee, staff member or advisor who receives a regular salary from or holds shares in a proportion of more than one percent of such competitor.
- 9) Not having any other characteristics which may prevent him from giving an independent opinion on our Company's operations.
- 10) Not being a director assigned by the Board of Directors to make decisions on the business operations of our Company, parent company, subsidiary company, associated company, major shareholders or controlling persons of our Company.
- 11) Not being a director of our parent company, subsidiary company or a subsidiary in the same level, which are listed companies.

The Independent Directors will review and certify their independence at least once a year, together with a report of the director's history at the end of the year for the preparation of the annual registration statement (Form 56-1) and Annual Report of the Company.

Composition of the Board of Directors and Executives Management

Composition of the Board of Directors

In appointing the Board of Directors, the Nomination and Remuneration Committee who comprise of independent directors 2 persons from total of 3 persons. The responsibility for recruiting and selecting persons according to the company's regulations and nominate qualified candidates to obtain professional and diversity. Then propose the opinion to the Board of Directors for approval and the shareholders' meeting to approval with the following criteria.

The Nomination and Remuneration Committee has considered the nature of the business and future plans for set the qualifications of the Board of Directors who is knowledgeable about the business of the Company as well. The Nomination and Remuneration Committee has the opportunity for directors and shareholders to participate in the nomination of qualified directors.

- 1) A shareholder shall have one vote for each share which he holds.
- 2) Each shareholder shall use all of his or her votes to elect one or several persons as a director. However, he or she may not divide his or her votes among multiple candidates.
- 3) The candidates who receive the most votes will be elected as directors. In the case of a tie, the chairman of the meeting shall have a casting vote.

In case the position of the Board of Directors is vacant with reasons other than the expiration of the term. The Nomination and Remuneration Committee selects qualified persons and without prohibitions under the law governing public limited company and the Securities and Exchange Act. Become a replacement for the next board meeting. Unless the term of the director is less than 2 months, the person to be the replacement shall be in the position of the director only for the remaining term of the director whom he replaces. The first must contain at least three-fourths of the remaining number of directors.

Composition and Appointment of the Executive Committee

Our Board of Directors appoints the Executive Committee, by selecting from our directors or key executives who can manage the business operations and management of our Company and are capable of setting up policies, business plans, budgets, management structure, including overseeing and monitoring our operational results as per the policy set forth by our Board of Directors.

Supervision of Operations of Subsidiaries and Associated Companies

For the supervision of operations of Subsidiaries, the Company sent a representative for director position to its subsidiary. The person must have the qualifications and experience appropriate to the business and have no conflict of interest in the business. Such representatives will manage the subsidiaries's business in accordance with the policies that approved by the Company and the rules and regulations set in the Company's Articles of Association and the relevant subsidiaries' laws.

In addition, the Company will closely monitor the results and operations of such businesses, present analytical results and opinions and recommendations to the Board of Directors of the subsidiary or associate or joint venture company for the purpose of policy making or improvement the business to continued growth.



Supervision of Usage of Internal Information

We have a policy to prohibit directors, executives, and employees from using internal information, which is in line with good corporate governance in the policy manual on the usage of internal information. A description of such policy is as follows:

- 1) We have informed directors and executives of our Company and subsidiaries of their obligation to prepare and submit reports of shareholding in securities for themselves, their spouse and minor children, to the Office of the Thai SEC pursuant to Section 59 and its sanction pursuant to Section 275 of the Securities and Exchange Act B.E. 2535 including reporting their acquisition or disposal of shareholding interests of our Company for themselves, their spouse and minor children, to the Office of the Thai SEC pursuant to Section 246 and its sanction pursuant to Section 298 of the Securities and Exchange Act B.E. 2535.
- 2) We require directors and executives to prepare and disclose the reports of shareholding in securities and report any change of shareholding in securities for themselves, their spouse and minor children, to the Office of the Thai SEC pursuant to Section 59 and its sanction pursuant to Section 275 of the Securities and Exchange Act B.E. 2535. A copy of such report shall be submitted to us on the same day that such report shall be submitted to the Office of the Thai SEC.
- 3) Our Company will suspend trading of our securities during the period before disclosure of our financial statements or status or financial condition of our Company until such information has been announced to the public. We will notify, in writing, all directors, executives and persons holding managerial office in the accounting or finance departments, at least 30 days prior to the disclosure of information to the public, not to trade in our securities before such information has been disclosed, and to wait at least 24 hours after the disclosure of such information before trading. We also require that such information not be disclosed to any third party prior to its announcement to the public.
- 4) Disciplinary sanctions that may be given by our Company, should there be a breach of the above rules for personal benefit, range from a written reprimand, wage cut, suspension of work without pay or termination of employment. The sanction to be administered depends on whether there was any intention of committing the breach and the severity of such misconduct.
- 5) Our directors, executives, and employees are not permitted to use internal information known to them due to their position with our Company, which has not been disclosed to the public and which has or may have an impact on the price of our securities. Such information cannot be, directly or indirectly, used to purchase or sell or offer to purchase or sell or persuade any person to purchase or sell shares or other securities (if any) of our Company which may cause damages to our Company, directly or indirectly, and our directors, executives and employees may not do such action for their own benefit or another's benefit or disclose such information to another person to perform such action whether or not they receive a benefit.
- 6) Our directors, executives and employees or former directors, executives and employees are not permitted to disclose internal or confidential information of our Company, including confidential information of our business partners which we acknowledge from our obligation to such third parties even where such information may not cause any damage to us or our business partners.
- 7) Our directors, executives and employees are obligated to keep confidential all internal information of our Company and may use internal information only for the business of our Company. Our directors, executives and employees are not permitted to use confidential and/or internal information of our Company for the benefit of other companies in which they are shareholders, directors, executives, and employees.

The above policy has been approved by our Board of Directors.

Conflict of Interest

The Board of Directors has a policy about preventing conflict of interest based on the fact that any decisions on business activities shall bring ultimate benefit to the Company only and there must be avoiding any actions that cause conflict of interest. It is regulated that any persons who are involved or have interest in considered lists shall inform the Company about their relationship or interest and shall not participate in decision process and have no power to approve such transactions.

If any lists cause conflict of interest that is not from normal business operation or not in accordance with general trading conditions, they shall be presented in the committee's meeting to consider approving. The audit committee will thoroughly consider it before proposed to the committee meeting. However, the Company shall comply with principles of Office of Securities and Exchange Commission and Stock Exchange of Thailand.

Code of Conduct

The Committee provided code of conduct as guidelines and best practices for committee, executives along with employees to abide by in performing duties and missions of the Company with honesty, integrity and fairness including treatment with the Company and every stakeholder group. It includes setting a system to monitor compliance with such guideline regularly. However, the Company arranged training for employees about compliance with code of conduct continuously; the committee, executives and employees have duties to comply with code of conduct strictly. Commanders in every level has duty to monitor and promote subordinates to follow code of conduct and to behave as a good model as a good promotion for others to follow. The Company has published code of conduct on the Company's website: www.tfg.co.th

Risk Management

The Committee has set a goal of business operations clearly that can be used to assess performance. The management will compare actual overall operation with specified goal regularly by assessing internal and external risk factors and analyzing risks as a cause and defining measures to monitor situations as a cause of risk factor and measures to reduce risks. It includes assigning relevant institute to monitor that risk constantly and report progress to the supervisors.

Internal Control and Audit

The Company has efficient and effective monitoring system, risk management and internal control according to universal standard. The audit committee has duties to define monitoring policy so that internal audit can be done independently. Internal control and internal audit shall be operated by internal audit division and proposed to audit committee to consider approving before reported to the Board of Directors.

Compliance Monitor

The Company has a Compliance Unit with responsibility to control and monitor matters for management without risk from compliance with laws and regulations (Compliance risk) as well as compliance with anti-corruption policy and other policies.

Auditors' Remuneration

In Annual General Meeting 2016 arranged on 28 April 2016, the Company appointed KPMG Phumchai Auditing Co., Ltd, an independent auditing office with expertise in auditing and it has no relationship or interest with the Company, executives, major shareholders or other relevant, to perform auditing works of the Company with auditor's fee of the Company and subsidiary in amount of 8.76 Million Baht.



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CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility Report has been prepared for the year 2016 separate with annual report. Details can find via the website of the company (www.tfg.co.th).

Tripartite United Community Development at Prachinburi Province



Roof Building at Baan Kok San School, Prachinburi Province



Anti-Narcotics Program 2016



Reforestation
"Pratang Dong Rung Reserve"



Open house TFG



Public canal digging at
Kanchanaburi province



In the Board Meeting No.1/2017 held on February 23, 2017, where the Audit Committee also attended, the Board reviewed the adequacy of internal control within the Company as presented by the Audit Committee in a format prescribed by the Securities and Exchange Commission based on COSO's internal control framework. The framework incorporates 5 following questions: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. Following the review, the Board is of the opinion that the Company's internal control system was sufficient and appropriate which could help the Company's business operation to achieve goal or mission with efficiency and effectiveness and safeguard the assets from fraud. The financial report of the Company was accurate and reliable in accordance with the financial reporting standards and the generally accepted accounting standards. In summary, opinions from both Internal Audit Division and External Auditor of KPMG Poomchai Audit Ltd. were agreed that the internal control system of the Company is sufficient and satisfactory. The Company's financial statements for the year ended December 31, 2016, were correct, reliable, free from material misstatement, whether due to fraud or error and presented fairly in all material respect.

Chief of Internal Audit

In the Audit Committee Meeting No.1/2017 held on February 23, 2017, the Committee was appointed Miss Pattama Hongsittiwongse, who serves as Internal Audit Division Manager to be a Secretary to the Committee. She has knowledge, abilities and work experience and is qualified to efficiently and adequately perform roles as assigned.

The appointment, transfer and termination of employment of the Chief of Internal Audit department shall be subject to the Audit Committee's approval.

Chief of Compliance

The Company has appointed Ms. Oranuch Pensirivorasap in position of Chief of Compliance department to oversee the compliance of the regulatory authorities responsible for overseeing the Company's business operations.

Related Parties

The Company and subsidiaries had business transactions with related parties. Our relationships with such related parties are summarized below:

Related Person	Relationship
Mr. Winai Teawsomboonkij	<ul style="list-style-type: none"> - Principal shareholder, owns 19.31% of the Company's shares (as of 31 December 2016) - Director, Chairman of the Executive Committee and Chief Executive Officer of the Company
Ms. Pritsana Teawsomboonkij	<ul style="list-style-type: none"> - Spouse of Mr. Winai Teawsomboonkij - Principal shareholder, owns 1 share of the Company (as of 31 December 2016) - Ex-Director of our subsidiaries
Mr. Sataporn Rattananon	Sibling of a director of our Company, Mr. Wattana Rattananon (Mr. Wattana Rattananon resigned director position on September 6, 2016)
Ayothaya Agro Industry Company Limited ("AI")	<ul style="list-style-type: none"> - Provides raw material and produces sacks for animal feed and plastic farming equipment for poultry operations. Operates in the swine export business - Directors and shareholders of AI are not related to directors and shareholders of our Group - Controlled by Mr. Winai Teawsomboonkij who is the Company's director - AI liquidated as of 22 December 2016
Feed Link Company Limited ("FL")	<ul style="list-style-type: none"> - Provides vaccines and additive, including Amoxy (20%) and Enro (20%) - Directors and shareholders of Feed Link are not related to directors and shareholders of our Group - Controlled by Mr. Winai Teawsomboonkij who is the Company's director - FL liquidated as of 15 December 2016
Thai Viet Agri Group ("TVAG")	<ul style="list-style-type: none"> - TVAG produces animal feed in Vietnam. - Seapeak Holding Company Limited hold TVAG 100% shares and controlled by Mr. Winai Teawsomboonkij. - TVAG have no the same shareholders and directors with the Company's group. - TVAG was controlled by Mr. Winai Teawsomboonkij who is the Company's director. - TVAG may extend land lease agreement till 25 July 2017 and in process to renew approval the agreement for extension 5 years. TVAG is waiting for approval from renewal and currently TVAG will continue to operate normally. - For Seapeak Holding Company Limited ("Seapeak") which hold TVAG's share. The Company's group decide to do not the business with Seapeak. Moreover Seapeak would not do the similar business and/or competition business with the Company's group. The Board of Directors and the Audit Committees recommend the Company should report the progress to the meeting.
Seven Foods Co., Ltd. (Operate in Japan)	<ul style="list-style-type: none"> - Seven Foods Co., Ltd. operate distribute frozen chicken products. - T Paragon Holding Company Limited which the subsidiary of the Company, hold Seven Foods Co., Ltd. 45.71% of total share. - Seven Foods Co., Ltd. have no the same shareholders and directors with the Company's group.



Summary detail of related transactions of related parties which may conflict of interest for the year 2015 and 2016 as follows;

Name	Nature of Transaction	Value of Transaction (Million Baht)		Reason and Necessity and Opinion of the Audit Committee
		2016	2015	
Mr. Winai Teawsomboonkij : Director/Chief Executive Committee/Chief Executive Officer	<u>Contract farming repayment</u> Mr. Winai Teawsomboonkij granted loans to contract farmers of TFCF. The contract farmers requested and consented to directly repay such loans to Mr. Winai Teawsomboonkij by deducting amounts from the raising fee. - Deducting amount from raising fees to Mr. Winai Teawsomboonkij - Mr. Winai Teawsomboonkij has transferred the claims advance loan to contract farming to TFCF. TFCF paid to Mr. Winai Teawsomboonkij which payment on 14 August 2015 at Net Present Value (NPV)	0 0	0.11 2.10	- The Audit Committee acknowledged that such transaction was from Mr. Winai Teawsomboonkij personally to support the contract farmers. Furthermore, the Audit Committee has reviewed such transactions, including following the reviewing process as recommended by the internal auditor.
	<u>Contract farming repayment</u> Mr. Winai Teawsomboonkij granted loans to contract farmers of TFSF. The contract farmers requested and consented to directly repay such loans to Mr. Winai Teawsomboonkij by deducting amounts from the raising fees. - Deducting amount from raising fees to Mr. Winai Teawsomboonkij - Mr. Winai Teawsomboonkij has transferred the claims advance loan to contract farming to TFSF. TFSF paid to Mr. Winai Teawsomboonkij which payment on 14 August 2015 at Net Present Value (NPV)	0 0	1.70 1.04	

Name	Nature of Transaction	Value of Transaction (Million Baht)		Reason and Necessity and Opinion of the Audit Committee
		2016	2015	
Mr. Sataporn Rattananon : Sibling of a Ex-Director of the Company	<u>Sales Transactions</u>			- The Audit Committee emphasized that this was a normal transaction and the prices of the products were comparable to the market prices and concluded that this transaction was justifiable and fair.
	TFCF day-old chicks, animal feed and medicines to Mr. Sataporn Rattananon at the prices stated in the Contract Farming Agreement. The price of the day-old chicks, animal feed, medicines and live chickens were the normal rate as compared to other customers.			
	- Sales of Goods	113.87	195.19	
	- Accounts Receivable	0	0	
	<u>Purchase Transactions</u>			- The Audit Committee emphasized that this was a normal transaction and purchase/guarantee price was comparable to Thai Foods Contract Farming's purchase/guarantee prices with other contract farmers and concluded that this transaction was justifiable and fair. We have had contract farmer agreements with Mr. Sataporn Rattananon since October 2007. - Guarantee price change from 41.15 Baht/Kg in 2015 to 39.15 Baht/Kg on 7 July 2016
	TFCF purchases chickens from Mr. Sataporn Rattananon at the guarantee price of Baht 39.15 per kg as stated in the Contract Farming Agreement. The purchase price is a normal rate compared to other customers.			
	- Purchases	120.53	249.16	
	- Accounts Payable	0	0	
	<u>Advance Payment</u>			- The Audit Committee emphasized that this was a normal transaction and the loan rate was practical when compared to other contract farming contracts.
	TFCF provided advance payment to contract farmers for Mr. Sataporn Rattananon in a form of a loan at an interest of 9.5% per annum. The loan terms are similar to the terms of other contract farming farmers. Such loan is to be repaid by 11 February 2015.			
	- Beginning loan amount	0	9.04	
	- Additional loan amount	0	0	
	- Repayment loan amount	0	(9.04)	
	- Outstanding loan amount	0	0	
	- Interest paid	0	0.02	
	- Accrued interest amount	0	0	



Name	Nature of Transaction	Value of Transaction (Million Baht)		Reason and Necessity and Opinion of the Audit Committee
		2016	2015	
Thai Viet Agri Group ("TVAG")	<u>Purchase Transactions</u> TVSL purchases animal feed from TVAG at the price of TVAG's cost plus 6.0%, as the purchase price is considered to be fair compared to the prices of the other suppliers. - Purchases - Accounts Payable	385.34 92.02	376.09 98.59	- The Audit Committee emphasized that these were normal transactions and the price of the purchase is the market price and comparable to that of other suppliers and concluded that these transactions were justifiable and fair. - TVAG may extend land lease agreement till 25 July 2017 and in process to new approval the agreement for extension 5 years. TVAG is waiting for approval from renewal and currently TVAG will continue to operate normally.
	<u>Contract Farming</u> TVSL hired TVAG to raise the pigs at the price stated in the contract farming contract which is similar to TVSL's other contract farming contracts. - Cost of Contract Farming - Accounts Payable	20.78 4.77	20.78 5.01	- The Audit Committee emphasized that these were normal transactions and the conditions in the transaction is comparable to that of other unrelated contract farmers and concluded that these transactions were justifiable and fair. - TVAG may extend land lease agreement till 25 July 2017 and in process to renew approval the agreement for extension 5 years. TVAG is waiting for approval from renewal and currently TVAG will continue to operate normally.
	<u>Other Revenue</u> TFFM analyst feed for TVAG	0.06	0	The Audit Committee emphasized that these were normal transactions and the price were the market price and comparable to that of other suppliers and concluded that these transactions were justifiable and fair.
Seven Foods Co., Ltd. (Japan)	TFG sells chicken parts to Seven foods at market price as same as other clients - Sales of Goods - Accounts Receivable	352.04 164.68	58.78 52.49	- The Audit Committee emphasized that these are normal transactions and the prices were the market rate and comparable to that of other companies and concluded that these transactions were justifiable and fair.

Name	Nature of Transaction	Value of Transaction (Million Baht)		Reason and Necessity and Opinion of the Audit Committee
		2016	2015	
Mr. Winai Teawsomboonkij: Director/Chief Executive Committee /Chief Executive Officer	<u>Collateral Loans</u> As of 31 December 2016, the Company has a credit line 1 financial institution including promissory notes, letters of credit and/or trust receipts and trade exchange in total credit 500 million baht and 15 million USD including TFFM and TFG. Mr. Winai Teawsomboonkij guaranteed the entire debt without any charge requested from the guarantor.	No compensation	No compensation	<ul style="list-style-type: none"> - The Audit Committee emphasized that guaranteeing the entire credit line is a normal practice for financial institutions and the transaction is reasonable and beneficial to the business practice to purchase and set up machinery and equipment to produce our products. In addition, no charge or return was requested from Mr. Winai Teawsomboonkij and was considered by the Audit Committee to be reasonable for the transaction. The Audit Committee considered the transaction to be justifiable and fair. - Our Company requested that the financial institution release Mr. Winai Teawsomboonkij of his guarantee, we are awaiting approval from this financial institution.
Ms. Pritsana Teawosomboonkij : Spouse of Mr. Winai Teawosomboonkij and Ex-Director of subsidiaries	<u>Collateral Loans</u> As of 31 December 2016 Ms. Pritsana Teawosomboonkij has no any collateral loans.	No compensation	No compensation	The Audit Committee emphasized that guaranteeing the entire credit line is a normal practice for financial institutions and the transaction is reasonable and beneficial to the business practice to purchase and set up machinery and equipment to produce our products. In addition, no charge or return was requested from Ms. Pisana Teawosomboonkij and was considered by the Audit Committee to be reasonable for the transaction. The Audit Committee considered the transaction to be justifiable and fair.

REASON AND NECESSITY FOR THE RELATED PARTY TRANSACTIONS

For the years 2015 - 2016, the Company entered into a number of related party transactions. Such transactions were necessary and justifiable in order to operate our business continuously and beneficially. The interest rate the Company received was higher than the deposit rate at local financial institutions and higher than the interest rate the Company received from financial institutions on outstanding loans. The short-term loans the Company obtained have been used for working capital and the interest rates were lower than those offered by the market and such loans are guaranteed by the directors of our Company in accordance with the conditions set by the lenders. The transactions within the Group are considered to be normal transactions with fair terms and conditions when compared to the market price and/or the transactions with non-related third parties.

The resolution of the Board of Directors No.1/2017 held on 23 February 2017 with the Audit Committee who are independent directors attend the meeting for consideration the such related transaction with opinion was necessary, justifiable and beneficial for the Company.



For future related party transactions, of the Company and subsidiaries with a person who may have a conflict of interest or has an interest in such matter or may have a conflict of interest in the future, such as major shareholder, directors, related person etc. Management who have control we will comply with applicable laws and regulations, including the Securities and Exchange Act of Thailand, the SET, regulations, notifications, orders or rules of the Capital Market Supervisory Board, regulations of our Company and our subsidiaries, as well as Thailand's generally accepted accounting standards in respect of information disclosure on related persons or businesses as prescribed by the Certified Public Accountant Association of Thailand. Any person who may have a conflict of interest or has an interest in a matter shall not be entitled to vote in respect of the meeting agenda for such related party transaction.

In case of the regulation for approval the related transactions of Board Directors's Meeting or Shareholder's Meeting, the Audit Committee will provide an opinion as to the appropriateness of such transaction.

The Company have implemented the following policies for related party transactions:

Arm's Length Basis Transaction

Our transactions with a person who may have a conflict of interest or has an interest in such matter or may have a conflict of interest in the future must be considered and approved by the Audit Committee pursuant to the Board of Directors' approval. We may enter into such transactions, provided that such transactions were concluded to be on normal commercial terms in the same manner as a reasonable person would have based on similar circumstances and without influential commercial bargaining power of an individual in the capacity of a director, executive or related person ("Arm's Length Basis"). In addition, the commercial terms of such related party transactions must be within normal operations, or to support our Company and/or our subsidiaries' businesses, provided that the pricing and terms are normal to those in the market and that the transaction will not result in a misappropriation of benefits and include the following:

1. Pricing, terms and conditions received/given by our Company and/or our subsidiaries to the general public;
2. Pricing, terms and conditions received/given by the related person to the general public; and
3. Pricing, terms and conditions of other companies with similar business received/given to the general public.

Should we enter into a transaction on an Arm's Length Basis as stated above, our managements shall consider, evaluate and approve such transaction. Our management shall then provide a report concerning the transaction for our Board of Directors. In the event there are conflicts from the transaction that contradicts the policy, our Audit Committee and Board of Directors shall jointly work towards a solution.

Transactions not on commercial terms or other related party transactions

Should we enter into transactions which are not on normal commercial terms or other related party transactions of our Company and/or our subsidiaries with a person who may have conflict of interest or has an interest in such matter in the future, we shall seek and receive an opinion from our Audit Committee on the necessity and suitability of the transaction, that the price, terms and conditions are consistent with the market practice and that such transaction is comparable with third-party prices. Such transactions will also be presented to and for the consideration of our Board of Directors and/or shareholders. In the event that the

Audit Committee does not possess the relevant skill or expertise in relation to such related transaction, we will seek an opinion from an independent expert or our accountant, which will then be considered by our Audit Committee, Board of the Directors and/or at a shareholders' meeting, as the case may be. Any person who may have a conflict of interest or has an interest in such matter shall not be entitled to vote in respect of the meeting agenda for such related transaction.

The details of the transaction will be disclosed in the notes of the financial statements to be reviewed or audited by our Company's auditor and in our annual reports and annual resignation Company's Regulations (Form 56-1).

Policy on future related transactions

Related party transactions occurring from normal operations, in support of normal operations and financial assistance to subsidiaries will occur in the future as necessary and appropriate, such as trading with Thai Foods Feed Mills. Fair and appropriate policies regarding pricing for related transactions will be clearly defined according to market conditions in order to avoid transfers of benefits and with consideration to the best interests of our Company and our subsidiaries, as well as having the Audit Committee advice on such actions.

Collateralization according to loan contracts between our Company and our subsidiaries and persons who may have conflict of interest is expected to continue, due to the necessity of obtaining loans from financial institutions in order to perform normal operations, which is a common requirement for commercial banks to grant loans to businesses. We do not expect to have any expenses from the aforementioned collateralization.

Borrowing from persons who may have conflict of interest is expected to continue according to necessity to the operation of our business. We will define loan contracts with clear conditions and according to the best interests of our Company.

Our Board of Directors will help to ensure that related party transactions that may occur in the future are compliant with applicable laws and regulations, including but not limited to, the Thai SEC regulations, the Capital Market Supervisory Board and the SET, as well as the accounting standards regarding disclosure of information concerning related persons and companies as determined by the Certified Public Accountant Association of Thailand.



1) Summary of Financial Statement

The table shows statement of financial position and statement of income in 2014 - 2016 are as follows;

Statement of financial position	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Current assets						
Cash and cash equivalents	301.52	2.27	203.59	1.59	308.70	1.98
Trade and Other accounts receivable	293.95	2.21	566.13	4.43	922.42	5.91
Inventories	4,975.90	37.42	2,050.08	16.04	2,708.09	17.36
Current biological assets ^{1/}	-	-	1,900.90	14.88	2,725.56	17.48
Breeder poultry - net	449.71	3.38	-	-	-	-
Breeder swine - net	548.19	4.12	-	-	-	-
Advance payments to farmers	1,187.64	8.93	251.06	1.96	376.28	2.41
Other current assets	13.22	0.10	13.45	0.11	32.58	0.21
Total current assets	7,770.14	58.44	4,985.21	39.02	7,073.63	45.35
Non-current assets						
Advance payments to farmers	24.47	0.18	578.60	4.53	421.15	2.70
Interests in joint ventures	-	-	7.34	0.06	3.04	0.02
Other long-term investments	10.00	0.08	10.00	0.08	10.00	0.06
Investment properties	36.52	0.27	35.99	0.28	35.88	0.23
Property, plant and equipment	4,862.47	36.57	5,615.06	43.94	6,321.20	40.53
Non-current biological assets ^{1/}	-	-	575.64	4.51	691.39	4.43
Other intangible assets	38.76	0.29	132.31	1.04	139.88	0.90
Restricted deposits at financial institutions	192.80	1.45	156.95	1.23	98.93	0.63
Deferred tax assets	346.59	2.61	659.30	5.16	749.70	4.81
Other non-current assets	14.96	0.11	21.20	0.17	51.46	0.33
Total non-current assets	5,526.56	41.56	7,792.37	60.98	8,522.64	54.65
Total assets	13,296.70	100.00	12,777.58	100.00	15,596.27	100.00
Liabilities and equity						
Current liabilities						
Short-term borrowings from financial institutions	6,167.41	46.38	4,862.96	38.06	5,588.08	35.83
Trade and Other accounts payable	1,741.06	13.09	1,725.02	13.50	2,121.90	13.61
Current portion of long-term borrowings from financial institutions	784.04	5.90	470.10	3.68	384.26	2.46
Current portion of finance lease liabilities	10.53	0.08	28.15	0.22	75.39	0.48
Income tax payable	44.53	0.33	3.57	0.03	56.36	0.36
Other current liabilities	3.90	0.03	0.56	0.00	16.02	0.10
Total current liabilities	8,751.47	65.82	7,090.36	55.49	8,242.02	52.85

Statement of financial position	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Non-current liabilities						
Debentures	-	-	-	-	210.00	1.35
Long-term borrowings from financial institutions	447.20	3.36	561.12	4.39	241.34	1.55
Finance lease liabilities	179.30	1.35	359.90	2.82	590.19	3.78
Employee benefit obligations	19.77	0.15	28.43	0.22	42.40	0.27
Retentions	0.49	0.00	2.68	0.02	3.42	0.02
Deferred tax liabilities	-	-	82.81	0.65	139.83	0.90
Other non-current liabilities	0.35	0.00	-	-	-	-
Total non-current liabilities	647.11	4.87	1,034.93	8.10	1,227.18	7.87
Total liabilities	9,398.58	70.68	8,125.29	63.59	9,469.20	60.71
Equity						
Authorised share capital	5,400.00	-	5,400.00	-	5,610.00	-
Issued and paid-up share capital	4,000.00	30.08	5,100.00	39.91	5,100.00	32.70
Premium on ordinary shares	-	-	981.24	7.68	981.24	6.29
Deficits on common control transactions	(231.27)	(1.74)	(231.27)	(1.81)	(231.27)	(1.48)
Retained earnings (Deficit)						
Appropriated						
Legal reserve	109.05	0.82	109.05	0.85	109.05	0.70
Unappropriated (Deficit)	21.18	0.16	(1,553.13)	(12.16)	(77.74)	(0.50)
Other components of equity	(0.84)	(0.01)	246.40	1.93	245.77	1.58
Equity attributable to owners of the Company	3,898.12	29.32	4,652.29	36.41	6,127.05	39.29
Non-controlling interests	0.00	0.00	0.00	0.00	0.02	0.00
Total equity	3,898.12	29.32	4,652.29	36.41	6,127.07	39.29
Total liabilities and equity	13,296.70	100.00	12,777.58	100.00	15,596.27	100.00

Source : Consolidated financial statements of Thaifoods Group Public Company Limited for the Year 2014 - 2016 audited by certified public accountant.

Note : ^{1/} Since 1 January 2016 the Company has adopted the new and revised TAS 41 Agriculture



Statement of income	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Income						
Revenue from sale of goods and rendering of services	17,067.24	99.01	17,370.72	99.22	20,625.84	99.26
Gain on changes in fair value of biological assets ^{1/}	-	-	-	-	25.03	0.12
Net foreign exchange gain	-	-	32.14	0.18	-	-
Interest income	-	-	89.72	0.51	90.84	0.44
Other income	169.89	0.99	15.51	0.09	37.88	0.18
Total income	17,237.13	100.00	17,508.07	100.00	20,779.59	100.00
Expenses						
Cost of sales of goods and rendering of services	15,120.68	87.72	18,106.45	103.42	18,005.14	86.65
Selling expenses	115.76	0.67	236.87	1.35	420.77	2.02
Administrative expenses	760.80	4.41	668.84	3.82	524.52	2.52
Loss on land revaluation	-	-	61.28	0.35	12.15	0.06
Net foreign exchange loss	25.88	0.15	-	-	26.91	0.13
Finance costs	260.24	1.51	294.63	1.68	245.45	1.18
Total expenses	16,283.36	94.47	19,368.06	110.62	19,234.95	92.57
Share of loss of joint venture	-	-	1.56	0.01	0.42	0.00
Profit (loss) before income tax	953.77	5.53	(1,861.55)	(10.63)	1,544.22	7.43
Income tax expense (income)	37.61	0.22	(287.24)	(1.64)	97.42	0.47
Profit (loss) for the year	916.16	5.32	(1,574.31)	(8.99)	1,446.80	6.96
Other comprehensive income for the year	(0.72)	(0.00)	247.23	1.41	(0.63)	(0.00)
Total comprehensive income for the year	915.44	5.31	(1,327.07)	(7.58)	1,446.17	6.96

Source : Consolidated financial statements of Thaifoods Group Public Company Limited for the Year 2014 - 2016 audited by certified public accountant.

Note : ^{1/} Since 1 January 2016 the Company has adopted the new and revised TAS 41 Agriculture

2) Financial Ratio

	Year ended 31 December		
	2014	2015	2016
Current Ratio			
Current Ratio (Times)	0.89	0.70	0.86
Accounts receivable turnover (Times)	45.89	40.39	27.71
Inventory Turnover (Times)	3.85	5.15	7.57
Accounts payable turnover (Times)	9.19	10.45	9.36
Profitability Ratio			
Gross profit (Loss) margin (%)	11.41	(4.24)	12.71
Operating (Loss) margin (%)	7.11	(9.02)	8.68
Net profit (Loss) margin (%)	5.32	(8.99)	6.96
Return on equity (%)	28.73	(36.82)	26.84
Efficiency Ratio			
Return on total assets (%)	7.79	(12.08)	10.20
Return on fixed assets (%)	33.61	(10.56)	28.74
Financial policy ratio			
Debt to Equity ratio (Times)	2.41	1.75	1.55
Interest coverage ratio (Times)	(2.07)	(0.40)	2.05
Dividend payout ratio (%)	117.99	-	-

Notes : (1) Current ratio = Total current assets/Total current liabilities.

(2) Accounts receivable turnover = Revenue from sale of goods and rendering of services/Average Trade and other account receivable.

(3) Inventory turnover = Cost of sales of goods and rendering of services/Average inventories - net.

(4) Accounts payable turnover = Cost of sales of goods and rendering of services/Average Trade and other payables.

(5) Gross profit margin = Gross profit (loss)/Revenue from sale of goods and rendering of services x 100.

(6) Operating margin = Profit (loss) before finance cost and income tax expense/Revenue from sale of goods and rendering of services x 100.

(7) Net profit margin = Profit (loss) for the year/Total revenue x 100.

(8) Return on equity = Profit (loss) for the year/Average total shareholders' equity x 100.

(9) Return on total assets = Profit (loss) for the year/Average total assets x 100.

(10) Return on fixed assets = (Profit (loss) for the year + Depreciation)/Average fix asset x 100.

(11) Debt to equity = Total liabilities /Total shareholders' equity.

(12) Interest coverage ratio = Cash flows from (used in) operating activities/Interest expense.

(13) Dividend payout ratio = Dividend payments to shareholders/Profit (loss) for the year x 100.



1) Results of Operations

Revenue

Total revenue for the year 2014-2016 were Baht 17,237.13 million, Baht 17,508.07 million and Baht 20,779.59 million, respectively or increasing 1.57% and 18.69%, respectively. The majority of the Company's revenue was generated from poultry operations, followed by swine operations and feed operations, respectively, which separate by segment for the year 2014-2016 as follow.

Business	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Poultry	12,365.27	71.74	11,043.91	63.08	13,360.25	64.29
Swine	3,567.73	20.70	4,581.06	26.17	5,439.31	26.18
Feed and others	1,134.25	6.58	1,745.75	9.97	1,826.28	8.79
Other income	169.89	0.99	137.35	0.78	153.75	0.74
Total	17,237.13	100.00	17,508.07	100.00	20,779.59	100.00

Revenue from poultry operations

Revenue from poultry operations for the year 2014-2016 were Baht 12,365.27 million, Baht 11,043.91 million and Baht 13,360.25 million, respectively. Revenue of 2015 decreased by 10.69% from 2014 due to the decrease in average chicken meat price from Baht 41.36/kg in 2014 to Baht 35.98/kg in 2015. However, sales of chicken products increased from 278,068.55 tonnes in 2014 to 289,302.04 tonnes in 2015.

Revenue from poultry operations for the year 2016 increased by 20.97% from 2015 as a result of an increase in volumes sold and in the price per kg for chicken. Average chicken meat prices in 2016 were Baht 37.70/kg and the amount of chicken products were 338,191.77 tonnes which increased from 2015 due to the Company expand the capacity to supporting increasing domestic and export sale.

Revenue from swine operations

Revenue from swine operations for the year 2014-2016 were Baht 3,567.73 million, Baht 4,581.06 million and Baht 5,439.31 million, respectively. Revenue for the year 2015 increased by 28.40% from 2014 due to the increasing sale volume while the average price is decreased. The average prices in 2015 were Baht 59.59/kg which decreased from Baht 70.04/kg in 2014. Sale volume of swine products increased from 47,532.47 tonnes in 2014 to 65,528.20 tonnes in 2015.

Revenue from swine operations for the year 2016 increased by 18.73 % from 2015 as a result of an increase in volumes sold and selling price per kg. Average selling prices in 2016 were Baht 63.35/kg and the volumes sold were 75,806.44 tonnes which increased from 2015 due to additional capacity and increasing domestic sale.

Revenue from feed operations and others

Revenue from feed operations and others for the year 2014-2016 were Baht 1,134.25 million, Baht 1,745.75 million and Baht 1,826.28 million, respectively or increasing by 53.91% and 4.61%, respectively

because of higher selling volume to customer. The sell volumes for the year 2014-2016 were 79,891.49 tonnes, 93,008.10 tonnes and 137,222.43 tonnes, respectively.

Cost of sales of goods and rendering of services

Cost of sales of goods and rendering of services for the year 2014-2016 were Baht 15,120.68 million, Baht 18,106.45 million and Baht 18,005.14 million, respectively. For the year 2015, cost of sales of goods and rendering of services increased by 19.75% in 2015 related to increasing sale. While in 2016, decreasing by 0.56% from 2015 due to efficiency cost management. Profit (Loss) margin for the year 2014-2016 were 11.41%, (4.24%) and 12.71%, respectively.

Selling and Administrative expenses

Selling expenses for the year 2014-2016 were Baht 115.76 million, Baht 236.87 million and Baht 420.77 million, respectively or increasing by 104.62% and 77.64%, respectively, as a result of the increasing in sales of both export sales starting in 2015 and domestic sales to distribute sale area inclusively.

Administrative expenses for the year 2014-2016 were Baht 760.80 million, Baht 668.84 million and Baht 524.52 million, respectively or decreasing by 12.09% and 21.58%, respectively, due to efficiency cost management. Net profit (Loss) margin for the year 2014-2016 were 7.11%, (9.02%) and 8.68%, respectively.

Finance cost

Finance cost for the year 2014-2016 were Baht 260.24 million, Baht 294.63 million and Baht 245.45 million, respectively. For the year 2015, finance cost increased by 13.21% from 2014, due to a higher amount drawn on banking facilities for purchase raw material to support the increased production capacity.

For the year 2016, finance cost decreased by 16.69% from 2015, due to repayment loan from fund generated from initial public offering. The Company listed in Stock Exchange of Thailand on 8 October 2015 as a result the decreasing in finance cost in 2016.

Profit (loss) for the year

Profit (loss) for the year 2014-2016 were Baht 916.16 million, Baht (1,574.31) million and Baht 1,446.80 million, respectively. For the year 2015, profit decreased by 271.84% primarily due to a loss in poultry operations from the decline in the price of chicken and higher production cost from underutilized capacity of export production factory.

For the year 2016, profit increased by 191.90% from 2015 due to additional higher profitability channel, efficiency cost management which comprised of raw material management, breeder efficiency and administrative expense management. Net profit (Loss) margin were 5.32%, (8.99%) and 6.96%, respectively.

2) Financial Position

Assets

Total assets at the end of year 2014-2016 were Baht 13,296.70 million, Baht 12,777.58 million and Baht 15,596.27 million, respectively or increasing (decreasing) by (3.90%) and 22.06%, respectively. Primarily total assets were Property, plant and equipment. Return on total assets at the end of year 2014-2016 were 7.79%, (12.08%) and 10.20%, respectively.



Property, plant and equipment

Property, plant and equipment at the end of year 2014-2016 were Baht 4,862.47 million, Baht 5,615.06 million and Baht 6,321.20 million, respectively or increasing by 15.48% and 12.58%, respectively. The increase was primarily due to the additional of land, farm and factory to support the increasing capacity, machinery for export product and more efficiency production.

Inventories

Inventories at the end of year 2014-2016 were Baht 4,975.90 million, Baht 2,050.08 million and Baht 2,708.09 million, respectively. For the year 2015, inventories were decreased by 58.80% due to the Company has adopted the new TFRS that is TAS 41 Agriculture as a result of changing in accounting treatment. Inventories at the end of year 2016 increased by 32.10% from 2015 primarily due to the Company has raw materials for increasing feed mills production as the Company increase capacity comparing with 2015.

Advance payments to farmers

Advance payments to farmers at the end of year 2014-2016 were Baht 1,212.11 million, Baht 829.65 million and Baht 797.44 million, respectively. For the year 2015, advance payments to farmers were decreased in huge amount. Because the Company was in the process of negotiating an initial agreement with a commercial bank in 2014, therefore farmers have to take the time to obtain a loan from a commercial bank to start the operation, as a result of the Company has to pay advances to farmers. However, in 2015 and 2016, advance payments to farmers were decrease due to the Company provided the assistance for the farmers by contact and negotiation with commercial banks. Moreover, the Company provided more channel to request the credit facility for the farmers, therefore the farmers earned the expediting credit facility as a result of the company decreased in payment the advance payment to the farmers.

Liabilities

Total liabilities at the end of year 2014-2016 were Baht 9,398.58 million, Baht 8,125.29 million and Baht 9,469.20 million, respectively or increasing (decreasing) by (13.55%) and 16.54%, respectively. The majority of the Company's total liabilities comprised of short-term borrowings from financial institutions followed by trade and other accounts payable and finance lease liabilities.

Interest-bearing debt

Interest-bearing debt at the end of year 2014-2016 were Baht 7,588.48 million, Baht 6,282.22 million and Baht 7,089.27 million, respectively or increasing (decreasing) by (17.21%) and 12.85%, respectively. At the end of year 2016, primarily interest-bearing debt were short-term borrowings from financial institutions represented by 85.31% of interest-bearing debt and long-term borrowings from financial institutions represented by 14.69% of interest-bearing debt.

Short-term borrowings from financial institutions at the end of year 2014-2016 were Baht 6,167.41 million, Baht 4,862.96 million and Baht 5,588.08 million, respectively. At the end of year 2015, short-term borrowings from financial institutions decreased by 21.15% from at the end of year 2014 due to repayment loan from fund generated from initial public offering. At the end of year 2016, short-term borrowings from financial institutions increased by 14.91% due to the business expansion.

Finance lease liabilities (including current portion of finance lease liabilities and finance lease liabilities) at the end of year 2014-2016 were Baht 189.83 million, Baht 388.05 million and Baht 665.59 million, respectively or increasing by 104.42% and 71.52 %, respectively because of purchasing machinery for increasing productivity and efficiency production.

Debentures at the end of year 2016 were Baht 210 million to use for long term investment for business expansion and working capital.

Debt to equity at the end of year 2014-2016 was 2.41 times, 1.75 times and 1.55 times, respectively.

The following table sets out of interest-bearing debt at the end of year 2014 - 2016

Interest-bearing debt	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Short-term borrowings from financial institutions	6,167.41	81.27	4,862.96	77.41	5,588.08	78.82
Current portion of long-term borrowings from financial institutions	784.04	10.33	470.10	7.48	384.26	5.42
Current portion of finance lease liabilities	10.53	0.14	28.15	0.45	75.39	1.06
Total short-term interest-bearing debt	6,961.98	91.74	5,361.20	85.34	6,047.73	85.31
Debentures	-	-	-	-	210.00	2.96
Long-term borrowings from financial institutions	447.20	5.89	561.12	8.93	241.34	3.40
Finance lease liabilities	179.30	2.36	359.90	5.73	590.19	8.33
Total long term interest-bearing debt	626.49	8.26	921.02	14.66	1,041.54	14.69
Total interest-bearing debt	7,588.48	100.00	6,282.22	100.00	7,089.27	100.00

Trade and other accounts payable

Trade and other accounts payable at the end of year 2014-2016 was Baht 1,741.06 million, Baht 1,725.02 million and Baht 2,121.90 million, respectively or increasing (decreasing) by (0.92%) and 23.01%, respectively.

Total equity

Total equity at the end of year 2014-2016 were Baht 3,898.12 million, Baht 4,652.29 million and Baht 6,127.07 million, respectively. At the end of year 2015, total equity increased by 19.35% from 2014 due to in October 2015 the Company issued new shares through initial public offering in the amount of 1,100 million shares at Baht 1.95 per share (Par value at Baht 1 per Share and Premium on ordinary shares at Baht 0.95 per Share) as a result of an increase in issued and paid-up share capital of Baht 1,100 million and premium on ordinary shares of Baht 981.24 million. While in 2015, the Company had deficit in the amount of Baht 1,553.13 million.

Total equity at the end of year 2016 increased by 31.70% from at the end of year 2015 due to the Company has an improved performance as a result of decreasing in deficit. At the end of year 2016, the Company has deficit amounting to Baht 77.74 million.

Return on equity at the end of year 2014-2016 was 28.73%, (36.82%) and 26.84%, respectively.



3) Liquidity

Profit (loss) before income tax expense for the year 2014-2016 were Baht 953.77 million, Baht (1,861.55) million and Baht 1,544.22 million, respectively. To adjust with the non-cash item and changes in operating assets and liabilities, the Company has net cash provided by (used in) operating activities for the year 2014-2016 in the amount of Baht (539.83) million, Baht (116.39) million and Baht 503.54 million, respectively. The adjustment comprised of depreciation, depreciation of biological assets, finance costs and changes in operating assets and liabilities which were current and non-current biological assets, trade accounts payable and trade accounts receivable.

Net cash used in investing activities for the year 2014-2016 were Baht 1,287.22 million, Baht 338.68 million and Baht 582.53 million, respectively, mainly due to cash payments for property, plant and equipment for the year 2014-2016 in the amount of Baht 814.95 million, Baht 732.82 million and Baht 714.12 million, respectively.

Moreover, net cash provided by financing activities for the year 2014-2016 were Baht 1,959.84 million, Baht 358.24 million and Baht 184.34 million, respectively, mainly from increasing in short-term borrowings from financial institutions in 2014 and 2016 and proceeds from the issuance of ordinary shares in 2015.

The following table sets forth certain information concerning our cash flows for the year 2014-2016.

(Unit : Million Baht)	2014	2015	2016
Net cash provided by (used in) operating activities	(539.83)	(116.39)	503.54
Net cash used in investing activities	(1,287.22)	(338.68)	(582.53)
Net cash provided by financing activities	1,959.84	358.24	184.34
Net increase (decrease) in cash and cash equivalents	132.80	(96.83)	105.35
Cash and cash equivalents at the beginning of the year	168.72	301.52	203.59
Effect of exchange rate changes on balances held in foreign currencies	-	(1.10)	(0.25)
Cash and cash equivalents at the end of the year	301.52	203.59	308.70

The investors can study additional information on 56-1 form as shown as follows:

- Website of the Securities Exchange Commission (www.sec.or.th) or
- Website of the Stock Exchange of Thailand (www.set.or.th) or
- Website of the Company (www.tfg.co.th)



Thaifoods Group Public Company Limited and its Subsidiaries

Financial statements for the year ended
31 December 2016
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Thaifoods Group Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Thaifoods Group Public Company Limited and its subsidiaries (the "Group") and of Thaifoods Group Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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



Key Audit Matters

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

Valuation of deferred tax assets	
Refer to Notes 4 (t) and 16 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The Group recognised the deferred tax assets in respect of the unutilised tax loss carry forward in the significant amount. The recognition involves management judgment in forecasting future taxable income and the Group's capability to utilise tax loss. Thus this is one of the key areas to focus on my audit.	<p>My audit procedures included;</p> <ul style="list-style-type: none"> - Inquired of management to understand the basis of forecasting future taxable profit; - Reconciled tax loss and the expiration date with tax report; - Assessed the reasonableness of the assumptions adopted in the forecasting future taxable profit by comparing with historical results, business plan and available comparable industry data and other market factors; - Tested the calculation of forecasting; and - Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Impairment on investments in subsidiaries and plant and equipment	
Refer to Notes 4(h), 4(j), 4(l), 11 and 13 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>According to the deficits of certain subsidiaries and the operating losses from those subsidiaries are the indicators of impairment in subsidiaries and plant and equipment in the consolidated financial statements.</p> <p>Assessing impairment of investments in subsidiaries and impairment of plant and equipment involves highly subjective judgments. The Group and the Company have estimated net present value of future cash flow from the management's assumptions resulted to the impairment assessment could vary significantly in case the vary assumptions made by management are changed. Thus this is one of the key areas to focus on my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - inquired of management to gain an understanding of the process of identifying and assessment the impairment indicators; - assessed the budgeting procedures which is the source of discounted future cash flow model; - assessed the reasonableness of the key assumptions, for assessing the asset's recoverable amount by comparing with historical results, business plan and available comparable industry data and other market factors; - assessed the appropriateness of the discount rate by comparing the average rate of industry in which the Group operated; - tested the sensitivity of the key assumptions and assessed the impact on discounting future cash flow; and - considered the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.



Valuation of trade accounts receivable and advance payments to farmers	
Refer to Notes 4(e), 7 and 10 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Group has trade accounts receivable from distributing frozen and chilled chicken products and swine products and advance payment are paid to the farmers to operate their poultry and swine farm business. The managements assessed allowance for doubtful account based on debtor's age analysis, payment histories and future expectations of customer payments including the security of farmers.</p> <p>The level of judgment involved in assessing allowance for doubtful accounts for trade accounts receivable and advance payments to farmers. Thus this is one of the key areas to focus on my audit.</p>	<p>My audit procedures included;</p> <ul style="list-style-type: none"> - performed an understanding of the process and tested the design and implementation and tested a sample to assess the effectiveness of the Group's internal control over credit control and approval of new customer or farmers acceptance and the collection process; - tested the calculation of receivable aging and tested a sample with related documents; - considered the reasonableness of assumption used to set the percentage of allowance determined by management by assessed the payment histories and the payments of trade accounts receivable and farmers after the reporting period including the capability of payment for trade accounts receivable and farmers and the security of farmers. Recalculated the allowance based on the Group's accounting policy; - assessed the security of farmers and tested a sample with related documents; and - considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my conclusion, I draw attention to note 3 to the financial statements describing the effect of the Company and its subsidiaries' adoption from 1 January 2016 of a new accounting policy. The presented comparative figures are from consolidated and separate financial statements as at and for the year ended 31 December 2015, which were audited by another auditor who expressed an unmodified opinion on those statements in his report date 29 February 2016, after making the adjustments described in note 3 to the financial statements. My opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Veerachai', is positioned above the printed name.

(Veerachai Ratanajaratkul)
Certified Public Accountant
Registration No. 4323

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2017

Thaifoods Group Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets	Note	2016	2015	2016	2015
(Restated)					
(in thousand Baht)					
<i>Current assets</i>					
Cash and cash equivalents	6	308,699	203,591	144,784	99,760
Trade accounts receivable	5, 7	815,038	508,927	444,111	192,524
Other accounts receivable	5	107,380	57,199	15,541	7,372
Short-term loans to subsidiaries	5	-	-	536,980	526,530
Inventories	8	2,708,091	2,050,082	525,724	306,210
Current biological assets	9	2,725,563	1,900,897	-	-
Advance payments to farmers	10	376,284	251,056	-	-
Other current assets		32,579	13,454	30,877	11,717
Total current assets		7,073,634	4,985,206	1,698,017	1,144,113
<i>Non-current assets</i>					
Advance payments to farmers	10	421,154	578,595	-	-
Investments in subsidiaries	11	-	-	4,667,268	4,708,249
Investment in joint venture	12	3,042	7,341	-	-
Other long-term investments		10,000	10,000	8,000	8,000
Investment properties		35,880	35,986	-	-
Property, plant and equipment	13	6,321,202	5,615,059	2,011,867	1,595,241
Non-current biological assets	9	691,393	575,636	-	-
Other intangible assets	14	139,880	132,306	121,303	111,284
Restricted deposits at financial institutions	15	98,925	156,954	2,808	1,796
Deferred tax assets	16	749,695	659,297	520,214	468,388
Other non-current assets		51,464	21,195	20,599	10,959
Total non-current assets		8,522,635	7,792,369	7,352,059	6,903,917
Total assets		15,596,269	12,777,575	9,050,076	8,048,030

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



Thaifoods Group Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2016	2015	2016	2015
			(Restated)		
		(in thousand Baht)			
Current liabilities					
Short-term borrowings from					
financial institutions	17	5,588,082	4,862,956	1,933,781	1,900,368
Trade accounts payable	5, 18	1,347,111	979,143	411,572	617,310
Other accounts payable	5	774,793	745,880	231,456	261,539
Current portion of long-term					
borrowings from financial institutions	17	384,260	470,098	144,600	160,646
Current portion of finance lease					
liabilities	17	75,391	28,147	37,782	1,943
Income tax payable		56,361	3,574	-	-
Other current liabilities		16,020	558	9,599	210
Total current liabilities		8,242,018	7,090,356	2,768,790	2,942,016
Non-current liabilities					
Debentures	17	210,000	-	210,000	-
Long-term borrowings from financial					
institutions	17	241,344	561,119	86,744	220,194
Finance lease liabilities	17	590,194	359,898	158,497	3,586
Employee benefit obligations	19	42,396	28,427	16,001	10,017
Retentions		3,423	2,679	-	-
Deferred tax liabilities	16	139,827	82,809	13,669	5,511
Total non-current liabilities		1,227,184	1,034,932	484,911	239,308
Total liabilities		9,469,202	8,125,288	3,253,701	3,181,324

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

Thaifoods Group Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity (<i>Continued</i>)	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
		(Restated)			
		(in thousand Baht)			
Equity					
Share capital	20				
Authorised share capital		<u>5,610,000</u>	<u>5,400,000</u>	<u>5,610,000</u>	<u>5,400,000</u>
Issued and paid-up share capital		5,100,000	5,100,000	5,100,000	5,100,000
Additional paid-in capital					
Premium on ordinary shares	20	981,237	981,237	981,237	981,237
Deficits on common control transactions		(231,270)	(231,270)	-	-
Retained earnings (Deficit)					
Appropriated					
Legal reserve	21	109,050	109,050	109,050	109,050
Unappropriated (Deficit)		(77,739)	(1,553,129)	(402,542)	(1,332,211)
Other components of equity		<u>245,769</u>	<u>246,398</u>	<u>8,630</u>	<u>8,630</u>
Equity attributable to owners					
of the Company		6,127,047	4,652,286	5,796,375	4,866,706
Non-controlling interests		<u>20</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total equity		<u>6,127,067</u>	<u>4,652,287</u>	<u>5,796,375</u>	<u>4,866,706</u>
 Total liabilities and equity		 <u>15,596,269</u>	 <u>12,777,575</u>	 <u>9,050,076</u>	 <u>8,048,030</u>

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



Thaifoods Group Public Company Limited and its Subsidiaries

Statement of income

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Income					
Revenue from sale of goods and rendering of services	5, 30	20,625,838	17,370,719	12,937,437	10,435,636
Gain on changes in fair value of biological assets	3	25,028	-	-	-
Net foreign exchange gain		-	32,135	28,060	7,581
Interest income	5	90,836	89,715	26,259	44,442
Dividend income	5, 11	-	-	1,050,000	-
Other income	5	37,884	15,505	13,418	8,583
Total income		20,779,586	17,508,074	14,055,174	10,496,242
Expenses					
Cost of sales of goods and rendering of services	5	18,005,143	18,106,449	12,291,425	11,348,669
Selling expenses	23	420,765	236,869	333,056	188,705
Administrative expenses	24	524,523	668,841	459,824	420,695
Loss on land revaluation		12,150	61,275	-	13,678
Net foreign exchange loss		26,914	-	-	-
Finance costs	5, 28	245,452	294,625	84,868	172,153
Total expenses		19,234,947	19,368,059	13,169,173	12,143,900
Share of loss of joint venture	12	420	1,564	-	-
Profit (loss) before income tax expense (income)		1,544,219	(1,861,549)	886,001	(1,647,658)
Income tax expense (income)	29	97,418	(287,243)	(43,668)	(284,812)
Profit (loss) for the year		1,446,801	(1,574,306)	929,669	(1,362,846)

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

Thaifoods Group Public Company Limited and its Subsidiaries

Statement of income

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Profit (loss) attributable to:				
Owners of the Company	1,446,801	(1,574,306)	929,669	(1,362,846)
Non-controlling interests	-	-	-	-
Profit (loss) for the year	1,446,801	(1,574,306)	929,669	(1,362,846)
Earnings (losses) per share <i>(in Baht)</i>	<i>31</i>			
Basic	0.28	(0.37)	0.18	(0.32)
Diluted	0.27	(0.37)	0.17	(0.32)

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



Thaifoods Group Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2016	2015	2016	2015
	(in thousand Baht)			
Profit (loss) for the year	1,446,801	(1,574,306)	929,669	(1,362,846)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Gain on revaluation of land	551	311,223	-	10,787
Income tax expense of other comprehensive income on gain on revaluation of land	29 (110)	(62,244)	-	(2,157)
	<u>441</u>	<u>248,979</u>	<u>-</u>	<u>8,630</u>
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Currency translation differences from foreign entities	(1,070)	(1,099)	-	-
Share of other comprehensive loss of investment in joint venture	-	(647)	-	-
	<u>(1,070)</u>	<u>(1,746)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of income tax expense	<u>(629)</u>	<u>247,233</u>	<u>-</u>	<u>8,630</u>
Total comprehensive income for the year	<u><u>1,446,172</u></u>	<u><u>(1,327,073)</u></u>	<u><u>929,669</u></u>	<u><u>(1,354,216)</u></u>
Total comprehensive income (loss) attributable to:				
Owners of the Company	1,446,172	(1,327,073)	929,669	(1,354,216)
Non-controlling interests	-	-	-	-
Total comprehensive income for the year	<u><u>1,446,172</u></u>	<u><u>(1,327,073)</u></u>	<u><u>929,669</u></u>	<u><u>(1,354,216)</u></u>

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



Thaifoods Group Public Company Limited and its Subsidiaries
Statement of changes in equity

Consolidated financial statements									
		Retained earnings/(Deficit)		Other components of equity					
				Currency translation differences from foreign entities	Land revaluation surplus	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
(in thousand Baht)									
For the year ended 31 December 2015									
		Issued and paid-up share capital	Premium on ordinary shares	Deficit on common control transactions	Legal reserve	Unappropriated (Deficit)			
		4,000,000	-	(231,270)	109,050	21,177	(835)	-	3,898,122
									1
									3,898,123
Transactions with owners, recorded directly in equity									
Contributions by owner of the Company									
20		1,100,000	981,237	-	-	-	-	-	2,081,237
		1,100,000	981,237	-	-	-	-	-	2,081,237
		1,100,000	981,237	-	-	-	-	-	2,081,237
Total transactions with owners, recorded directly in equity									
Comprehensive income for the year									
		-	-	-	-	(1,574,306)	-	-	(1,574,306)
							(1,746)	248,979	247,233
		-	-	-	-	-	-	-	247,233
		-	-	-	-	(1,574,306)	(1,746)	248,979	(1,327,073)
									-
		5,100,000	981,237	-231,270	109,050	(1,553,129)	(2,581)	248,979	4,652,286
									1
									4,652,287

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

Thaifoods Group Public Company Limited and its Subsidiaries
Statement of changes in equity

	Consolidated financial statements									
	Retained earnings/(Deficit)			Other components of equity						
	Issued and paid-up share capital	Premium on ordinary shares	Deficit on common control transactions	Unappropriated (Deficit)	Currency translation differences from foreign entities	Land revaluation surplus	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<i>Note</i>										
<i>(in thousand Baht)</i>										
For the year ended 31 December 2016										
Balance at 1 January 2016										
- as previously reported	5,100,000	981,237	(231,270)	(1,553,129)	(2,581)	248,979	246,398	4,652,286	1	4,652,287
Impact of changes in accounting policy	-	-	-	28,589	-	-	-	28,589	-	28,589
Balance at 1 January 2016 - restated	5,100,000	981,237	(231,270)	(1,524,540)	(2,581)	248,979	246,398	4,680,875	1	4,680,876
Transactions with owners, recorded directly in equity										
<i>Changes in ownership interests in subsidiaries</i>										
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	19	19
<i>Total changes in ownership interests in subsidiaries</i>	-	-	-	-	-	-	-	-	19	19
Total transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	19	19
Comprehensive income for the year										
Profit	-	-	-	1,446,801	-	-	-	1,446,801	-	1,446,801
Other comprehensive income	-	-	-	-	(1,070)	441	(629)	(629)	-	(629)
Total comprehensive income for the year	-	-	-	1,446,801	(1,070)	441	(629)	1,446,172	-	1,446,172
Balance at 31 December 2016	5,100,000	981,237	(231,270)	(77,739)	(3,651)	249,420	245,769	6,127,047	20	6,127,067

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



Statement of changes in equity

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

Thaifoods Group Public Company Limited and its Subsidiaries
Statement of changes in equity

	Separate financial statements				
	Retained earnings/(Deficit)	Other components of equity			
			Land revaluation surplus	Unappropriated (Deficit)	Total other components of equity

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

Thaifoods Group Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2016	2015	2016	2015
			(Restated)		
		(in thousand Baht)			
Cash flows from operating activities					
Profit (loss) for the period		1,446,801	(1,574,306)	929,669	(1,362,846)
<i>Adjustments for</i>					
Depreciation of biological assets	9	447,939	359,005	-	-
Depreciation		425,788	498,428	163,320	132,569
Amortisation of other intangible assets	14	23,676	13,722	17,703	5,558
Impairment losses on investment in subsidiary	11	-	-	50,000	-
Elimination of unrealised profit on downstream sales to joint venture	12	2,809	-	-	-
Bad and doubtful debts expense		21,419	17,397	72,355	808
Losses (reversal of allowance for losses) on decline in value of inventories		(198,590)	141,947	(36,107)	1,589
Interest income		(90,836)	(89,715)	(26,259)	(44,442)
Dividend income	11	-	-	(1,050,000)	-
Finance costs		245,452	294,625	84,868	172,153
Employee benefit obligations	19	14,387	8,874	5,984	343
Unrealised (gain) loss on exchange		43,921	(2,046)	(3,265)	(1,114)
Gain on changes in fair value of biological assets	3, 9	(25,028)	-	-	-
Loss on land revaluation		12,150	61,275	-	13,678
(Gain) loss on disposal of building and equipment		5,617	1,564	406	(73)
Loss on write-off of building and equipment		1,707	399	1,203	189
Share of loss of joint venture	12	420	1,564	-	-
Income tax expense (income)		97,418	(287,243)	(43,668)	(284,812)
		2,475,050	(554,510)	166,209	(1,366,400)
Changes in operating assets and liabilities					
Trade accounts receivable		(307,922)	(334,829)	(250,619)	(149,553)
Other accounts receivable		(43,285)	28,849	(7,339)	23,706
Inventories		(459,419)	1,245,732	(183,406)	252,015
Current and non-current biological assets		(1,327,598)	(294,102)	-	-
Other current assets		(19,125)	6,526	(19,160)	5,324

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



Thaifoods Group Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated financial statements		Consolidated financial statements	
		For the year ended 31 December		For the year ended 31 December	
	<i>Note</i>	2016	2015	2016	2015
		(Restated)			
		<i>(in thousand Baht)</i>			
<i>Changes in operating assets and liabilities</i>					
<i>(Continued)</i>					
Other non-current assets		(30,269)	(4,057)	(9,640)	(2,074)
Trade accounts payable		365,432	(211,188)	(205,738)	587,180
Other accounts payable		(79,846)	48,697	(147,893)	(21,812)
Other current liabilities		15,462	(3,652)	9,389	(274)
Employee benefit obligations paid		(418)	(215)	-	-
Retentions		744	2,215	-	-
Cash generated from (used in) operating activities		588,806	(70,534)	(648,197)	(671,888)
Income tax paid		(85,269)	(45,855)	-	-
Net cash provided by (used in) operating activities		503,537	(116,389)	(648,197)	(671,888)
<i>Cash flows from investing activities</i>					
Interest received		83,940	98,567	25,429	53,364
Dividend received		-	-	1,050,000	-
Changes in restricted deposits at financial institutions		58,029	35,847	(1,012)	(24)
Advance payments received from farmers		15,618	374,727	-	-
Cash outflow on investments in subsidiaries	11	-	-	(9,019)	(35,021)
Cash outflow on purchase of investments in joint venture		-	(9,552)	-	-
Purchase of property, plant and equipment	33	(714,120)	(732,816)	(249,474)	(333,348)
Sale of building and equipment		4,392	1,092	1,603	156
Cash outflow on short-term loans to subsidiaries	5	-	-	(1,176,190)	(3,679,113)
Cash inflow on short-term loans to subsidiaries	5	-	-	1,095,430	5,164,953
Purchase of other intangible assets	33	(30,386)	(106,544)	(26,653)	(90,362)
Sale of other intangible assets		-	-	-	34
Net cash provided by (used in) investing activities		(582,527)	(338,679)	710,114	1,080,639

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

Thaifoods Group Public Company Limited and its Subsidiaries

Statement of cash flows

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
			(Restated)		
			(in thousand Baht)		
<i>Cash flows from financing activities</i>					
Interest paid		(244,047)	(297,025)	(84,748)	(184,999)
Financial lease payment		(56,860)	(26,339)	(26,184)	(3,003)
Increase (decrease) in short-term borrowings from financial institutions		680,845	(1,199,552)	33,781	196,810
Decrease in short-term borrowings from subsidiaries	5	-	-	-	(2,642,417)
Proceeds from long-term borrowings from financial institutions	17	30,979	252,030	-	235,531
Repayment of long-term borrowings from financial institutions	17	(436,592)	(452,112)	(149,496)	(148,350)
Proceeds from the issue of debentures		210,000	-	210,000	-
Proceeds from the issuance of ordinary shares		-	2,145,000	-	2,145,000
Proceeds from issue of ordinary shares from subsidiary		19	-	-	-
Cash payment for share offering		-	(63,763)	-	(63,763)
Net cash provided by (used in) financing activities		184,344	358,239	(16,647)	(465,191)
Net increase (decrease) in cash and cash equivalents		105,354	(96,829)	45,270	(56,440)
Cash and cash equivalents at 1 January		203,591	301,519	99,760	156,200
Effect of exchange rate changes on balances held in foreign currencies		(246)	(1,099)	(246)	-
Cash and cash equivalents at end of 31 December	6	308,699	203,591	144,784	99,760

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



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

These notes form an integral part of the interim financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2017.

1 General information

Thaifoods Group Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1010, Shinawatra Tower 3 Building, 11th-12th Floors, Viphavadi Rangsit Road, Kwang Chatuchak, Khet Chatuchak, Bangkok 10900, Thailand.

The Company was listed on the Stock Exchange of Thailand on 8 October 2015.

The Company’s major shareholders during the financial year were New Star Victor Co., Ltd. (incorporated in Thailand), Mr. Winai Tiewsomboonkij and NEWSAGA LIMITED (incorporated in British Virgin Islands), which owned the Company’s share capital of 31.22%, 19.31% and 19.02%, respectively.

The principal businesses of the Company and its subsidiaries (together referred to the “Group”) are producing and distributing frozen and chilled chicken products, producing and distributing swine and producing and distributing feed mill.

Details of the Company’s subsidiaries as at 31 December 2016 and 2015 are given in note 11 to the financial statements.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. The effects of these changes are disclosed in note 3 to the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 37 to the financial statements.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Biological assets	Fair value less costs to sell
Land	Revaluation
Defined benefit liability	Present value of the defined benefit obligation as explained in note 4 (o) to the financial statements

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand and million unless otherwise stated.

(d) Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 4 (a)	Classification of the joint arrangement
Notes 4 (s) and 17	An arrangement containing a lease
Notes 4 (j) and 26	Lease classification

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 9	Measurement of biological assets;
Notes 11 and 13	Impairment test: key assumptions underlying recoverable amounts;
Note 16	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
Note 19	Measurement of defined benefit obligations: key actuarial assumptions



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to the financial statements:

Note 9	Biological assets
Note 13	Property, plant and equipment
Note 32	Financial instruments

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

3 Changes in accounting policy

(a) Overview

From 1 January 2016, consequent to the adoption of new and revised TFRS as set out in note 2 to the financial statements, the Group has adopted the new TFRS having an effect on the Group's financial statements that is TAS 41 *Agriculture*. Details of the changes in accounting policy consequent to the adoption of this new TFRS is included in note 3 (b) to the financial statements.

The other issued and revised TFRS did not have any impact on the accounting policies, financial position and performance of the Group.

(b) Biological assets

TAS 41 requires biological assets to be measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of biological assets), except for the case where the fair value cannot be measured reliably, they are measured at cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

From 1 January 2016, the Group has applied TAS 41, therefore the Group has selected to recognise gains or losses on changes in fair value less costs to sell by making adjustment with retained earnings as at the beginning of 2016 accounting period. Further details of the effect of the change are set out in note 3 (c) to the financial statements.

(c) Summary of quantitative impact

The following table summarise the material impacts resulting from the above changes in accounting policy on the Group's consolidated statements of financial position and income were as follows;

<i>Statement of financial position as at 1 January 2016</i>	<i>(in thousand Baht)</i>
Decrease in inventories	(1,421,353)
Decrease in breeder poultry	(479,544)
Decrease in breeder swine	(575,636)
Increase in biological assets	
- Current	1,936,634
- Non-current	575,636
Decrease in deferred tax assets	(7,147)
Decrease in deficit	28,589
<i>Statement of income for the year ended 31 December 2016</i>	
Increase in gain on changes in fair value of biological assets	25,028
Increase in income tax expense	5,006
Increase in profit for the year	20,022
Increase in basic earnings per share (in Baht)	-
Increase in diluted earnings per share (in Baht)	-



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policy.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in joint venture.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder’s consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any cash paid for the acquisition is recognised directly in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently it is accounted for new types of investment depending on the level of influence retained.

Interests in equity - accounted investees

The Group’s interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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Interests in joint venture is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statement. Unrealised gains arising from transactions with joint venture is eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange ruling at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operation are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the currency translation difference reserve in equity until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.



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When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. The Group entering into forward exchange contracts to hedge certain exposure to hedge of future foreign currency transactions.

Gains and losses on forward exchange contracts are recognised in profit or loss in the same period as the exchange differences on the items covered by the hedge.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits, highly liquid short-term investments and bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Deposit that have restriction on use are presented separately in the account “Restricted deposit at financial institution” in the statement of financial position.

(e) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payment. Bad debts are written off when incurred.

(f) *Inventories*

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition less all attributable discount, allowance or rebate. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost are calculated using the following principles:

Merchandise goods	- at cost (first in first out)
Finished goods and work in progress	- at standard cost which approximates actual (first in first out)
Raw materials and factory supplies	- at cost (weighted average cost)

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

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(g) Biological assets

Biological assets are measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of a biological asset), except for the case where the fair value cannot be measured reliably, they are measured at cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

Cost of biological assets comprises expenditure that is directly attributable to the acquisition of the asset and other costs incurred in bringing the assets to their present location and condition.

Deprecation of biological assets that produce such breeder is calculated using straight line basis from cost less estimate residual value over their useful lives of breeder as follow;

Poultry	1 year
Swine	2.5 years

Non-current biological assets, mainly consisting of swine breeders, are separately presented under the caption “Non-current assets”. Other biological assets are presented under the caption “Current assets” in the statement of financial position.

(h) Investment

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.



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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful life of buildings is 40 years.

Transfers to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, the carrying amount of investment properties is transferred to property and plant at the date of change in use.

(j) *Property, plant and equipment*

Recognition and measurement

Owned assets

Land is stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less impairment losses. Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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 labour, 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the carrying amount of property and plant is transferred to investment properties at the date of change in use.

Subsequent costs

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

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.



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Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvements	20 - 40 years
Utilities system	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture, fixture and office equipment	3 - 20 years
Vehicles	5 - 15 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Intangible assets

Computer software

Computer software that is acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for computer software are 5 - 10 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to other comprehensive income.

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Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

Interest-bearing liabilities are recognised as stated in the agreement.

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Post-employment benefit - defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.



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Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(q) Revenue

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The Group will not recognise revenue if there is continuing control or management involvement with the goods sold or there are significant uncertainties regarding the measurement of consideration due and associated costs, or the probable return of goods. Service income is recognised as services are provided.

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Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Other income

Other operating income and interest income are recognised in profit or loss on an accrual basis.

(r) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(t) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.



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Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

(v) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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Relationships with subsidiaries and joint venture are described in notes 11 and 12 to the financial statements. Relationships with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
New Star Victor Co., Ltd.	Thailand	Major shareholder and shared directors and shareholders
NEWSAGA LIMITED	British Virgin Islands	Major shareholder and shared directors and shareholders
Star Capital (H.K.) Limited	Hong Kong Special Administrative Region of the People's Republic of China	Shareholder and shared directors and shareholders
Thai Viet Agri Group Co., Ltd.	Vietnam	Shared directors
Mr. Winai Teawsomboonkit	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including major shareholder and director of the Group
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group

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

Transactions	Pricing policies
Sale of goods	Agreed price per market price
Service and other operating income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Source of fund cost
Dividend income	Right to receive dividends
Purchase of raw materials and goods	Agreed price per market price
Interest expense	Agreed rates stipulated in the agreements
Service fees	Standard rates as specified by service providers



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Significant transactions for the years ended 31 December 2016 and 2015 with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
<i>For the year ended 31 December</i>	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sales of goods	-	-	1	2,586
Purchase of raw materials and goods	-	-	10,389,795	9,556,074
Interest income	-	-	25,670	44,010
Dividend income	-	-	1,050,000	-
Rental income	-	-	713	624
Other income	-	-	3,941	4,405
Interest expense	-	-	2,316	64,928
Service fees	-	-	5	-
<i>Joint venture</i>				
Revenue from sales of goods	352,041	58,784	352,041	58,784
<i>Other related parties</i>				
Purchase of raw materials	385,337	376,085	-	-
Interest income	-	21	-	-
Other income	59	-	-	-
Farming service fees	20,784	20,776	-	-
Transactions under contract farming arrangement - closed family member of director				
- Transfer of raw materials	(113,866)	(195,192)	-	-
- Payment for finished goods	120,533	249,158	-	-
Payment for contract farming cost - net	6,667	53,966	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	27,375	36,546	17,968	29,280
Post-employment benefits	1,699	2,593	1,306	2,788
Total key management benefit expenses	29,074	39,139	19,274	32,068

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Balances as at 31 December 2016 and 2015 with related parties were as follows:

Trade accounts receivable

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Subsidiary	-	-	1	891
Joint venture	164,683	52,485	164,683	52,485
Total	164,683	52,485	164,684	53,376
Less allowance for doubtful accounts	(823)	-	(823)	-
Net	163,860	52,485	163,861	53,376

Bad and doubtful debts expense for the year

823	-	823	-
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Other accounts receivable

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	2,069	1,314
Total	-	-	2,069	1,314

Bad and doubtful debts expense for the year

-	-	-	-
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Short-term loans to subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Foods Poultry Farm Co., Ltd.	-	-	473,580	464,010
Thai Foods Layer Farm Co., Ltd.	-	-	87,010	12,920
Thai Foods Research Center Co., Ltd.	-	-	46,700	43,700
T Paragon Holding Co., Ltd.	-	-	-	4,000
Ayothaya Agri Tech Co., Ltd.	-	-	-	1,900
Total	-	-	607,290	526,530
Less allowance for doubtful accounts	-	-	(70,310)	-
Net	-	-	536,980	526,530



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Consolidated		Separate	
financial statements		financial statements	
2016	2015	2016	2015
<i>(in thousand Baht)</i>			

**Bad and doubtful debts expense for
the year**

-	-	70,310	-
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The short-term loans to subsidiaries of the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

Movements during the years ended 31 December 2016 and 2015 were as follows:

Consolidated		Separate	
financial statements		financial statements	
2016	2015	2016	2015
<i>(in thousand Baht)</i>			

At 1 January	-	-	526,530	2,012,370
Increases	-	-	1,176,190	3,679,113
Decreases	-	-	(1,095,430)	(5,164,953)
Allowance for doubtful accounts	-	-	(70,310)	-
At 31 December	-	-	536,980	526,530

As at 31 December 2016 short-term borrowings to subsidiaries were unsecured and at call; and bear interest at the rates ranging from 3.72% to 4.29% per annum (2015: ranging from 3.35% to 5.50% per annum).

Trade accounts payable

Consolidated		Separate	
financial statements		financial statements	
2016	2015	2016	2015
<i>(in thousand Baht)</i>			

Subsidiaries	-	-	374,146	596,803
Other related parties	96,786	103,595	-	-
Total	96,786	103,595	374,146	596,803

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Other accounts payable

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	2	-
Total	-	-	2	-

Short-term borrowings from subsidiary

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
At 1 January	-	-	-	2,642,417
Increases	-	-	1,141,500	4,072,111
Decreases	-	-	(1,141,500)	(6,714,528)
At 31 December	-	-	-	-

Significant agreements with related parties

As at 31 December 2016 the Group had the following significant agreements with related parties.

Sublease and service agreements

The local subsidiaries have sublease and service agreements with the Company. Under the terms of the agreements, the Company agreed to provide the office premises sublease. In this regard, the subsidiaries agreed to pay sublease fee to the Company at the rate stipulated in the agreements. These agreements are starting from 1 February 2016 to 31 January 2019 (“the first sublease period”) which is not longer than the period of office premises lease as stipulated in lease and service agreements. At the end of the first sublease period either party will extend the agreements as agreed term and conditions.

Sale and purchase of chicken agreement

The Company has sale and purchase of chicken agreement with a local subsidiary, Thai Foods Contract Farming Co., Ltd. (“TFCF”). In this regard, the sale volume and selling price are specified by TFCF, if there is any price changes, TFCF has to inform the Company in advance. This agreement is effective starting from 1 July 2015. If the Company has intention to terminate the agreement, written notification must be made to TFCF at least 30 days and repaid the outstanding debt.



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Poultry farming contract

A local subsidiary, Thai Foods Contract Farming Co., Ltd., has a poultry farming contract with a closed family member of director (“the party”). Under the terms of the agreement, the party must purchase and use the raw materials from a subsidiary. When the breeding for chicken is in accordance with the condition in the agreement, a subsidiary will purchase chickens at the guarantee prices. In this regard, a subsidiary will offset the outstanding debts of raw material cost with revenue from breeding. This agreement is effective up to 22 September 2018.

Swine farming service contracts

A foreign subsidiary, Thai Viet Swine Line Joint Stock Co., Ltd. (formerly Thai Viet Swine Line Co., Ltd.), has swine farming service contracts with Thai Viet Agri Group Co., Ltd., a related company (“the party”). Under the terms of the agreement, the party agreed to provide the breeding services for swine in accordance with the condition in the agreement. In this regard, a subsidiary agreed to pay the farming service fees as stipulated in the agreements. These agreements are effective for a period of 5 years and will expire in December 2018 and March 2019.

6 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash on hand	2,897	7,519	1,767	1,851
Cash at financial institutions - current accounts	169,268	129,981	119,811	94,821
Cash at financial institutions - savings accounts	136,534	66,091	23,206	3,088
Total	308,699	203,591	144,784	99,760

The currencies denomination of cash and cash equivalents as at 31 December 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht	222,548	162,858	127,314	97,869
Vietnamese Dong	68,681	38,842	-	-
United States Dollars	17,470	1,891	17,470	1,891
Total	308,699	203,591	144,784	99,760

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7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	5	164,683	52,485	164,684	53,376
Other parties		728,315	552,549	282,712	140,490
Total		892,998	605,034	447,396	193,866
Less allowance for doubtful accounts		(77,960)	(96,107)	(3,285)	(1,342)
Net		815,038	508,927	444,111	192,524
Bad and doubtful debts expense for the year		4,824	9,672	2,045	808

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms		149,995	52,485	149,996	53,376
Overdue:					
Less than 3 months		14,688	-	14,688	-
Total	5	164,683	52,485	164,684	53,376
Less allowance for doubtful accounts		(823)	-	(823)	-
Net		163,860	52,485	163,861	53,376
Other parties					
Within credit terms		510,174	260,844	235,944	106,267
Overdue:					
Less than 3 months		81,853	172,184	45,428	32,210
3 - 6 months		35,663	10,061	30	1,627
6 - 12 months		15,603	14,195	491	-
Over 12 months		85,022	95,265	819	386
Total		728,315	552,549	282,712	140,490
Less allowance for doubtful accounts		(77,137)	(96,107)	(2,462)	(1,342)
Net		651,178	456,442	280,250	139,148
Grand total		815,038	508,927	444,111	192,524

The normal credit terms granted by the Group ranges from 1 days to 110 days.



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The currencies denomination of trade accounts receivable as at 31 December 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht	519,118	371,726	148,261	55,323
United States Dollars	295,850	137,201	295,850	137,201
Vietnamese Dong	70	-	-	-
Total	815,038	508,927	444,111	192,524

8 Inventory

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Raw materials	1,041,152	1,537,042	7,548	15
Work in progress	751	115	-	-
Finished goods	531,022	359,127	486,509	350,286
Package and supplies	158,295	105,494	62,703	23,052
Raw materials in transit	1,008,466	203,349	-	-
Total	2,739,686	2,205,127	556,760	373,353
Less allowance for decline in value of inventories	(31,595)	(155,045)	(31,036)	(67,143)
Net	2,708,091	2,050,082	525,724	306,210

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2016 amounted to Baht 17,977 million (2015: Baht 18,084 million) in the consolidated statement of income and Baht 12,291 million (2015: Baht 11,349 million) in the separate statement of income.

In 2016 the Group and the Company recognised an allowance for decline in value of inventories of Baht 32 million and Baht 31 million respectively (2015: Baht 155 million and Baht 67 million respectively) and recognised reversal of allowance for decline in value of inventories of Baht 155 million and Baht 67 million respectively (2015: Baht 88 million and Baht 98 million respectively).

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9 Biological assets

Movements for the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statement		
	Chicken	Swine	Total
	<i>(in thousand Baht)</i>		
As at 1 January 2016			
Cost	1,006,658	1,611,093	2,617,751
Accumulate depreciation and impairment losses	(53,951)	(87,267)	(141,218)
Impact on changes of accounting policy	-	35,737	35,737
	952,707	1,559,563	2,512,270
Increases due to purchase/raise	11,446,086	6,208,245	17,654,331
Decreases due to sales/harvest	(10,547,540)	(5,779,194)	(16,326,734)
Depreciation	(332,061)	(115,878)	(447,939)
Gain on change in fair value less cost to sell	-	25,028	25,028
As at 31 December 2016	1,519,192	1,897,764	3,146,956
As at 31 December 2016			
Cost	1,609,558	2,024,473	3,634,031
Accumulate depreciation and impairment losses	(90,366)	(126,709)	(217,075)
Total	1,519,192	1,897,764	3,461,956
Current	1,519,192	1,206,371	2,725,563
Non-current	-	691,393	691,393
Total	1,519,192	1,897,764	3,416,956
As at 1 January 2015			
Cost	1,059,771	1,393,155	2,452,926
Accumulate depreciation and impairment losses	(80,977)	(43,425)	(124,402)
	978,794	1,349,730	2,328,524
Increases due to purchase/raise	9,661,372	4,258,493	13,919,865
Decreases due to sales/harvest	(9,393,994)	(4,006,986)	(13,400,980)
Depreciation	(276,198)	(82,807)	(359,005)
Allowance for decline in value of inventories	(17,267)	-	(17,267)
Currency translation differences from foreign entity	-	5,396	5,396
As at 31 December 2015	952,707	1,523,826	2,476,533



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	Consolidated financial statement		
	Chicken	Swine	Total
	<i>(in thousand Baht)</i>		
As at 31 December 2015			
Cost	1,006,658	1,622,581	2,629,239
Accumulate depreciation and impairment losses	(53,951)	(98,755)	(152,706)
Total	952,707	1,523,826	2,476,533
Current	952,707	948,190	1,900,897
Non-current	-	575,636	575,636
Total	952,707	1,523,826	2,476,533

Biological assets such as breeder swine, fattening swine, breeder chicken, chicken etc. Biological assets are measured at cost less accumulated depreciation and impairment losses (except fattening swine which are measured at fair value using quoted prices at the reporting date as references) due to the short production cycle. In particular, the market prices or fair values at present condition of the biological assets which are breeders are unavailable; and valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors.

Cost includes all costs incurred from the acquisition of biological assets and throughout the growth cycle e.g. cost of new-born animals, feed costs, and other farm costs.

An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements	
	2016	2015
	<i>(Thousand head)</i>	
Chicken	28,308	22,959
Swine	451	383
Total	28,759	23,342

The estimates of physical quantities of the Group's biological assets were based on experience and historical data.

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Fair value measurement

The fair value of the Group's biological assets including carrying amount in the consolidated financial statements were as follows:

(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
Biological assets at fair value					
less cost to sell	365,268	-	426,033	-	426,033

The valuation technique and the inputs used in measuring the fair value of those biological assets categorised in Level 2 is market comparison approach which use quoted prices based on market prices at the reporting date.

10 Advance payments to farmers

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Current				
Advance payments to farmers	377,762	257,784	-	-
Less allowance for doubtful accounts	(1,478)	(6,728)	-	-
Net	376,284	251,056	-	-
Non-current				
Advance payments to farmers	453,201	588,797	-	-
Less allowance for doubtful accounts	(32,047)	(10,202)	-	-
Net	421,154	578,595	-	-
Total	797,438	829,651	-	-
Bad and doubtful debts expense				
for the year	3,099	6	-	-

Advance payments to farmers of the Group as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

Advance payments are paid to the farmers to operate their poultry and swine farms business. These contract farmers are contracted to rear chicks and pigs for the Group. The advance payments bear interest at 9.5% per annum (2015: 9.5% per annum). In respect of current advance payments to farmers, the farmers will repay the Group when they obtain loans from financial institutions. The Group expects that the repayment of current advance payments to farmers will be received within 1 year. The non-current advance payments to farmers will repay to the Group based on agreed method of payments depending on the operating performance of contract farming of each individual farmer. The non-current advance payments to farmers are secured by farmers' land.



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11 Investments in subsidiaries

Movements during years ended 31 December 2016 and 2015 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
At 1 January	-	-	4,708,249	4,673,228
Increases	-	-	9,019	35,021
Allowance for impairment	-	-	(50,000)	-
At 31 December	-	-	4,667,268	4,708,249

On 10 August 2016 the Company's Board of Directors approved to set up a local subsidiary, Thaifoods Further Co., Ltd., with an initial authorised share capital of Baht 20 million and to call for paid-up share capital at 25% of Baht 5 million. In this regard, the Company has a 99.99% investment in the subsidiary's paid-up share capital. The registration of the subsidiary with the Ministry of Commerce was completed in August 2016.

On 12 April 2016 a subsidiary (T Paragon Holding Co., Ltd.) has received the additional paid-up share capital of Baht 1.46 per share for 2,753,000 ordinary shares, totaling of Baht 4 million and on 2 December 2015, the subsidiary has received the additional paid-up share capital of Baht 3.64 for 2,753,000 ordinary shares, totaling of Baht 10 million.

On at 15 July 2015 a subsidiary (Ayothaya Agri Tech Co., Ltd.) has received the additional paid-up share capital of Baht 35.71 for 700,000 ordinary shares, totaling of Baht 25 million.



Thaifoods Group Public Company Limited and its Subsidiaries

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Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

Separate financial statements															
Name of subsidiaries	Type of business	Country of Incorporation	Ownership interest (%)		Paid-up capital		Cost		Impairment (in million Baht)		At cost - net		Dividend income		
			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
<i>Local direct subsidiaries</i>															
Thai Foods Feed Mill Co., Ltd.	Manufacturing and distribution of feed	Thailand	99.99	99.99	2,000	2,000	2,000	2,000	-	-	2,000	2,000	850	-	
Thai Foods Poultry Farm Co., Ltd.	Production and distribution of broiler chick	Thailand	99.99	99.99	1,200	1,200	1,200	1,200	-	-	1,200	1,200	-	-	
Thai Foods Contract Farming Co., Ltd.	Production and distribution of broiler chicken	Thailand	99.99	99.99	125	125	125	125	-	-	125	125	-	-	
Thai Foods Research Center Co., Ltd.	Research of cattle disease and manufacturing of vaccine	Thailand	99.99	99.99	50	50	50	50	-	-	50	50	-	-	
Thai Foods Layer Farm Co., Ltd.	Production and distribution of layer chick and layer chicken	Thailand	99.99	99.99	50	50	50	50	(50)	-	-	50	-	-	
Thai Foods Swine Farm Co., Ltd.	Production and distribution of swine	Thailand	99.99	99.99	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-	
Ayothaya Agri Tech Co., Ltd.	Manufacturing of sack and plastic sack	Thailand	99.99	99.99	53	53	53	53	-	-	53	53	-	-	
T Paragon Holding Co., Ltd.	Holding company	Thailand	99.99	99.99	201	197	201	197	-	-	201	197	-	-	
Thai Food Swine International Co., Ltd.	Production and distribution of swine	Thailand	99.99	99.99	33	33	33	33	-	-	33	33	200	-	
Thaifoods Further Co., Ltd.	Production and distribution of processed product	Thailand	99.99	-	5	-	5	-	-	-	5	-	-	-	
Total					4,717	4,708	(50)	4,667	-	-	4,708	1,050	-	-	

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Impairment testing for investments in subsidiaries and plant and equipment

The recoverable amount was based on its value in use, determined by discounting the future cash flows. Five years of cash flows were included in the discounted cash flow model. The key assumptions used in the estimation of value in use were growth rate of earnings before income tax, depreciation and amortisation (“EBITDA”) which was based expectations of future outcomes taking into account past experience adjusted for anticipated revenue growth, discount rate which calculated from weighted average cost of capital, and terminal value growth rate.

According to the impairment testing, the estimated recoverable amount was lower than the carrying amount of investment in a subsidiary. Therefore, the management considered to recognise an impairment loss of investment in the subsidiary amounting to Baht 50 million for the year ended 31 December 2016.

Details of the Company’s indirect subsidiaries as at 31 December 2016 and 2015 were as follows:

Name of party	Type of business	Country of incorporation	Ownership interests	
			2016	2015
(%)				
<i>Foreign indirect subsidiary</i>				
Thai Viet Swine Line Joint Stock Co., Ltd. (formerly Thai Viet Swine Line Co., Ltd.)	Production and distribution of swine	Vietnam	99.99	99.99

12 Investment in joint venture

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
At 1 January	7,341	-	-	-
Acquisition	-	9,552	-	-
Share of losses of joint venture	(420)	(1,564)	-	-
Elimination of unrealised profit	(2,809)	-	-	-
Currency translation differences from foreign entity	(1,070)	(647)	-	-
At 31 December	3,042	7,341	-	-

Acquisition

On 12 December 2015, a subsidiary acquired 45.71% of the issued and paid up capital of Seven Foods Co., Ltd. amounting to Baht 9.6 million.



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Investment in joint venture as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

Name of party	Type of business	Country of incorporation	Consolidated financial statements							Dividend income		
			Ownership interest		Paid-up capital		Cost		Equity			
			2016	2015	2016	2015	2016	2015	2016		2015	
			(%)		(in thousand Japanese Yen)				(in thousand Baht)			
<i>Non-marketable securities</i>												
Seven Foods Co., Ltd.	Distribution of frozen chicken products	Japan	45.71	45.71	70,000	70,000	9,552	9,552	3,042	7,341	-	-
Total							9,552	9,552	3,042	7,341	-	-

The Group accounts for investment in joint venture by using the equity method in the consolidated financial statements.

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The Group has considered that none of the joint venture is regarded as individually material to the Group.

Immaterial joint venture

The following table summarised the financial information of the Group's interest in immaterial joint venture based on the amounts reported in the Group's consolidated financial statements:

	Consolidated financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Carrying amount of interest in immaterial joint venture	<u>12,800</u>	<u>16,059</u>
The Group's share of:		
- Loss from continuing operations	(920)	(3,423)
- Other comprehensive income	<u>(3,755)</u>	<u>(1,415)</u>
- Total comprehensive income	<u>(4,675)</u>	<u>(4,838)</u>

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13 Property, plant and equipment

Consolidated financial statements								
	Land	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
					(in thousand Baht)			
Cost/valuation								
At 1 January 2015	451,295	2,433,566	755,955	2,647,290	131,239	60,364	65,964	6,545,673
Additions	62,197	206,675	11,529	129,809	41,828	7,223	541,921	1,001,182
Surplus on revaluation	249,948	-	-	-	-	-	-	249,948
Transfers	11,095	83,086	70,683	152,490	5,935	-	(323,289)	-
Disposals	-	(343)	-	(3,408)	(1,311)	(2,578)	-	(7,640)
Write-off	-	-	(8)	(2,467)	(1,258)	(221)	(47)	(4,001)
Currency translation difference from foreign entity	-	2,033	-	110	180	90	-	2,413
At 31 December 2015 and 1 January 2016	774,535	2,725,017	838,159	2,923,824	176,613	64,878	284,549	7,787,575
Additions	68,119	179,309	65,136	137,577	14,032	18,566	672,399	1,155,138
Surplus on revaluation	(11,598)	-	-	-	-	-	-	(11,598)
Transfers	2,626	219,940	54,110	468,341	5,668	-	(750,685)	-
Disposals	-	(8)	(706)	(32,157)	(1,921)	(9,373)	-	(44,165)
Write-off	-	(13)	-	(3,546)	(3,861)	(11)	-	(7,431)
At 31 December 2016	833,682	3,124,245	956,699	3,494,039	190,531	74,060	206,263	8,879,519

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Consolidated financial statements <i>(Continued)</i>								
	Land	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
					<i>(in thousand Baht)</i>			
<i>Accumulated depreciation and impairment losses</i>								
At 1 January 2015	-	(379,291)	(298,446)	(928,147)	(52,201)	(25,122)	-	(1,683,207)
Depreciation charge for the year	-	(115,128)	(75,498)	(266,642)	(31,009)	(9,619)	-	(497,896)
Transfers	-	215	(213)	2,866	(2,868)	-	-	-
Disposals	-	140	-	1,403	1,000	2,442	-	4,985
Write-off	-	-	-	2,315	1,066	221	-	3,602
At 31 December 2015 and 1 January 2016	-	(494,064)	(374,157)	(1,188,205)	(84,012)	(32,078)	-	(2,172,516)
Depreciation charge for the year	-	(97,570)	(45,196)	(241,536)	(33,596)	(7,783)	-	(425,681)
Transfers	-	-	136	6	(142)	-	-	-
Disposals	-	1	706	26,166	1,327	5,956	-	34,156
Write-off	-	6	-	3,086	2,622	10	-	5,724
At 31 December 2016	-	(591,627)	(418,511)	(1,400,483)	(113,801)	(33,895)	-	(2,558,317)



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Consolidated financial statements (Continued)

		Land	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>									
Owned assets		451,295	1,912,594	454,452	1,672,208	77,422	20,407	65,964	4,654,342
Assets under finance leases		-	141,681	3,057	46,935	1,616	14,835	-	208,124
At 1 January 2015		451,295	2,054,275	457,509	1,719,143	79,038	35,242	65,964	4,862,466
Owned assets		774,535	1,954,738	461,320	1,646,746	91,270	16,533	284,549	5,229,691
Assets under finance leases		-	276,215	2,682	88,873	1,331	16,267	-	385,368
At 31 December 2015 and 1 January 2016		774,535	2,230,953	464,002	1,735,619	92,601	32,800	284,549	5,615,059
Owned assets		833,682	2,198,923	538,188	1,828,960	76,667	17,388	173,714	5,667,522
Assets under finance leases		-	333,695	-	264,596	63	22,777	32,549	653,680
At 31 December 2016		833,682	2,532,618	538,188	2,093,556	76,730	40,165	206,263	6,321,202



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Separate financial statements (Continued)

	Land	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Accumulated depreciation and impairment losses</i>								
At 1 January 2015	-	(91,449)	(83,246)	(244,940)	(16,716)	(1,161)	-	(437,512)
Depreciation charge for the year	-	(19,334)	(16,568)	(81,420)	(14,128)	(1,119)	-	(132,569)
Transfers	-	-	2	2,630	(2,632)	-	-	-
Disposals	-	-	-	392	22	-	-	414
Write-off	-	-	-	2,185	1,002	21	-	3,208
At 31 December 2015								
and 1 January 2016	-	(110,783)	(99,812)	(321,153)	(32,452)	(2,259)	-	(566,459)
Depreciation charge for the year	-	(13,540)	(14,257)	(116,945)	(17,103)	(1,475)	-	(163,320)
Transfers	-	-	136	6	(142)	-	-	-
Disposals	-	-	-	986	134	1,778	-	2,898
Write-off	-	-	-	436	1,669	-	-	2,105
At 31 December 2016	-	(124,323)	(113,933)	(436,670)	(47,894)	(1,956)	-	(724,776)

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Separate financial statements (Continued)

Net book value

	Land	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Owned assets	76,328	326,566	175,447	640,343	39,437	743	12,263	1,271,127
Assets under finance leases	-	-	3,057	-	1,616	2,654	-	7,327
At 1 January 2015	76,328	326,566	178,504	640,343	41,053	3,397	12,263	1,278,454
Owned assets	121,714	328,051	187,408	682,235	62,702	1,910	202,405	1,586,425
Assets under finance leases	-	-	2,682	-	1,240	4,894	-	8,816
At 31 December 2015	121,714	328,051	190,090	682,235	63,942	6,804	202,405	1,595,241
Owned assets	127,907	450,613	224,135	855,635	56,959	1,916	99,112	1,816,277
Assets under finance leases	-	-	-	160,964	-	2,077	32,549	195,590
At 31 December 2016	127,907	450,613	224,135	1,016,599	56,959	3,993	131,661	2,011,867

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The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2016 amounted to Baht 498 million (*2015: Baht 355 million*) in the consolidated statement of financial position and Baht 247 million (*2015: Baht 244 million*) in the separate statement of financial position respectively.

As at 31 December 2016, the Company's title deeds of two plots of land amounting to Baht 2 million (*2015: Baht 2 million*) is under the name of an individual, which has not been transferred to the Company. However, the Company has the right to use both plots of land without condition and is currently using the land. The land title deeds will be transferred to the Company within 2017.

Security

As at 31 December 2016, the Group's and the Company's property, plant and equipment with total net book value of Baht 2,589 million and Baht 101 million respectively (*2015: Baht 2,586 million and Baht 105 million respectively*) were pledged under overdrafts and short-term borrowings from financial institutions, long-term borrowings from financial institutions and letters of guarantee from financial institutions.

Property, plant and equipment under construction

Assets under construction and installations of the Group and the Company as at 31 December 2016 amounting to Baht 206 million and Baht 132 million respectively (*2015: Baht 285 million and Baht 202 million respectively*) were mainly represented cost of machinery and equipment including the related installation costs.

Measurement of fair values

Fair value hierarchy

The fair value of land was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's and the Company's land portfolio every 3 years. The appraised value was Baht 798 million (*2015: Baht 759 million*) in the consolidated financial statements and Baht 119 million (*2015: Baht 119 million*) in the separate financial statements respectively.

The fair value measurement for land has been categorised as a Level 2 fair value based on the inputs to the valuation technique used by using the sales comparison approach. Sale prices of comparable land in close proximity are adjust for difference in key attributes such as property size. The most significant input into this valuation approach is price per square foot.



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14 Other intangible assets

	Consolidated financial statements	Separate financial statements
	Computer software	Computer software
	<i>(in thousand Baht)</i>	
<i>Cost</i>		
At 1 January 2015	53,424	27,946
Additions	107,262	90,362
Disposals	-	(39)
Currency translation difference from foreign entity	6	-
At 31 December 2015 and 1 January 2016	160,692	118,269
Additions	31,250	27,722
Write-off	(18,951)	-
At 31 December 2016	172,991	145,991
<i>Accumulated amortisation</i>		
At 1 January 2015	(14,664)	(1,432)
Amortisation charge for the year	(13,722)	(5,558)
Write-off	-	5
At 31 December 2015 and 1 January 2016	(28,386)	(6,985)
Amortisation charge for the year	(23,676)	(17,703)
Write-off	18,951	-
At 31 December 2016	(33,111)	(24,688)
<i>Net book value</i>		
At 1 January 2015	38,760	26,514
At 31 December 2015 and 1 January 2016	132,306	111,284
At 31 December 2016	139,880	121,303

The gross amount of the Group's fully amortised intangible assets that was still in use as at 31 December 2016 amounted to Baht 2 million in the consolidated statement of financial position (2015: Baht 0.1 million).

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15 Restricted deposits at financial institutions

As at 31 December 2016 the Group and the Company had restricted deposits at financial institutions totaling Baht 99 million in the consolidated statement of financial position and Baht 3 million in the separate statement of financial position respectively (*2015: Baht 157 million and Baht 2 million respectively*) in order to comply with conditions for using credit facilities of foreign financial institutions and as collateral for letters of guarantee issued by the depositary financial institutions in favour of state enterprises.

16 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Deferred tax assets	749,695	659,297	520,214	462,388
Deferred tax liabilities	(139,827)	(82,809)	(13,669)	(5,511)

Movements of deferred tax assets and liabilities during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements			
	(Charged)/Credited to			
	Other			
	At	Profit or	comprehensive	At
	1 January	loss	income	31 December
	2016	(Note 29)	(in thousand Baht)	2016
<i>Deferred tax assets (liabilities)</i>				
Trade accounts receivable and advance payments to farmers	19,096	3,657	-	22,753
Inventories	22,739	(21,632)	-	1,107
Biological assets	27,564	69,245	-	96,809
Investment in joint venture	-	562	-	562
Property, plant and equipment	(82,809)	(55,935)	(110)	(138,854)
Employee benefit obligations	5,260	2,805	-	8,065
Loss carry forward	584,638	34,788	-	619,426
Net	576,488	33,490	(110)	609,868



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Consolidated financial statements
 (Charged)/Credited to

	At 1 January 2015	Profit or loss (Note 29) (in thousand Baht)	Other comprehensive income	At 31 December 2015
Deferred tax assets (liabilities)				
Trade accounts receivable and advance payments to farmers	15,884	3,212	-	19,096
Inventories	-	22,739	-	22,739
Biological assets	20,752	6,812	-	27,564
Property, plant and equipment	-	(20,565)	(62,244)	(82,809)
Employee benefit obligations	3,132	2,128	-	5,260
Loss carry forward	306,823	277,815	-	584,638
Net	346,591	292,141	(62,244)	576,488

Separate financial statements
 (Charged)/Credited to

	At 1 January 2016	Profit or loss (Note 29) (in thousand Baht)	Other comprehensive income	At 31 December 2016
Deferred tax assets (liabilities)				
Trade accounts receivable	154	389	-	543
Property, plant and equipment	(5,511)	(8,158)	-	(13,669)
Employee benefit obligations	1,634	1,197	-	2,831
Loss carry forward	466,600	50,240	-	516,840
Net	462,877	43,668	-	506,545

Separate financial statements
 (Charged)/Credited to

	At 1 January 2015	Profit or loss (Note 29) (in thousand Baht)	Other comprehensive income	At 31 December 2015
Deferred tax assets (liabilities)				
Trade accounts receivable	150	4	-	154
Property, plant and equipment	-	(3,354)	(2,157)	(5,511)
Employee benefit obligations	1,565	69	-	1,634
Loss carry forward	178,507	288,093	-	466,600
Net	180,222	284,812	(2,157)	462,877

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The tax losses will expire during the year 2017 and 2027. As at 31 December 2016 the Group had temporary difference arising from the unutilised tax losses carry forward totaling Baht 584 million which have not been recognised as deferred tax assets in the consolidated statement of financial position totaling Baht 74 million (2015: Baht 117 million) because it is not probable that the Group will be able to utilise the tax benefit in the foreseeable future.

17 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Current				
Short-term borrowings from financial institutions				
Promissory notes - secured	1,905,000	2,715,055	200,000	345,963
Bill of exchanges - unsecured	1,727,001	1,529,195	1,727,001	1,529,195
Trust receipt - secured	1,956,081	618,706	6,780	25,210
Total	5,588,082	4,862,956	1,933,781	1,900,368
Current portion of long-term borrowings from financial institutions	384,260	470,098	144,600	160,646
Total	384,260	470,098	144,600	160,646
Current portion of finance lease liabilities	75,391	28,147	37,782	1,943
Total	75,391	28,147	37,782	1,943
Total current	6,047,733	5,361,201	2,116,163	2,062,957
Non-current				
Debentures	210,000	-	210,000	-
Long-term borrowings from financial institutions - secured	241,344	561,119	86,744	220,194
Finance lease liabilities	590,194	359,898	158,497	3,586
Total non-current	1,041,538	921,017	455,241	223,780
Grand total	7,089,271	6,282,218	2,571,404	2,286,737

The periods maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	5,972,342	5,333,054	2,078,381	2,061,014
After one year but within five years	451,344	561,119	296,744	220,194
Total	6,423,686	5,894,173	2,375,125	2,281,208



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Secured interest-bearing liabilities as at 31 December 2016 and 2015 were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Property, plant and equipment	2,588,988	2,585,890	100,830	104,752
Investment properties	5,558	5,558	-	-
Total	2,594,546	2,591,448	100,830	104,752

Long-term borrowings from financial institutions

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
At 1 January	1,031,217	1,231,238	380,840	293,659
Increases	30,979	252,030	-	235,531
Decreases	(436,592)	(452,112)	(149,496)	(148,350)
Currency translation differences from foreign entity	-	61	-	-
At 31 December	625,604	1,031,217	231,344	380,840

As at 31 December 2016 the Group had secured long-term borrowing agreements with financial institutions. Details were as follows:

Name of Company	Borrowing agreement	Approved credit facilities	Balance as at 31 December 2016 <i>(million Baht)</i>	Interest rate <i>(% per annum)</i>	Term of payment
Thaifoods Group Public Company Limited	The first The second The third	54 350 250	11 142 78	MLR - 1.50 MLR - 1.25 MLR - 1.25	Every months for 69 months Every months for 66 months Every months for 48 months
Thai Foods Poultry Farm Co., Ltd.	The first The second	463 119	95 24	MLR - 1.25 MLR - 1.25	Every months for 72 months Every months for 72 months
Thai Foods Swine Farm Co., Ltd.	The first The second	48 62	25 31	MLR - 0.75 BIBOR - 2.70	Every months for 68 months Every months for 48 months
Thai Foods Feed Mill Co., Ltd.	The first	450	189	MLR - 1.25	Every months for 66 months
Thai Foods Research Center Co., Ltd.	The first	30	15	MLR - 0.75	Every months for 84 months
Thai Foods Layer Farm Co., Ltd.	The first	44	15	MLR - 1.25	Every months for 84 months

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As at 31 December 2016 certain subsidiaries did not comply with the debt covenants in respect of debt to equity ratio and specified the borrowings from related parties as the subordinate from the borrowings from financial institutions as stipulated in the borrowing agreements. In this regard, the long-term borrowings from financial institutions amounting to Baht 17 million (2015: Baht 30 million) were classified as current portion of long-term borrowings from financial institutions in the consolidated statement of financial position.

Debentures

At the annual general meeting of the shareholders of the Company held on 28 April 2016, the Company's shareholders approved the issuance and offer debentures in the aggregate amount of not exceeding Baht 2,000 million or equivalent amount in other currencies. The term, interest rate and other conditions of debentures issuance will be determined based on upon the prevailing market conditions at the time of issuing and offering the debentures. This is solely for the purposes of financing the long-term capital investments for business expansion and working capital of the Company in the future.

Debentures 1/2016

On 21 October 2016 the Company issued Baht 150 million unsubordinated, unsecured debentures in registered name form, which offering for no more than 10 specific investors. Maturity date at 22 October 2018 with bearing interest at the fixed rate of 4.25% per annum.

Debentures 2/2016

On 25 November 2016 the Company issued Baht 60 million unsubordinated, unsecured debentures in registered name form, which offering for no more than 10 specific investors. Maturity date at 25 November 2018 with bearing interest at the fixed rate of 3.95% per annum.

In this regards, the Company must comply with the specific covenants such as to maintain debt to equity ratio in the annual consolidated financial statements through the terms of debenture etc.

Finance lease liabilities

Details of finance leases liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements					
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	126,392	51,001	75,391	63,925	35,778	28,147
After one year but within 5 years	540,710	173,858	366,852	294,262	136,943	157,319
After 5 years	270,396	47,054	223,342	250,323	47,744	202,579
Total	937,498	271,913	665,585	608,510	220,465	388,045



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Separate financial statements						
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	45,972	8,190	37,782	2,242	299	1,943
After one year but within 5 years	172,693	14,196	158,497	3,860	274	3,586
Total	218,665	22,386	196,279	6,102	573	5,529

Interest rates

Interest rates as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(%)			
Promissory notes and bill of exchanges	3.22 - 3.70	3.15 - 5.00	3.22 - 3.70	3.23 - 4.75
Liabilities under trust receipt	1.30 - 2.70	1.30 - 2.62	1.30 - 2.70	1.30 - 1.80
Long-term borrowings from financial institutions	4.24 - 5.75	4.53 - 5.65	4.78 - 5.03	4.53 - 5.28
Debentures	3.95 - 4.25	-	3.95 - 4.25	-
Finance leases liabilities	2.45 - 9.62	5.90 - 12.73	4.00 - 6.26	5.90 - 11.07

Interest-bearing liabilities of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

Unutilised credit facilities

As at 31 December 2016 the Group and the Company had unutilised credit facilities totaling Baht 5,534 million and Baht 2,069 million, respectively (2015: Baht 6,513 million and Baht 1,535 million, respectively).

18 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Related parties	5	96,786	103,595	374,146	596,803
Other parties		1,250,325	875,548	37,426	20,507
Total		1,347,111	979,143	411,572	617,310

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The currencies denomination of trade accounts payable as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht	985,639	755,533	411,572	617,310
Vietnamese Dong	111,794	115,527	-	-
United States Dollars	249,678	108,083	-	-
Total	1,347,111	979,143	411,572	617,310

19 Employee benefit obligations

The Group has defined benefit plans for employee's retirement based on the Labour law requirements of each country.

Employee benefit obligations as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
As at 31 December				
Statement of financial position				
Obligation for:				
Defined benefit plans	42,396	28,427	16,001	10,017
Total	42,396	28,427	16,001	10,017

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Year ended 31 December				
Statement of income				
Recognised in profit or loss:				
Defined benefit plans	14,387	8,874	5,984	343
Total	14,387	8,874	5,984	343

The Group operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of final salary and may further adjust by the management's judgment.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and turnover rate risk.



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Movements in the present value of the defined benefit obligations were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	28,427	19,768	10,017	9,674
Include in profit or loss:				
Current service costs	13,554	8,296	5,729	186
Interest on obligation	833	578	255	157
Benefits paid by the plan	(418)	(215)	-	-
Defined benefit obligations at 31 December	42,396	28,427	16,001	10,017

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Discount rate	2.55 - 3.59	2.55 - 3.59	2.55	2.55
Future salary growth	7	7	7	7
Turnover rate	3 - 45	3 - 45	16 - 43	16 - 43

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2016, the weighted-average duration of the defined benefit obligations were 9 to 23 years (2015: 9 to 23 years).

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.

	Consolidated		Separate	
	financial statements		financial statements	
	<i>(in thousand Baht)</i>			
Defined benefit obligations				
at 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4,865)	5,925	(1,208)	1,388
Future salary growth (1% movement)	6,073	(5,089)	1,470	(1,305)
Turnover rate (1% movement)	(5,422)	3,828	(1,398)	918

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	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
Defined benefit obligations at 31 December 2015	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3,478)	4,256	(813)	934
Future salary growth (1% movement)	4,043	(3,390)	883	(788)
Turnover rate (1% movement)	(3,873)	2,781	(943)	627

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

20 Share capital

		Consolidated/Separate financial statements			
	Par value per share (in Baht)	2016		2015	
		Number of shares	Baht	Number of shares	Baht
		(thousand shares/thousand Baht)			
Authorised					
At 1 January					
- ordinary shares	1	5,400,000	5,400,000	5,400,000	5,400,000
Decrease of authorised share capital	1	(300,000)	(300,000)	-	-
Increase of authorised share capital	1	510,000	510,000	-	-
At 31 December					
- ordinary shares	1	<u>5,610,000</u>	<u>5,610,000</u>	<u>5,400,000</u>	<u>5,400,000</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1	5,100,000	5,100,000	4,000,000	4,000,000
Issue of new shares	1	-	-	1,100,000	1,100,000
At 31 December					
- ordinary shares	1	<u>5,100,000</u>	<u>5,100,000</u>	<u>5,100,000</u>	<u>5,100,000</u>

Issue share capital

At the annual general meeting of the shareholders of the Company held on 28 April 2016, the Company's shareholders approved the decrease of the Company's authorised share capital of Baht 300 million (decrease from Baht 5,400 million to Baht 5,100 million) by canceling 300 million unsubscribed shares of the Company with the par value of Baht 1 per share. The decrease of share capital was registered with Ministry of Commerce on 10 May 2016. The Company's shareholders approved the increase of the Company's authorised share capital of Baht 510 million (increase from Baht 5,100 million to Baht 5,610 million) by issuing 510 million ordinary shares at the par value of Baht 1 per share, after decrease of authorised share capital by canceling unsubscribed shares. The increase of share capital was registered with Ministry of Commerce on 11 May 2016.



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In October 2015, the Company offered its ordinary shares in an initial public offering (“IPO”) by issuing 1,100 million shares. The new shares were sold to subscribers at Baht 1.95 per share (Baht 1 par value and Baht 0.95 share premium) totaling Baht 2,145 million (share premium of Baht 1,045 million). The Company’s shares started trading on the Stock Exchange of Thailand on 8 October 2015. Expense directly attributable to the IPO of Baht 63.8 million was deducted from the share premium (net share premium Baht 981.2 million).

Issue of warrants

At the annual general meeting of the shareholders of the Company held on 28 April 2016, the Company’s shareholders approved the issuance and allocation of not exceeding 510 million units of warrants which is the right to purchase the newly issued ordinary shares of the Company No. 1 (“TFG-W1 Warrants”) to the existing shareholders proportion to their respective shareholding without change, at the allocation ratio of 10 existing ordinary shares with the par value Baht 1 per share to 1 unit of TFG-W1 Warrants (10:1). The exercise ratio is 1 unit of TFG-W1 Warrants to purchase 1 ordinary share with the exercise price of Baht 2.50 per share (except for the rights adjustment).

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

21 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

The Group’s and the Company’s legal reserve as at 31 December 2016 and 2015 amounted to Baht 109 million.

Other components of equity

Currency translation differences from foreign entity

The currency translation differences from foreign entity recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign entity to Thai Baht.

Valuation surplus

The valuation surplus account within equity comprises the cumulative net change in the valuation of land included in the financial statements at valuation until such land is sold or otherwise disposed of.

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22 Segment information

Segment information is based on core business operations of producing and distributing frozen and chilled chicken meat and products of chicken meat including producing and distributing swine and feed mill. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1 : Poultry business

Segment 2 : Swine business

Segment 3 : Feed mill business

Segment 4 : Others

The CODM considers the monthly performance of each reporting segment based upon profit (loss) before finance costs and income tax expense.



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Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2016 and 2015 were as follows:

	Poultry		Swine		Feed mill		Total		Others		Eliminate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>													
Revenue from external customer	13,361	11,044	5,439	4,581	1,811	1,736	20,611	17,361	15	10	-	-	20,626	17,371
Revenue from intra-group	12,093	10,670	1,304	504	11,251	9,723	24,648	20,897	98	93	(24,746)	(20,990)	-	-
Total revenue from sales of goods and rendering of services	25,454	21,714	6,743	5,085	13,062	11,459	45,259	38,258	113	103	(24,746)	(20,990)	20,626	17,371
Profit (loss) from operation after intra-group elimination and internal expense allocation	702	(2,122)	1,007	474	84	87	1,793	(1,561)	(3)	(4)	-	-	1,790	(1,565)
Share of loss of joint venture													(1)	(2)
Finance costs													(245)	(294)
Income tax income (expense)													(97)	287
Profit (loss) for the year													<u>1,447</u>	<u>(1,574)</u>

Assets, based on segments, in the consolidated financial statements as at 31 December 2016 and 2015 were as follows:

	Poultry		Swine		Feed mill		Total		Others		Eliminate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>													
Reportable segment assets as at 31 December	13,630	12,202	4,484	3,507	6,130	4,878	24,244	20,587	305	312	(8,953)	(8,121)	15,596	12,778
Reportable segment liabilities as at 31 December	6,671	6,390	3,163	2,313	3,771	2,683	13,605	11,386	71	81	(4,207)	(3,342)	9,469	8,125

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Geographical segments

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Major customer

During the year 2016 and 2015, there was no single external customer that contributed 10% or more of the Group's total revenue.

23 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Transportation expenses	204,740	102,486	187,441	99,128
Employee benefit expenses	136,718	88,595	100,112	60,636
Advertising and sale promotion expenses	48,436	19,617	21,122	8,847
Buildings rental fees and utilities expenses	12,976	10,407	8,884	7,071
Office expenses	8,378	4,601	7,605	3,760
Depreciation	2,521	2,323	2,199	2,079
Others	6,996	8,840	5,693	7,184
Total	420,765	236,869	333,056	188,705

24 Administrative expense

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Employee benefit expenses	293,278	381,883	198,430	250,497
Buildings rental fees and utilities expenses	60,166	72,003	35,310	41,744
Depreciation and amortisation	39,362	38,866	29,406	19,743
Wages and service fees	33,719	37,344	38,042	38,039
Office expenses	30,913	37,613	14,303	18,552
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)	22,125	15,861	72,253	(584)
Professional fees	19,503	48,900	11,120	42,553
Impairment losses on investment in subsidiary	11	-	50,000	-
Others	25,457	36,371	10,960	10,151
Total	524,523	668,841	459,824	420,695



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25 Employee benefit expenses

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Salaries and wages		1,781,385	1,556,039	1,191,066	1,013,611
Bonus		188,645	101,741	73,510	25,258
Staff welfares		107,108	90,908	61,551	45,840
Incremental benefit for employee		87,250	74,493	47,119	33,689
Contribution to social security fund		42,835	37,567	20,517	16,763
Severance pay	19	14,387	8,874	5,984	343
Contribution to provident fund		10,307	10,480	3,580	4,385
Training expenses		2,740	8,398	1,073	4,141
Others		11,101	8,754	6,438	2,466
Total		2,245,758	1,897,254	1,410,838	1,146,496

The Company and its local subsidiaries have established a contributory registered provident fund to which the Company, subsidiaries and employees each contribute monthly at the rates ranging from 3% to 5% of the employees' basic salaries, depend on the length of employment. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

26 Operating leases

Leases as lessee

The Group and the Company lease a number of building under operating leases. The leases typically run for periods during 1 to 9 years, with an option to renew the lease after that date. Lease payments are renegotiated every 3 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain operating leases, the Group and the Company are restricted from entering into any sub-lease arrangements.

The land and warehouse leases were entered into many years ago as combined leases of land and buildings. The Group and the Company determined that the land and buildings elements of the warehouse and factory leases are operating leases. The rent paid to the landlord is adjusted to market rentals at regular intervals, and the Group and the Company do not have an interest in the residual value of the land and buildings. As a result, it was determined that substantially all of the risks and rewards of the land and buildings are with the landlord.

One of the leased properties has been sub-let by the Group and the Company. The lease and sub-lease expire in 2019. The total of future minimum sublease payments expected to be received as at 31 December 2016 was Baht 5 million (2015: Baht 0.2 million).

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i. Future minimum lease payments

As at 31 December 2016 and 2015, the future minimum lease payments under non-cancellable leases were payable as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	179,261	78,133	39,624	8,992
After one year but within five years	229,527	105,576	42,050	9,540
After five years	-	1,584	-	-
Total	408,788	185,293	81,674	18,532

ii. Sub-lease payments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-	5,238	163

iii. Lease expense recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Lease expense	176,534	170,313	73,836	90,129
Sub-leases income	-	-	(2,235)	(1,955)
Total	176,534	170,313	71,601	88,174



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Leases as lessor

The Group leases out its investment properties.

i. Future minimum lease payments

As at 31 December 2016 and 2015, the future minimum lease payments under non-cancellable leases were receivable as follows.

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	264	286	-	-
After one year but within five years	-	84	-	-
Total	264	370	-	-

ii. Direct operating expenses

	Consolidated		Separate	
	financial statements		financial statements	
<i>Year ended 31 December</i>	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Income-generating property	264	533	-	-
Total	264	533	-	-

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27 Expenses by nature

The statements of income include an analysis of expenses by function. Expense by nature are as follows:

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Raw materials used		13,641,788	14,271,591	10,387,306	9,889,449
Employee benefit expenses	25	2,245,758	1,897,254	1,410,838	1,146,496
Depreciation and amortisation		897,403	871,025	181,022	138,127
Rental and utilities expenses		725,458	707,728	292,292	289,466
Transportation expenses		466,960	453,941	205,728	118,237
Factory supplies used		420,454	306,736	245,783	169,994
Repair expenses		156,730	142,876	68,770	37,289
Wages and service fees		81,498	57,010	45,336	39,380
Advertising and sale promotion expenses		62,758	34,522	22,977	9,742
Recruitment expenses		60,395	50,565	39,783	36,077
Examine analysis expenses		56,535	41,093	16,785	12,457
Factory and office expenses		34,871	25,268	17,851	11,749
Bad and doubtful debts expenses		22,366	16,465	72,355	19
Professional fees		22,321	51,598	13,165	43,640
Impairment losses on investment in subsidiary	11	-	-	50,000	-
Others		55,136	84,487	14,314	15,947
Total cost of sales of goods and rendering of services, selling expenses and administrative expenses		18,950,431	19,012,159	13,084,305	11,958,069

28 Finance costs

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Finance cost paid to:				
Subsidiaries	-	-	2,316	64,928
Financial institutions	200,026	257,058	78,338	106,791
Other parties under finance leases	44,683	37,438	3,471	434
Debentures	743	-	743	-
Others	-	129	-	-
Total	245,452	294,625	84,868	172,153



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29 Income tax expense (income)

Income tax recognised in profit and loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Current tax					
Current year		138,055	4,898	-	-
		138,055	4,898	-	-
Effect from accounting policy changes	3	(7,147)	-	-	-
Deferred income tax					
Movements in temporary differences		1,298	(14,326)	6,573	3,281
Benefit of tax losses recognised		(34,788)	(277,815)	(50,241)	(288,093)
	16	(33,490)	(292,141)	(43,668)	(284,812)
Income tax expense (income)		97,418	(287,243)	(43,668)	(284,812)

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2016 Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	2015 Tax expense	Net of tax
Gains on land revaluation	551	(110)	441	311,223	(62,244)	248,979
Total	551	(110)	441	311,223	(62,244)	248,979

	Separate financial statements					
	Before tax	2016 Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	2015 Tax expense	Net of tax
Gains on land revaluation	-	-	-	10,787	(2,157)	8,630
Total	-	-	-	10,787	(2,157)	8,630

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Reconciliation of effective tax rate

Applicable tax rate (%)	Consolidated financial statements			Total
	0%	20%	Others	
	<i>(in million Baht)</i>			
2016				
Accounting profit before income tax expense	801	712	31	1,544,219
Income tax at the applicable tax rates	-	142	4	146
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(105)	59	(3)	49
Net	(105)	201	1	97
2015				
Accounting profit (loss) before income tax expense	1,057	(805)	-	(1,862)
Income tax at the applicable tax rates	-	(161)	-	(161)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(292)	166	-	(126)
Net	(292)	5	-	(287)

Applicable tax rate (%)	Separate financial statements		Total
	0%	20%	
	<i>(in million Baht)</i>		
2016			
Accounting profit (loss) before income tax expense	(270)	1,156	886
Income tax at the applicable tax rates	-	231	231
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(105)	(170)	(275)
Net	(105)	61	(44)
2015			
Accounting loss before income tax expense	(1,047)	(601)	(1,648)
Income tax at the applicable tax rates	-	(120)	(120)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(212)	47	(165)
Net	(212)	(73)	(285)



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Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

30 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company and local subsidiaries have been granted privileges by the Board of Investment relating to feedmill operations, farming, breeding animals, frozen and chilled productions etc. The privileges granted include:

- (a) an exemption from payment of import duty on machinery as approved by the Board of Investment;
- (b) an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificates;
- (c) an exemption from payment of import duty on necessary raw materials and supplies to be used in the production for export sales for a period of 1 year from the first import date;
- (d) an exemption to include the dividend income from the promoted business in the computation of corporate income tax throughout the period the Company being granted exemption; and
- (e) a permission to deduct 25% of installation costs or construction costs of assets necessary for the Company's operation besides a deduction of their normal depreciation.

As a promoted company, the Company and the subsidiaries must comply with certain conditions and restrictions provided for in the promotional certificates.

Revenue from promoted and non-promoted businesses of the Group and the Company for the years ended 31 December 2016 and 2015 were summarised as follows:

	Consolidated financial statements					
	Promoted businesses		Non-promoted business		Total	
	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>					
Local sales	7,358	7,744	11,295	8,798	18,653	16,542
Export sales	1,525	786	448	43	1,973	829
Total revenue from sale of goods	8,883	8,530	11,743	8,841	20,626	17,371
Other income	13	23	141	114	154	137
Total revenues	8,896	8,553	11,884	8,955	20,780	17,508

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	Separate financial statements					
	Promoted businesses		Non-promoted business		Total	
	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>					
Local sales	6,269	5,745	4,673	3,862	10,942	9,607
Export sales	1,528	786	467	42	1,995	828
Total revenue from sale of goods	7,797	6,531	5,140	3,904	12,937	10,435
Other income	31	9	1,087	52	1,118	61
Total revenues	7,828	6,540	6,227	3,956	14,055	10,496

31 Earnings (losses) per share

Basic earnings (losses) per share

The calculations of basic earnings (losses) per share for the years ended 31 December 2016 and 2015 were based on the profit (losses) for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht/thousand shares)</i>			
Profit (loss) for the year attributable to equity holders of the Company	1,446,801	(1,574,306)	929,669	(1,362,846)
Number of ordinary shares outstanding at 1 January	5,100,000	4,000,000	5,100,000	4,000,000
Effect of shares issued	-	256,164	-	256,164
Weighted average number of ordinary shares outstanding during the year	5,100,000	4,256,164	5,100,000	4,256,164
Basic earnings (loss) per share (in Baht)	0.28	(0.37)	0.18	(0.32)

Diluted earnings (losses) per share

The calculation of diluted earnings (losses) per share for the years ended 31 December 2016 and 2015 were based on the profit (losses) for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of dilutive potential ordinary shares as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht/thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	1,446,801	(1,574,306)	929,669	(1,362,846)
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	1,446,801	(1,574,306)	929,669	(1,362,846)



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<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht/thousand shares)</i>			
Weighted average number of ordinary shares outstanding (basic)	5,100,000	4,256,164	5,100,000	4,256,164
Effect of share options issued	225,558	-	225,558	-
Weighted average number of ordinary shares outstanding (diluted)	5,325,558	4,256,164	5,325,558	4,256,164
Diluted earnings (losses) per share (in Baht)	0.27	(0.37)	0.17	(0.32)

32 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to change in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group manages the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depend on the market situation.

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The effective interest rates of financial assets as at 31 December 2016 and 2015 and the periods in which the financial assets mature were as follows:

Consolidated financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2016					
Current					
Advance payments to farmers	9.50	376,284	-	-	376,284
Total		376,284	-	-	376,284
Non-current					
Advance payments to farmers	9.50	-	421,154	-	421,154
Other long-term investments	4.38 - 4.80	-	-	10,000	10,000
Total		-	421,154	10,000	431,154
2015					
Current					
Advance payments to farmers	9.50	251,056	-	-	251,056
Total		251,056	-	-	251,056
Non-current					
Advance payments to farmers	9.50	-	578,595	-	578,595
Other long-term investments	4.38 - 4.80	-	-	10,000	10,000
Total		-	578,595	10,000	588,595
Separate financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2016					
Current					
Short-term loans to subsidiaries	3.72	536,980	-	-	536,980
Total		536,980	-	-	536,980
Non-current					
Other long-term investments	4.80	-	-	8,000	8,000
Total		-	-	8,000	8,000



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	Effective interest rate (%)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
2015					
Current					
Short-term loans to subsidiaries	3.71	526,530	-	-	526,530
Total		526,530	-	-	526,530
Non-current					
Other long-term investments	4.80	-	-	8,000	8,000
Total		-	-	8,000	8,000

The effective interest rates of interest-bearing liabilities as at 31 December 2016 and 2015 and the periods in which interest-bearing liabilities mature were as follows:

	Effective interest rate (%)	Within 1 year	Consolidated financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
2016					
Current					
- Promissory notes and bill of exchanges	3.22 - 3.70	3,632,001	-	-	3,632,001
- Liabilities under trust receipts	1.30 - 2.70	1,956,081	-	-	1,956,081
- Current portion of long-term borrowings from financial institutions	4.24 - 5.75	384,260	-	-	384,260
- Current portion of finance lease liabilities	2.45 - 9.62	75,391	-	-	75,391
Total		6,047,733	-	-	6,047,733
Non-current					
- Debentures	3.95 - 4.25	-	210,000	-	210,000
- Long-term borrowings from financial institutions	4.24 - 5.75	-	241,344	-	241,344
- Finance lease liabilities	2.45 - 9.62	-	319,970	270,224	590,194
Total		-	771,314	270,224	1,041,538

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		Consolidated financial statements			
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2015					
Current					
- Promissory notes and bill of exchanges	3.15 - 5.00	4,244,250	-	-	4,244,250
- Liabilities under trust receipts	1.30 - 2.62	618,706	-	-	618,706
- Current portion of long-term borrowings from financial institutions	4.53 - 5.65	470,098	-	-	470,098
- Current portion of finance lease liabilities	5.90 - 12.73	28,147	-	-	28,147
Total		5,361,201	-	-	5,361,201
Non-current					
- Long-term borrowings from financial institutions	4.53 - 5.65	-	561,119	-	561,119
- Finance lease liabilities	5.90 - 12.73	-	121,997	237,901	359,898
Total		-	683,116	237,901	921,017



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	Effective interest rate (%)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
2015					
Current					
- Promissory notes and bill of exchanges	3.23 - 4.75	1,875,158	-	-	1,875,158
- Liabilities under trust receipts	1.30 - 1.80	25,210	-	-	25,210
- Current portion of long-term borrowings from financial institutions	4.53 - 5.28	160,646	-	-	160,646
- Current portion of finance lease liabilities	5.90 - 11.07	1,943	-	-	1,943
Total		2,062,957	-	-	2,062,957
Non-current					
- Long-term borrowings from financial institutions	4.53 - 5.28	-	220,194	-	220,194
- Finance lease liabilities	5.90 - 11.07	-	3,586	-	3,586
Total		-	223,780	-	223,780

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales of goods, denominated in foreign currencies, for the subsequent period.

At 31 December 2016 and 2015 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
Foreign currency		2016	2015	2016	2015
(in thousand Baht)					
Cash and cash equivalents					
Foreign currency	Vietnamese Dong	68,681	38,842	-	-
	United States Dollars	17,470	1,891	17,470	1,891
Trade and other accounts receivable					
Foreign currency	United States Dollars	295,850	137,201	295,850	137,201
	Vietnamese Dong	70	-	-	-
Forward currency contracts - to buy and sell	United States Dollars	-	174,422	-	174,422

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		Consolidated financial statements		Separate financial statements	
Foreign currency		2016	2015	2016	2015
		(in thousand Baht)			
Trade and other accounts payable					
Foreign currency	United States Dollars	249,678	108,083	-	-
	Vietnamese Dong	111,794	115,527	-	-
	Euro	1,353	-	1,353	-
	Japanese Yen	1,339	-	1,339	-
Forward currency contracts - to buy and sell	United States Dollars	1,381,487	2,101,086	-	-
	Euro	-	43,953	-	43,953

Credit risk

Credit risk is the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2016					
Financial assets/Financial liabilities not measured at fair value					
Debentures	210	-	212	-	212
Finance lease liabilities	666	-	778	-	778
Foreign currency forward contract - asset	-	-	1,393	-	1,393



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Consolidated financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2015					
Financial assets/Financial liabilities not measured at fair value					
Finance lease liabilities	388	-	486	-	486
Foreign currency forward contract - asset	-	-	2,146	-	2,146
Foreign currency forward contract - liability	-	-	176	-	176
Separate financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2016					
Financial assets/Financial liabilities not measured at fair value					
Debentures	210	-	212	-	212
Finance lease liabilities	196	-	196	-	196
31 December 2015					
Financial assets/Financial liabilities not measured at fair value					
Finance lease liabilities	6	-	6	-	6
Foreign currency forward contract - asset	-	-	45	-	45
Foreign currency forward contract - liability	-	-	176	-	176

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Measurement of fair values

Valuation techniques

The following tables show the valuation techniques used in measuring Level 2 fair values.

Type	Valuation technique
Debentures	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios, the amount to be paid under each scenario and the probability of each scenario.
Finance lease liabilities	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios, the amount to be paid under each scenario and the probability of each scenario.
Forward exchange contracts	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

33 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the years ended 31 December 2016 and 2015 were as follows:

Property, plant and equipment

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Increases during the year	13	1,155,138	1,001,182	583,158	452,519
Add (less) - changes in payables		(106,618)	(60,950)	(116,750)	(115,769)
- finance lease liabilities		(334,400)	(207,416)	(216,934)	(3,402)
Paid by cash		714,120	732,816	249,474	333,348

Other intangible assets

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Increases during the year	14	31,250	107,262	27,722	90,362
Less - changes in payables		(864)	(718)	(1,069)	-
Paid by cash		30,386	106,544	26,653	90,362



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34 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Contracted but not provided for</i>				
Buildings and equipment	138,379	266,213	41,308	169,717
Other intangible assets	3,386	8,627	3,387	6,222
Leased farms	-	554,400	-	-
Total	141,765	829,240	44,695	175,939

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	179,261	78,133	39,624	8,992
After one year but within five years	229,527	105,576	42,050	9,540
After five years	-	1,584	-	-
Total	408,788	185,293	81,674	18,532

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 4 years, which will expire between 2017 and 2020.

Foreign currencies exchange forward contracts - asset

Forward exchange contracts for foreign currencies on importing raw materials and machinaries from foreign countries are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
United States Dollars	1,381,487	2,101,076	-	-
Euro	-	43,953	-	43,953
Total	1,381,487	2,145,029	-	43,953

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Foreign currency exchange forward contracts - liability

Forward exchange contracts for foreign currency on exporting goods to foreign countries are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
United States Dollars	-	174,422	-	174,422
Total	-	174,422	-	174,422

Other commitments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Unused letters of credit for purchases of goods, raw materials, supplies and others	2,091,941	3,517,081	-	2,768
Purchase orders for goods and supplies	5,000	1,754,791	375	874,265
Total	2,096,941	5,271,872	375	877,033

35 Contingent liabilities

Farmers' borrowings guarantee commitments

As at 31 December 2016 the Group and the Company had commitments under memorandum of understanding with the financial institutions for poultry and swine contract farming projects. Under contract farming projects, the Group and the Company guarantee farmers' borrowings from financial institutions. The farmers' borrowings are for construction of poultry and swine coops to rear the Group's poultry and swine. The guarantees on outstanding farmers' borrowing principals amounted to Baht 831 million (2015: Baht 1,081 million).

36 Events after the reporting period

- 36.1 On 17 January 2017 the increase of shares from the exercise of TFG-W1 Warrants for buying 8,664,700 ordinary shares was approved by the Stock Exchange of Thailand for trading.
- 36.2 The setting up a subsidiary, Thai National Logistics Co., Ltd., which is operate in transport and cargo handling. The subsidiary would have the initial registered authorised share capital of Baht 60 million. The registration was completed in 12 January 2017.
- 36.3 The investment of Big Foods Group Co., Ltd., which is producing chicken and has slaughterhouse for chicken parts, by purchasing from shares' owners 100,016 ordinary shares and purchasing 200,000 new issued ordinary shares in totaling 300,016 shares at Baht 200 per share (par value of Baht 100 per share) totaling of Baht 60 million. In this regard, the Company has equity in authorise shares at the issue of new share of Big Foods Group Co., Ltd., which 75% of authorised share capital. The Company has accomplished share purchase and the transfer has been completed on 24 January 2017.



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36.4 At the Company's Board of Directors held on 23 February 2017, the Company's directors approved the following significant resolutions:

- The issuance and allocation of not exceeding 510.87 million units of warrants which is the right to purchase the newly issued ordinary shares of the Company No. 2 ("TFG-W2 Warrants") to the existing shareholders in proportion to their respective shareholding without charge, at the allocation ratio of 10 existing ordinary shares with the par value Baht 1 per share to 1 unit of TFG-W2 Warrants (10:1). The exercise ratio is 1 unit of TFG-W2 Warrants to purchase 1 ordinary share with the exercise price of Baht 9.50 per share (except for the rights adjustment). The warrants will be expired within 3 years after the issuance of TFG-W2 Warrants.
- The decrease of the Company's authorised share capital of Baht 6,058 by canceling 6,058 unsubscribed shares of the Company with the par value of Baht 1 per share. The increase of the Company's authorised share capital in the aggregate amount not exceeding Baht 528.17 million by issuing of not exceeding 510.87 million ordinary shares with the par value of Baht 1 per share and 17.30 million ordinary shares with the par value of Baht 1 per share, after decrease of authorised share capital by canceling unsubscribed shares for accommodation the exercise of TFG-W2 and TFG-W1 respectively.
- The issuance and offer debentures in the aggregate amount of not exceeding Baht 6,000 million or equivalent amount in other currencies. The interest rate and other conditions of debentures issuance will be determined based on upon the prevailing market conditions at the time of issuing and offering the debentures. This is solely for the purposes of financing the long-term capital investments for business expansion and working capital of the Company in the future.

37 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 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 Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
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 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share

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TFRS	Topic
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 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 31 (revised 2016)	Revenue - Barter Transactions involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 21 (revised 2016)	Levies
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the consolidated and separated financial statements in the year of initial application.



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38 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2015 and statement of income for the year ended 31 December 2015 have been reclassified to conform to the presentation in the 2016 financial statements and also been made following changes in accounting policy consequent to the adoption of new TFRS reporting as disclosed in note 3 to the financial statements. The reclassifications are as follows:

	2015					
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After Reclassi- fication
	<i>(in thousand Baht)</i>					
Statement of financial position as at 31 December 2015						
Trade accounts receivable	-	508,927	508,927	-	192,524	192,524
Other accounts receivable	-	57,199	57,199	-	7,372	7,372
Trade and other receivables	576,931	(576,931)	-	210,701	(210,701)	-
Inventories	3,471,435	(1,421,353)	2,050,082	306,210	-	306,210
Current biological assets	-	1,900,897	1,900,897	-	-	-
Non-current biological assets	-	575,636	575,636	-	-	-
Breeder poultry	479,544	(479,544)	-	-	-	-
Breeder swine	575,636	(575,636)	-	-	-	-
Other current assets	18,044	(4,590)	13,454	13,391	(1,674)	11,717
Other non-current assets	16,605	4,590	21,195	9,285	1,674	10,959
Short-term borrowings from financial institutions	(4,873,761)	10,805	(4,862,956)	(1,911,173)	10,850	(1,900,368)
Trade accounts payable	-	(979,143)	(979,143)	-	(617,310)	(617,310)
Other accounts payable	-	(745,880)	(745,880)	-	(261,539)	(261,539)
Trade and other payables	(1,740,344)	1,740,344	-	(884,378)	884,378	-
Current portion of finance lease liabilities	(21,877)	(6,270)	(28,147)	-	(1,943)	(1,943)
Other current liabilities	(1,643)	1,085	(558)	(210)	-	(210)
Finance lease liabilities	(349,732)	(10,166)	(359,898)	-	(3,586)	(3,586)
Retentions	(2,709)	30	(2,679)	-	-	-
		<u>-</u>			<u>-</u>	

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	2015					
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After Reclassi- fication
	<i>(in thousand Baht)</i>					
<i>Statement of income for the year ended 31 December 2015</i>						
Revenue from sale of goods and rendering of services	(17,364,695)	(6,024)	(17,370,719)	(10,435,636)	-	(10,435,636)
Interest income	-	(89,715)	(89,715)	-	(44,442)	(44,442)
Other income	(111,244)	95,739	(15,505)	(53,025)	44,442	(8,583)
Selling expenses	213,886	22,983	236,869	165,723	22,982	188,705
Administrative expenses	691,824	(22,983)	668,841	443,677	(22,982)	420,695
		<u>-</u>			<u>-</u>	





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