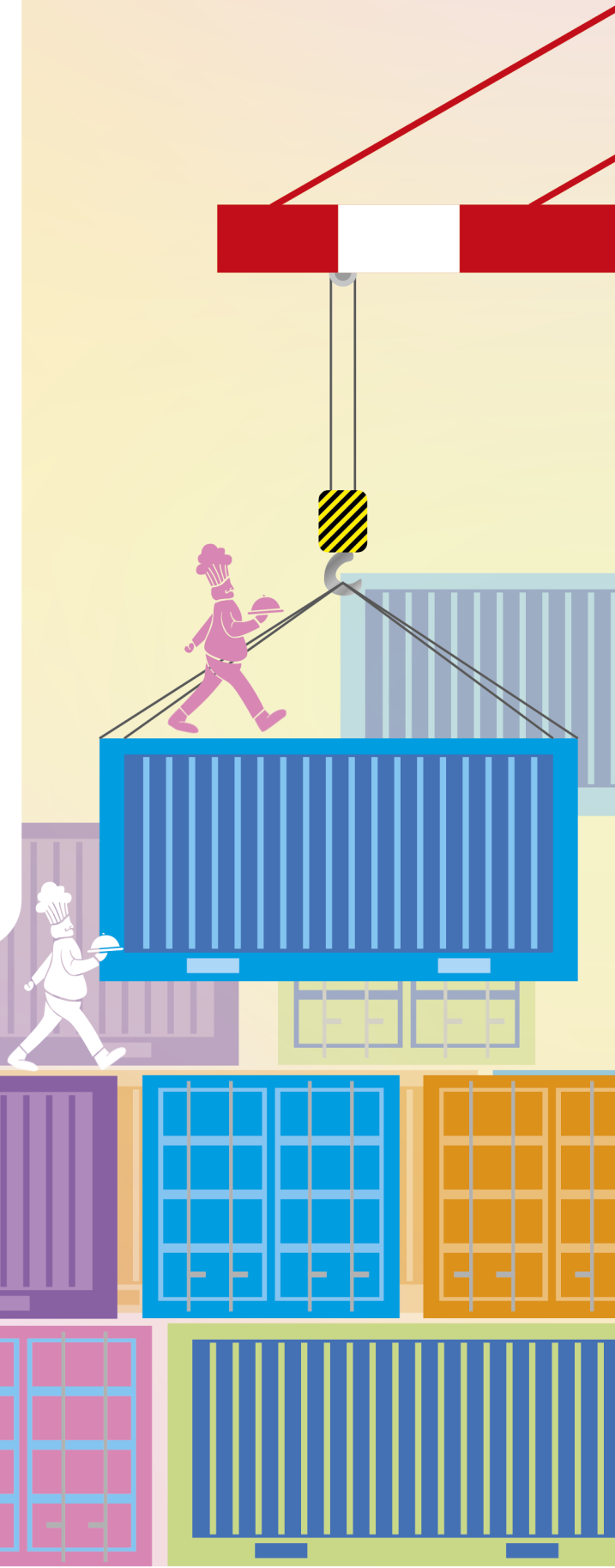
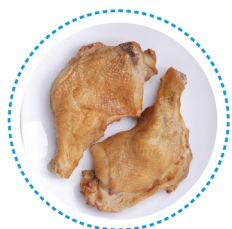




THAIFOODS GROUP
PUBLIC COMPANY LIMITED

2018 ANNUAL REPORT

1 Year of Further Growth



Contents

Message from Directors	2
Board of Directors	4
Managements	5
Audit Committee's Report	6
General Information	9
Summary of Financial Highlights	10
Policy and Overview of Business Operation	11
Nature of Business	21
Risk Factors	35
Management and Shareholding Structure	39
Dividend Payment Policy	57
Corporate Governance	58
Corporate Social Responsibility (CSR)	86
Internal Control and Risk Management	87
Related Party Transactions	88
Key Financial Information	94
Management's Discussion and Analysis	98
Independent Auditor's Report	104
Financial Statements	110
Notes to Consolidated Financial Statements	123



Message from Directors



Thaifoods Group Public Company Limited (“the Company”) has continued to increased revenues, in 2016 - 2018 the total revenue was 20,779.59 million baht, 25,913.13 million baht and 28,410.03 million baht, equivalent to 24.70% and 9.64% respectively. In 2018, the company was suffers from a low domestic chicken price and start the commercial operation of the further chicken factory. As a result, the profit for the year 2018 amounted to 615.59 million baht, a decrease from the previous year of 1,518.23 million baht equivalent to 59.45%. However the export sales volume increased record new high, with the export volume of 54,627.40 tons in 2018, an increase from the year 2017 of 37,078.23 million baht, equivalent to increase of 47.33%. For china market, the Company has export to China after China has allowed exporter of Thailand could be officially export frozen chicken in the first quarter of 2018.

The Swine Business in 2018 increased 21.08% from the previous year and the company was certified antibiotic-free (Raise Without Antibiotics (RWA)) from NSF International Institute which will be create more value for the product and respond to satisfied of customers. For feed operations and others for the year 2018 amounted to 3,805.03 million baht, increased 46.37% which increased the volume of animal feed sold to other our group continuously. The volume of external sale in 2016 - 2018 amounted to 137,222.43 tons, 190,857.05 tons and 290,328.28 tons, respectively, equivalent an increase of 39.09% and 52.12% respectively.

For the year 2019, the company targeted that would continue to be the year of the growth of the further factory “Year of Further Growth” which is the new factory that has just officially started operations in the fourth quarter of 2018, and the company has collaborated with swine producers of the world standard for develop swine breeder to be effective and meet the quality of customer need, including the development of technology for animal feed production. In 2018, the Company has many big projects for foundation sustainability, increase efficiency and competitive



capability both local and abroad competitive which create more value in the future. In addition, the company will focus on improving production efficiency to be a low-cost producer and deliver quality food to consumers.

To demonstrate our commitment to anti-corruption, the Company has rectified the Private Sector Collective Action Coalition Against Corruption: CAC.

In 2018, the Company has achieve AGM Checklist assessment of 100.00 scores and corporate governance rated “Very Good” from the Thai Institute of Directors Association, where the Company expects to improve corporate governance in the coming years to assure shareholders creditability of the Company.

For CSR, the Company operates its business according to the principles of good governance. It’s responsible for all stakeholders that committed to business development, along with the economic, social and environmental balance to sustainable business practices and manufacturer of quality and safe food in accordance with international standards. Moreover, the Company has encouraged innovation and new technologies to improve safety, increase production quality and efficiency while reducing the impact on the community, society and the environment. The Company has also promoted knowledge safety, welfare and continuous growth in the line to make all related person sustainable.

The Company strongly believes that being a Good Corporate Citizen under good corporate governance can generate returns for shareholders and all stakeholders. It is strongly believed that. “Quality Foods Quality Life”.



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



(Mr. Winai Teawsomboonkij)
Director



Thaifoods Group Public Company Limited

Board of Directors



- | | | |
|---|--|--|
| 1. Mr. Chaipatr Srivisarvacha
Chairman of the Board of Director | 2. Mr. Winai Teawsomboonkij
Director | 3. Mr. Phet Nantavisai
Director |
| 4. Ms. Siriluck Tangwiboonpanich
Director | 5. Mr. Prasit Wasupath
Director | 6. Mr. Weidt Nuchcharoen
Chairman of Audit Committee/
Independent Director |
| 7. Mr. Weerasak Ungkajornkul
Audit Committee/ Independent Director | 8. Mr. Anant Tangtongwechakit
Audit Committee/ Independent Director | |

Managements



1. [Mr. Winai Teawsomboonkij](#)
Chief Executive Officer
2. [Mr. Phet Nantavisai](#)
Executive Vice President Farm Unit and Quality Development
3. [Ms. Siriluck Tangwiboonpanich](#)
Senior Assistant Vice President Accounting and Credit
4. [Mr. Sugun Thampon](#)
Senior Assistant Vice President Slaughterhouse and Sausage
5. [Mr. Surameth Maneethai](#)
Senior Assistant Vice President Sales and Marketing



Audit Committee's Report

To The 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. Anant Tangtongwechakit (has been approved to change position from the Board of Director to be the Board of Director and the Audit Committee with effective from November 12, 2018) 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 2018, the Committee held a total of 4 meetings. The Committee's significant activities in 2018 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 of financial statements 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 2019:** The Committee had worked with the Management team to consider selection of external auditors and audit fees for the year 2019 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, Certified Public Accountant (CPA) Registration No. 4323 and/or Ms. Sujitra Masena, CPA Registration No. 8645 and/or Ms. Nareewan Chaibantad, CPA Registration No.9219 wherein anyone is eligible to conduct audit engagement and express opinion on the financial statements of the Company for the year 2019.

In summary, the Committee fully performed its duties independently by using knowledge, abilities and prudence in providing opinions and creative recommendations for the fair benefit of all interested parties. The Committee view that the Company's financial statements were correct and reliable 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



(Mr. Weidt Nuchcharoen)

Chairman of Audit Committee



General Information

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, 12 th Fl, Viphavadi - Rangsit Road, Chatuchak Subdistrict, Chatuchak District, Bangkok 10900
Registration number	0107557000292
Homepage	www.tfg.co.th
Tel.	(66) 2 513 8989
Fax.	(66) 2 513 9060
Registered Capital	6,138,160,412 baht
Paid up Capital	5,176,628,660 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



Summary of Financial Highlights

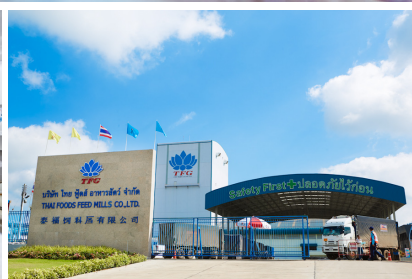
		2016	2017	2018
Financial Position and Operating Results (Million Baht)				
Total Assets		15,596.27	18,893.71	22,711.06
Total Liabilities		9,469.20	11,522.57	14,875.71
Total Equity		6,127.07	7,371.15	7,835.35
Revenue from Sales of Goods and Rendering of Services		20,625.84	25,789.40	27,986.36
Total Revenues		20,779.59	25,913.13	28,410.03
Cost of Sales of Goods and Rendering of Services		18,005.14	22,547.51	25,715.53
Total Expenses		19,234.95	24,283.02	27,792.44
Profit (owners of the parent)		1,446.80	1,516.04	645.46
Current Ratio				
Current Ratio	(Times)	0.86	0.98	0.81
Accounts Receivable Turnover	(Times)	31.16	27.01	19.55
Inventory Turnover	(Times)	7.57	8.05	8.34
Accounts Payable Turnover	(Times)	15.48	13.77	11.64
Profitability Ratio				
Gross Profit (Loss) Margin	(%)	12.71	12.57	8.11
Operating (Loss) Margin	(%)	8.68	7.48	3.49
Net profit (Loss) Margin	(%)	6.96	5.85	2.27
Return on Equity	(%)	26.84	22.46	8.49
Efficiency Ratio				
Return on Total Assets	(%)	10.20	8.79	3.10
Return on Fixed Assets	(%)	28.74	28.92	17.51
Financial Policy Ratio				
Debt to Equity Ratio	(Times)	1.55	1.56	1.90
Interest Coverage Ratio	(Times)	10.95	10.31	6.73

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 and also included production and sales of animal feed sacks and plastic farming equipment.



At 31 December 2017, the Company has seventeen breeder chicken farms, six hatcheries, Contract farming 624 contract farmers, three chicken slaughterhouses (two of the slaughterhouses are located in the Kanchanaburi province and one of the slaughterhouses is located in the Prachinburi province) and a chicken sausage factory located in the Prachinburi province. Additional the Company has one slaughterhouse from share acquisition Big Food Group Company Limited located in Ratchaburi province. For swine business, the Company has



two great-grandparent pig farm, six grandparent farms, nine parent farms, Contract farming 386 contract farmers (360 contract farmers in Thailand and 26 contract farmers in Vietnam), 2 own slaughterhouse in Khon Kaen and Chonburi province and also two contracted swine slaughterhouses in the Nakhon Pathom and Prachinburi province. 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 and one feed mill located in the Prachinburi province).

At 31 December 2018, the Company has nineteen breeder chicken farms, seven hatcheries, Contract farming 558 contract farmers, three chicken slaughterhouses (two of the slaughterhouses are located in the Kanchanaburi province and one of the slaughterhouses is located in the Prachinburi province) and a chicken sausage factory located in the Prachinburi province. For swine business, the Company has two great-grandparent pig farm, six grandparent farms, nine parent farms, Contract farming 446 contract farmers (418 contract farmers in Thailand and 28 contract farmers in Vietnam), 2 own slaughterhouse in Khon Kaen and Chonburi province and also two contracted swine slaughterhouses in the Nakhon Pathom and Prachinburi province. 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 and one feed mill located in the Prachinburi province).

Total revenue for the year 2016-2018 were Baht 20,779.59 million, Baht 25,913.13 million and Baht 28,410.03 million respectively, or increasing 24.70% and 9.64% 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 2016-2018 as follow.

Business	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Poultry	13,360.25	64.29	18,022.95	69.55	17,925.34	63.10
Swine	5,439.31	26.18	5,166.78	19.94	6,255.99	22.02
Feed and others	1,826.28	8.79	2,599.68	10.03	3,805.03	13.39
Other income	153.75	0.74	123.72	0.48	423.67	1.49
Total	20,779.59	100.00	25,913.13	100.00	28,410.03	100.00

Revenue from poultry operations for the year 2016 - 2018 were Baht 13,360.25 million, Baht 18,022.95 million and Baht 17,825.34 million, respectively. Revenue of 2017 increased 34.90% from 2016 due to the effect of increase in average chicken meat price and quantity. The average price in 2017 was Baht 39.79/kg in increase from 2016 and volume sold in 2017 was 388,070.08 tonnes increase from 2016 due to the Company expand the capacity to supporting increasing domestic and export sale.

In 2018, the revenue decrease 0.54% from 2017 due to decrease in average chicken meat price while quantity was increase. The average price in 2018 was Baht 37.70/kg decrease from 2017 due to drop in chicken market price. The volume sold in 2018 was 405,666.63 tonnes increase from 2017 as a result of increasing farming and slaughtering capacity as well as higher sales in both domestic and export markets.

Revenue from swine operations for the year 2016 - 2018 were Baht 5,439.31 million, Baht 5,166.78 million and Baht 6,255.99 million, respectively. Revenue for the year 2017 decreased 5.01% from 2016 as a result of price effect. Average selling prices in 2017 were Baht 55.63/kg and the volumes sold were 80,845.64 tonnes which increased from 2016 due to increased farming capacity and expansion of domestic sale of pork parts.

Revenue from swine operations for the year 2018 increased 21.08% from 2017 as a result of price effect. Average selling prices in 2018 were Baht 60.56/kg and the volumes sold were 90,488.24 tonnes which increased from 2017 due to increased farming capacity and expansion of domestic sale of pork parts.

Revenue from feed operations and others for the year 2016 - 2018 were Baht 1,826.28 million, Baht 2,599.68 million and Baht 3,805.03 million, respectively or increasing 42.35% and 46.37%, respectively due to increase sale volume to external customer. The sell volumes for the year 2016-2018 were 137,222.43 tonnes, 190,857.05 tonnes and 290,328.28 tonnes, respectively or increase equivalent to 39.09% and 52.12% 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 63.10% of consolidated revenue from total revenue for the year 2018.

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 22.02% of our consolidated revenue from total revenue for the year 2018.

We also produce animal feed. In 2018, 78.53% 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 13.39% of our consolidated revenue from total revenue for the year 2018.



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

Vision

THAIFOODS is a food manufacturer
with a global quality and safety standard

Mission

- Transparent and investigable management
- Responsibly interact with societies, customers, employees and shareholders
- Manufacture product of sufficient quality and safety
- Invent new innovations and technologies
- Develop products and expand distribution channels
- Continuously professionalize human resources development
- Develop internal management to global standards
- Develop information technology system for strategic management

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 then, 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	<p>The Company began operating our first grandparent pig farm in the Kanchanaburi province of Thailand with a capacity of 1,900 pigs.</p> <p>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.</p>
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	<p>The Company changed our registered name to Thai Foods Group Co., Ltd.</p> <p>The Company began operating our first parent pig farm in the Nakornsawan province of Thailand with a capacity of 1,800 pigs.</p> <p>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.</p>
2013	<p>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.</p> <p>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.</p> <p>The Company acquired Thai Foods Swine Farm, which was previously owned directly and/or controlled by Mr. Winai Teawsomboonkij and his related persons.</p>

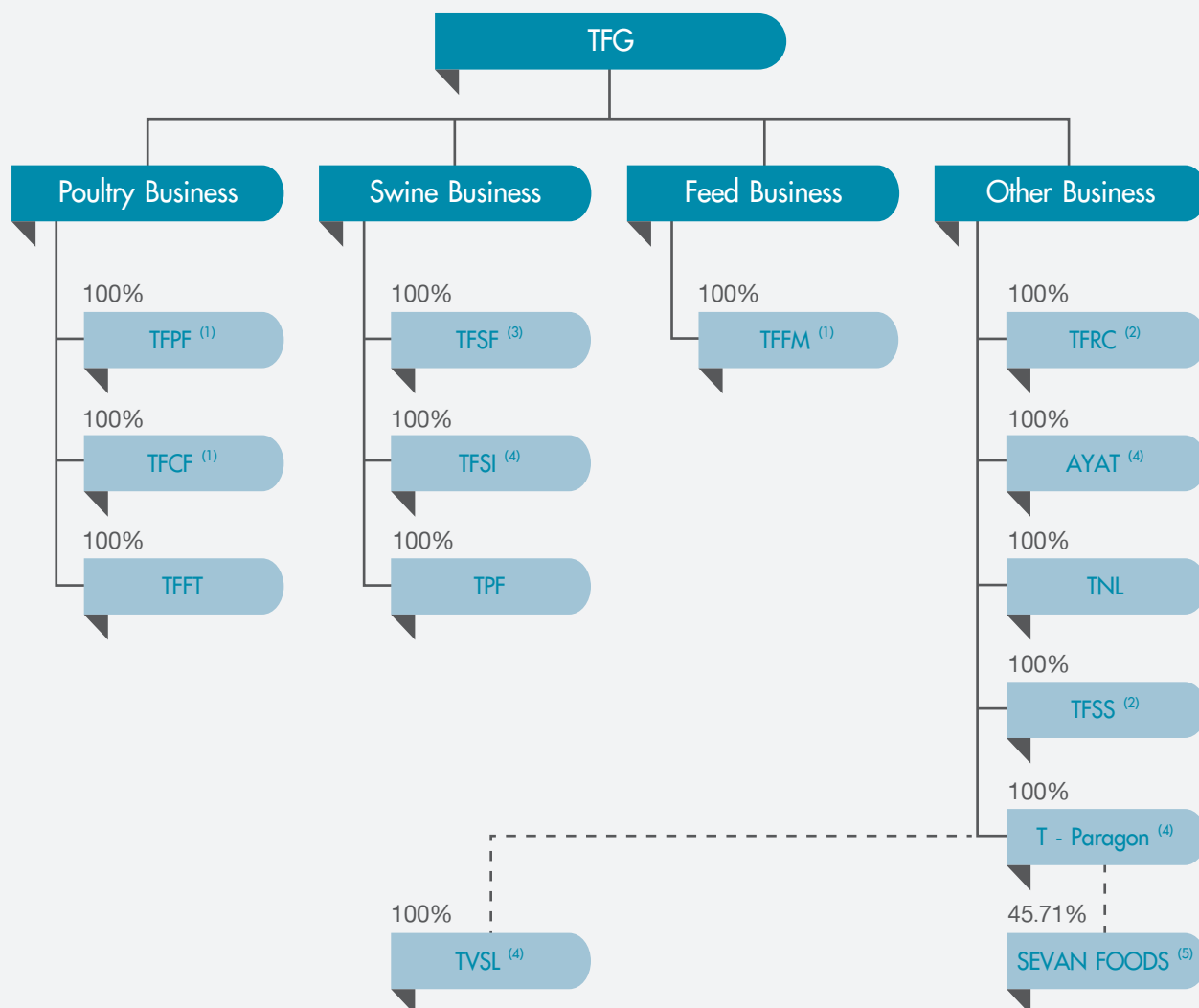
Year	Milestone
2014	<p>The Company began operating a new slaughterhouse in the Prachinburi province of Thailand with a capacity 150,000 chickens per day, increasing our production capacity to 440,000 chickens per day.</p> <p>The Company began operating a new hatchery in the Kanchanaburi province of Thailand, 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, 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>

Year	Milestone
	<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 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 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.</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 1, 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 20, 2017, and 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 TFG-W1 no. 1 on December 30, 2016.</p>

Year	Milestone
	<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 Baht 100,000,000 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> <p>On 7 June 2017, the Warrants No. 2 ("TFG-W2") 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-W2 was traded in Stock Exchange of Thailand. The exercise ratio is that 1 unit of TFG-W2 shall be entitled to purchase 1 ordinary share of the Company. The exercise price under the Warrants s Baht 9.50 per share. Therefore, there was the changing reg registered capital of Baht 5,610,000,000 to Baht 6,138,160,412.</p> <p>On July 13, 2017, the Company registered the increase of paid-up capital from Baht 5,108,664,700 to Baht 5,109,396,600 due to the first exercise TFG-W1 no. 2 on June 30, 2017</p> <p>On July 18, 2017, the Company registered the increase in the share capital of Thaifoods Further Company Limited from its registered capital of Baht 100,000,000, paid-up capital of Baht 25,000,000 to registered capital Baht 500,000,000 Paid up capital Baht 500,000,000 (With a par value of 100 baht).</p> <p>On November 1, 2017, the Company registered the increase in the share capital of Thai Food Swine International Company Limited from its registered capital and paid-up capital of Baht 135,000,000 to Baht 180,000,000.</p>
2018	<p>On January 10, 2018, the Company registered the increase of paid-up capital from Baht 5,109,396,600 to Baht 5,112,905,700 due to the first exercise TFG-W1 no. 3 and TFG-W2 no. 1 on December 29, 2017.</p> <p>On March 13, 2018, Thai Foods Layer Farm Co., Ltd. changed the name to Thaifoods Service and Supply Co., Ltd. that produce pork process and distribution chicken and pork product.</p> <p>On July 9, 2018, the Company registered the increase of paid-up capital from Baht 5,112,905,700 to Baht 5,113,305,700 due to the first exercise TFG-W1 no. 4 and TFG-W2 no. 2 on June 30, 2018.</p> <p>On December 7, 2018, the Company has paid an interim dividend of Bath 0.07 per share for the business operation results of the first 9 month of 2018 for 5,113,305,700 shares, totaling Baht 357,931,399.</p> <p>On December 28, 2018, the Company sells the shares of Big Food amount of 300,016 shares at price 200 baht/share totaling Baht 60 million.</p>
2019	<p>On January 9, 2019, the Company registered the increase of paid-up capital from Baht 5,113,305,700 to Baht 5,176,628,660 due to the first exercise TFG-W1 no. 5 and TFG-W2 no. 3 on December 28, 2019.</p>

Shareholding Structure of the Company

Shareholding Structure of the Company as of 31 December 2018



Notes : Initial of each company as follow

TFPF : Thai Foods Poultry Farm Co., Ltd.

TFFT : Thaifoods Further Co., Ltd.

TFSI : Thai Foods Swine International Co., Ltd.

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

TFRC : Thai Foods Research Center Co., Ltd.

TNL : Thai National Logistics Co., Ltd.

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

TFCF : Thai Foods Contract Farming Co., Ltd.

TFSF : Thai Foods Swine Farm Co., Ltd.

TPF : Thai Process Foods Co., Ltd.

TFFM : Thai Foods Feed Mills Co., Ltd.

AYAT : Ayothaya Agri Tech Co., Ltd.

TFSS : Thaifoods Service and Supply 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") and TFLF change name to Thaifoods Service and Supply Co., Ltd. (TFSS) in 2018

⁽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")

* 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 Further Co., Ltd.	500,000,000	100	Production and distribution of processed Product
Swine Business			
4. Thai Foods Swine Farm Co., Ltd.	1,000,000,000	100	Production and distribution of swine
5. Thai Foods Swine International Co., Ltd.	180,000,000	100	Production and distribution of swine
6. Thai Viet Swine Line Joint Stock Co., Ltd. ⁽¹⁾	8,700,000 ⁽²⁾	100	Production and distribution of swine
7. Thai Process Foods Co., Ltd	50,000,000	100	Production and distribution of process pork
Feed Business			
8. Thai Foods Feed Mills Co., Ltd.	2,000,000,000	100	Manufacturing and distribution of feed
Other Business			
9. Thai Foods Research Center Co., Ltd.	50,000,000	100	Research of cattle disease and manufacturing of vaccine
10. Ayothaya Agri Tech Co., Ltd.	80,000,000	100	Manufacturing of sack and plastic sack
11. T Paragon Holding Co., Ltd.	276,300,000	100	Holding company
12. Thai National Logistics Co., Ltd.	60,000,000	100	Logistic business
13. Thaifoods Service and Supply Co., Ltd.	180,000,000	100	Production process pork and distribution of chicken and swin production

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

Nature of Business

Revenue Structure

Revenue structure of the Company and subsidiaries separate by category in 2016 - 2018 as follows;

Type of Business	2016		2017		2018	
	Baht (million)	%	Baht (million)	%	Baht (million)	%
Poultry	13,360.25	64.29	18,022.95	69.55	17,925.34	63.10
Swine	5,439.31	26.18	5,166.78	19.94	6,255.99	22.02
Feed and other	1,826.28	8.79	2,599.68	10.03	3,805.03	13.39
Others	153.75	0.74	123.72	0.48	423.67	1.49
Total	20,779.59	100.00	25,913.13	100.00	28,410.03	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 64.29%, 69.55% and 63.10% of consolidated revenue in 2016 - 2018, 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 2018, the Company utilized a network of more than 558 contract farmers 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 3.168 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 2018, the Company raise breeder chickens at our 19 breeder farms, which consist of 235 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 2016-2018 was Baht 5,439.31 million, Baht 5,166.78 million and Baht 6,255.99 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 2018, the Company utilized a network of 446 contract farmers (418 in Thailand and 28 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 2018, the Company had the capacity to raise over 432,280 fattening pigs at any given time which decreased from 2017 that raise over 433,110 fattening pigs at any given time. In 2018, the Company sold an average of approximately 68,321 fattening pigs per month, which was an increase from an average of approximately 62,618 fattening pigs per month and 53,767 fattening pigs per month in 2017 and 2016 respectively.

Purchase of Great-Grandparent Pigs

Since 2012, the Company have purchased our great-grandparent pigs through a distributor from abroad which specializing in breeder production as appropriate for improvement 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

As at 31 December 2018, the Company sell live pigs primarily through the efforts of our sales and marketing team and operate in both Thailand and Vietnam, our sales team is located in both countries.

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 1,352,541.04 tonnes of animal feed in 2018, 78.53% of the feed produced in 2018 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 3,743.48 million, constituting 22.95% of our consolidated revenue in 2018.

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 2018, ADM Asia-Pacific Trading Pte. Ltd. and Cargill Siam Ltd. are our soybean suppliers, which accounted for 5.86% and 4.40% our cost of sales of goods and rendering of services for the year ended 31 December 2018. 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. 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.

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

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
	61-0764-0-00-1-0	Suphanburi	-	8 years after recognize revenue	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 (Formally 1795(5)/2554)
	1196(2)/2556	Prachinburi	11 February 2013	10 February 2021	Piglet
	1209(5)/2555	Suphanburi	30 December 2011	29 December 2019	Plastic Farming Equipment
TFSI	60-0408-1-00-1-0	Khon Kaen	18 April 2017	17 April 2020	Pork part
	60-1294-1-00-1-0	Chonburi	18 September 2017	17 September 2020	Pork part
TFFT	60-0907-1-00-1-0	Kanchanaburi	-	5 years from start operation	Processing food

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>
Year1-4	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 parent 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 2018, 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-Argonist 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 2018, broiler manufacturing figures was 1,570.45 Million birds, or equivalent to 2.32 Million tonnes, increased from 2017 which was 1,560.62 Million birds, or 2.21 Million tonnes. The total increase is measured at 5.23% from 2017, due to the good safety and manufacturing standard of broiler farm in Thailand which effectively increased production serve consumption of consumer in domestic and export. (The Office of Agricultural Economics)

Export Figures

In 2018, Thailand exports a total of 820,000 tonnes of broilers, valued at Baht 101,000 Million, increased from 2017 which was 758,370 Million tonnes, valued at Baht 96,278 Million, with total sales figures in 2018 increased by 8.13% from 2017 due to increase the consumption demand of trade partner both Japan and European Union market which are main export market of Thailand. Main export market name is Japan, European Union and ASEAN Countries respectively. Thailand currently ranked as one of the world top broiler exporters.

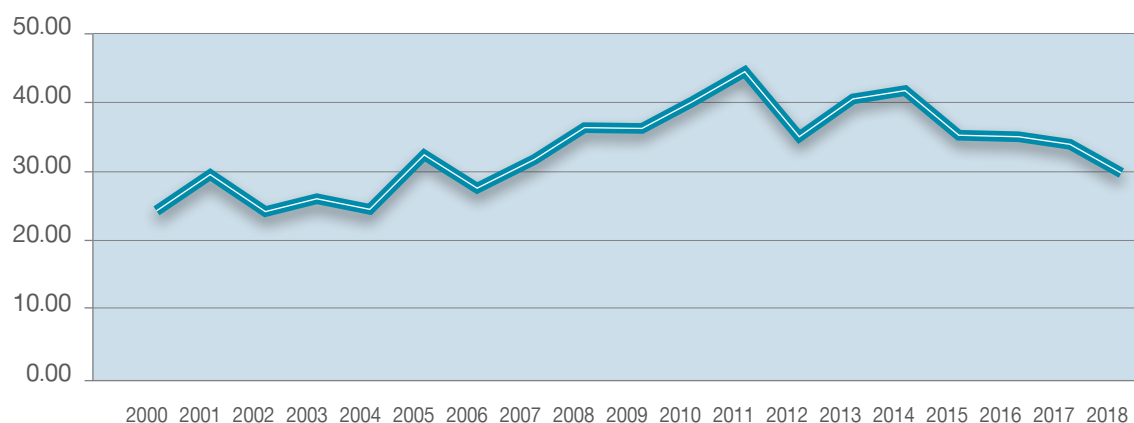
Broiler exports can be divided into two parts, frozen broiler exports and processed chicken. Total frozen broiler export figures in 2018 was 280,000 tonnes, valued at Baht 25,000 Million, increased from 2017 which was 225,636 tonnes at Baht 20,176 Million, total increase in 2018 was 24.09% from 2017. As for processes chicken in 2018, total export figures was 540,000 tonnes, valued at Baht 76,000 Million, increased from 2017 which was 532,734 tonnes, at Baht 76,102 Million, total increase in 2018 was 1.36% from 2017. (Source: The Office of Agricultural Economics)

Broiler Farm Pricing

In 2018, pricing of broilers was 30.19 Bt/Kg, decreased from 2017 which was 34.13 Bt/Kg or decrease by 13.05% due to increased broiler supply in the market.

Annual Figures: Broiler Broiler Pricing 2000 - 2018

Baht/Kilogram



(Source: Thai Feed Mill Association)

Swine Business

Manufacturing Figures

In 2018, swine manufacturing figures was 19.88 Million unit, increased from 2017 which was 19.25 Million unit. The total increase is measured at 3.27% from 2017, due to demand consumption internal market rising continuously, mid-size and large-size producers have effective management which result survival rate was higher as production would be increase.

Export Figures

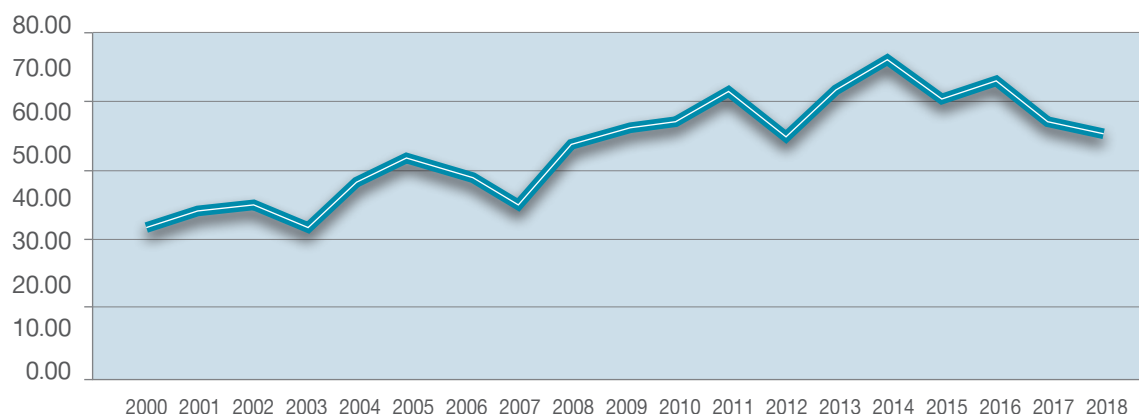
In 2018, Thailand have part pork meat figures was 2,404 tonnes, valued at Baht 172.18 Million increased from 2017 which was 2,393 tonnes, at Baht 146.77 Million baht, total increase in 2018 was 0.46% from 2017 and process pork figures was 8,353 tonnes, valued at Baht 1,961.36 Million decreased from 2017 which was 8,489 tonnes, at Baht 1,950.46 Million, total decrease in 2018 was 1.60% from 2017 due todemand live pig of the neighborhood in border area in period of mid year increase continuously

Swine Farm Pricing

In 2018, swine prices at farm was 55.30 Bt/Kg, decreased from 2017 which was 57.96 Bt/Kg or 4.81% decrease due to over supplyof swine sector.

Annual Figures: Swine Farm Pricing 2000 - 2018

Baht/Kilogram



(Source: Thai Feed Mill Association)



Business Trends

Production figure of broiler in 2019 is estimated to 1,606.38 Million birds, increase by 2.29% from 2018 in accordance with population increase and consumer demands due to poultry as chicken meat essential for consumption and cheaper compare with other meat. For poultry export in 2019, figures are estimated to 850,000 tonnes, valued at Baht 105,000 Million, The volume increased by 3.66% and the value increased by 3.96% from 2018. In 2019, it is expected to increase in line with demand of the market especially Japan market, European Union market and other markets that are trend to import chicken from Thailand to increase as a result of preventive measures, strict to surveillance of animal epidemics and maintain the standard of production and product quality. It is recognized by consumers and export partner. Thailand has been able to increase exports of chicken meat continuously.

Production figures of swine in 2019 is estimated to be 19.99 Million unit, increased by 0.55% from 2018. It is expected to part pork and process pork meat will closely in 2018 due to pork price has higher while production also higher including export volume would be unchange. (Source: The Office of Agricultural Economics)

Production and Facilities

Production Capacity

Poultry Business

Facilities

As at 31 December 2018, the Company raises the breeder chickens at 19 breeder farms, which consist of 235 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 2018, the Company also own and operate seven 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
7.	Sra Keaw	168 Moo. 12, Saralamdaun, Meung District, Sra Keaw Province

As at 31 December 2018, the Company own 183 automatic hatchery machines across 7 hatcheries that aid in the hatching process, the hatcheries operated at approximately 82% 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. The Company also rent and operates 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 2014 - 2018

Poultry	2014	2015	2016	2017	2018
Breeder ^{1/} (unit)	1,716,900 ^{2/}	1,716,900	1,755,178	1,755,178	1,847,000
Eggs ^{3/} (egg)	4,878,720	4,878,720	5,008,320	5,008,320	6,390,720
Slaughter (Chickens per day)	466,000	466,000	466,000	470,000	500,000
Chicken Sausage (Tonnes per day)	-	-	60	60	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 2018, the Company operates three slaughterhouses with the total capacity of 500,000 chickens per day. The two slaughterhouses located in the Kanchanaburi province have a capacity of 180,000 chickens per day and 140,000 chickens per day respectively. Each was operating at 96.97% of capacity. The slaughterhouse in the Prachinburi province had a total capacity of 180,000 chickens per day and was operating at 100.00% capacity. This slaughterhouse in the Prachinburi province has started operates in 2014. For the chicken sausage factory which located in the Prachinburi province, had have a capacity of 60 tons per day and was operating at 75.00% 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 2018, the Company own and operate two great-grandparent pig farms. The first great-grandparent pig farm is located in the Kanchanaburi province 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 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, two 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 Nakornsawan province. The seven 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 28 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 2018, the Company can raise an average of approximately 68,321 fattening pigs per month. In Vietnam, the Company can raise an average of approximately 7,500 fattening pigs per month.

The two own slaughterhouse in Khon Kaen and Chonburi province. The contracted swine slaughterhouses in the Nakhon Pathom and Prachinburi province.

Production Capacity

The following table sets out the historical production capacities for the swine operations as at the end of year 2015 - 2018;

Swine	2015	2016	2017	2018
Farms in Thailand				
Great-grandparent pig ^{1/}	450	1,150	1,150	1,150
Number of great-grandparent pigs farm	1	2	2	2
Grandparent pig ^{1/}	7,800	7,800	7,800	7,800
Number of Grandparent pigs farms	7	6	6	6
Parent pig ^{1/}	10,000	17,500	17,500	17,500
Number of parent pigs farms	6	9	9	9
Fattening pigs (Pig/Month)	44,045	53,767	62,618	68,321
Farms in Vietnam				
Grandparent pig	800	800	800	800
Number of Grandparent pigs farms	1	1	1	1
Parent pig	4,200	4,200	4,200	4,200
Number of parent pigs farms	3	3	3	3
Fattening pigs (Pig/Month)	5,178	6,700	6,700	7,500
Number of contract farming	20	25	26	28
Slaughterhouses (Pig/Day)				
Khon Kaen province	-	-	600	600
Chonburi province	-	-	800	800
Nakhon Pathom and Prachinburi province	314	370	370	370

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 2018, the Company own and operate three feed mills to produce the feed with total capacity 131,400 tonnes per month, two of which are located in the Suphanburi province of Thailand with total capacity of 81,000 tonnes per month and operating at 88.89% of capacity. The third feed mill located in the Prachinburi province of Thailand has a total capacity of 50,400 tonnes per month and, operating at 87.30% of capacity.



The following table sets out the historical production capacities for the feed business as at the end of year 2015-2018;

Feed mills (Tonnes per month)	2015	2016	2017	2018
Capacity	120,000	120,000	123,000	131,400

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) Announcement of the Ministry of Industry Re: Characteristics of air release 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 factory and 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.

Risk Factors

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 31, 2018 the Company have 558 poultry farmers contracted and 418 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 December 31, 2018, the Company has 7,495 employees working in slaughterhouses, 4,535 in the Kanchanaburi and 2,960 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 Manangement 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 3,964,274,429 shares as of December 31, 2018, accounting for 77.53% 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 31 December 2018, the Company has 3 independent directors into the board of director from the total position of 8 persons available, i.e. 37.50 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

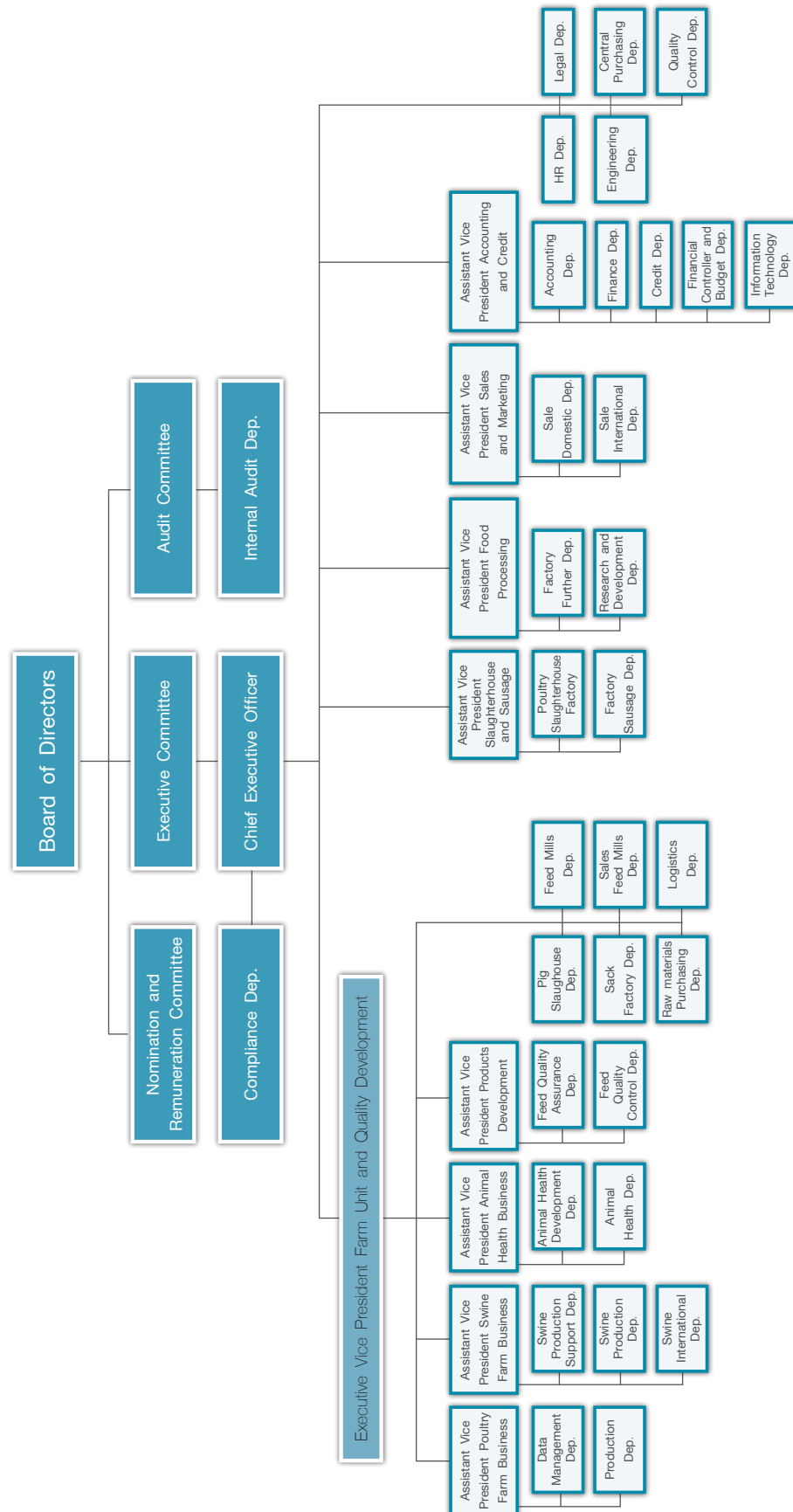
The Company import raw material and machinery from overseas, while also exporting products to foreign markets. Fluctuation in the exchange rates will affect the principle cost of the Company.

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.

Management and Shareholding Structure

The Organization Chart of the Company as of 31 December 2018 are as follows;





Registered capital and Paid up capital

As of January 9, 2019 (the date that the Company increased its paid-up capital with the Ministry of Commerce due to the exercise of the TFG-W1 no.5 and TFG-W2 no.3), the Company has registered capital 6,138,160,412 baht and paid-up capital amount 5,176,628,660 Baht divided into ordinary shares 5,176,628,660 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 2018 are summarized below:

No.	Name	No. of Shares	%
1.	Mr. Winai Teawsomboonkij Group	3,964,274,429	77.53
	Mr. Winai Teawsomboonkij	1,018,107,832	19.91
	Ms. Pritsana Teawsomboonkij	1	0.00
	Newstar Victor Company Limited ^{1/}	1,576,166,596	30.83
	BNP PARIBAS HONG KONG BRANCH ^{2/}	970,000,000	18.97
	BNP PARIBAS HONG KONG BRANCH ^{2/}	400,000,000	7.82
2.	Mr. Nattawut Teawsomboonkij	268,256,871	5.25
3.	UOB KAY HIAN PRIVATE LIMITED	192,496,300	3.76
4.	Ms. Vichita Teawsomboonkij	68,158,900	1.33
5.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	36,227,111	0.71
6.	Seamico Securities Public Company Limited	34,940,000	0.68
7.	KT ZMICO Securities Company Limited	26,148,000	0.51
8.	Thai NVDR Company Limited	22,472,137	0.44
9.	Ms. Amorntip Dejthanaseth	20,000,000	0.39
10.	BANK J.SAFRA SARASIN LTD. SINGAPORE BRANCH	20,000,000	0.39
Top Ten Shareholders		4,652,973,748	91.00
Other Shareholders		460,331,952	9.00
Total		5,113,305,700	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/} BNP PARIBAS HONG KONG BRANCH was Financial Institutions for service of wealth management of Mr. Winai Teawsomboonkij group as service for deposit and manage share.

Other Securities

Bill of Exchange (B/E)

The Company issued Bill of Exchange (B/E) (unsubordinated and unsecured) which filling effective on 22 November 2018, offering period from 22 November 2018 to 12 November 2019. 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 2018 the issuance of bills of exchange outstanding of Baht 884.41 million, average interest rate 3.80% - 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.

Debentures 1/2017

On 14 July 2017 the Company issued Baht 1,149 million unsubordinated, unsecured debentures in registered name form, which offering for specific investors. Maturity date at 14 July 2020 with bearing interest at the fixed rate of 4.90% per annum.



The Board of Directors

As of 26 February 2019, the Board of Directors structure of the Company consists of 1) Board of Directors and 2) sub-committee which are four committees, namely Audit Committee, Nomination, Corporate Governance Committee Executive Committee, and Remuneration Committee, and 3) Managements.

Board of Directors

As of 14 February 2019, 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 Teawsomboonkij	Director
3. Mr. Phet Nantavisai	Director
4. Ms. Siriluck Tangwiboonpanich	Director
5. Mr. Prasit Wasupath	Director
6. Mr. Weidt Nuchcharoen	Chairman of Audit Committee Director/ Independent Director
7. Mr. Weerasak Ungkajornkul	Audit Committee/ Independent Director
8. Mr. Anant Tangtongwechakit	Audit Committee/ Independent Director

Mr. Winai Teawsomboonkij Mr. Phet Nantavisai Ms. Siriluck Tangwiboonpanich are authorized directors who can sign on behalf of the Company which two of these three directors 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	9/9
2. Mr. Winai Teawsomboonkij	9/9
3. Mr. Chirdsak Kukiattinun ^{1/}	8/9
4. Mr. Prasit Wasupath	9/9
5. Mr. Anant Tangtongwechakit ^{2/}	6/9
6. Mr. Weidt Nuchcharoen	9/9
7. Mr. Weerasak Ungkajornkul	9/9
8. Mr. Narakorn Ratchapolsitte ^{3/}	5/9
9. Mr. Phet Nantavisai ^{4/}	1/9
10. Ms. Siriluck Tangwiboonpanich ^{5/}	-

Remark : ^{1/} Mr. Chirdsak Kukiattinun resigned from the position of Director Executive Director and Chief Operating Officer effective from December 31, 2018

^{2/} Mr. Anant Tangtongwechakit change position from the Independent Director to be the Audit Committee/ Independent Director effective from November 12, 2018

^{3/} Mr. Narakorn Ratchapolsitte resigned from the Audit Committee/ Independent Director/ Nomination and Remuneration Committee effective from October 5, 2018

^{4/} Mr. Phet Nantavisai appoint to be the Director effective November 12, 2018

^{5/} Ms. Siriluck Tangwiboonpanich appoint to be the Director effective from February 5, 2019

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

Audit Committee

As of 14 February 2019, Audit Committee consists of 3 members are as follows:

Name	Position
1. Mr. Weidt Nuchcharoen	Chairman of Audit Committee Director/ Independent Director
2. Mr. Weerasak Ungkajornkul	Audit Committee/ Independent Director
3. Mr. Anant Tangtongwechakit	Audit Committee/ Independent 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 Thammasat 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	3/4
4. Mr. Anant Tangtongwechakit	-

Nomination and Remuneration Committee

As of 14 February 2019, Nomination and Remuneration Committee consists of two 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

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	2/2
3. Mr. Narakorn Ratchapolsitte	1/2

Corporate Governance Committee

As of 26 February 2019, Corporate Governance Committee consists of three members are as follows;

Name	Position
1. Mr. Chaipatr Srivisarvacha	Chairman of the Corporate Governance Committee
2. Mr. Phet Nantavisai	Corporate Governance Committee
3. Ms. Siriluck Tangwiboonpanich	Corporate Governance Committee



The Details of Corporate Governance Committee Attendant the Meeting are as follows;

Name	No. of Attendant the Meeting
1. Mr. Chaipatr Srivisarvacha	-
2. Mr. Phet Nantavisai	-
3. Ms. Siriluck Tangwiboonpanich	-

Remark : Corporate Governance Committee was appointed on February 26, 2019.

Executive Committees

As of 14 February 2019, Executive Committees consist of five members are as follows:

Name	Position
1. Mr. Winai Teawsomboonkij	Chairman of Executive Committee/ Chief Executive Officer
2. Mr. Phet Nantavisai	Executive Committee / Executive Vice President Farm Unit and Quality Development
3. Ms. Siriluck Tangwiboonpanich	Executive Committee / Senior Assistant Vice President Accounting and Credit

Managements

As of 14 February 2019, managements consist of five members are as follows:

Name	Position
1. Mr. Winai Teawsomboonkij	Chief Executive Officer
2. Mr. Phet Nantavisai	Executive Vice President Farm Unit and Quality Development
3. Ms. Siriluck Tangwiboonpanich	Senior Assistant Vice President Accounting and Credit
4. Mr. Sugun Thampon	Senior Assistant Vice President Slaughterhouse and Sausage
5. Mr. Surameth Maneethai	Senior Assistant Vice President Sales and Marketing

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.

Mr.Siriluck Tangwiboonpanich has a Bachelor's degree of Business Administration (Accounting), Kasetsart University and Master 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 2018, the total remuneration paid by the Company 9 members of the Board of Directors total amounted 5,495,000 Baht as follow:

Name	Remuneration (Baht) (as of 31 December 2018)				
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Bonus as Year 2018	Total
1. Mr.Chaipatr Srivisarvacha	620,000	-	80,000	310,000	1,010,000
2. Mr. Winai Teawsomboonkij	440,000	-	-	220,000	660,000
3. Mr. Chirdsak Kukiattinun	390,000	-	-	195,000	585,000
4. Mr. Prasit Wasupath	440,000	-	-	220,000	660,000
5. Mr. Anant Tangtongwechakit	290,000	-	-	145,000	435,000
6. Mr. Weidt Nuchcharoen	440,000	200,000	-	220,000	860,000
7. Mr. Weerasak Ungkajornkul	440,000	120,000	60,000	220,000	840,000
8. Mr. Narakorn Ratchapolsitte	250,000	90,000	30,000	-	370,000
9. Mr. Phet Nantavisai	50,000	-	-	25,000	75,000
Total	3,360,000	410,000	170,000	1,555,000	5,495,000

Other Remuneration

-None-

Remuneration of our Executives

Monetary Remuneration

As of 31 December 2018, the total remuneration paid by the Company to the Executives total amounted Baht 48.30 Million as follow:

Type of Remuneration	2018		2017	
	Number of Executives	Total Amount (Mil Baht)	Number of Executives	Total Amount (Mil Baht)
Monthly salary	12	37.64	12	25.02
Bonus	12	5.89	12	4.41
Other expenses	12	4.77	12	3.22
Total		48.30		32.65

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



Other Remuneration

The Company provide a company car with the value not exceeding Baht 1 million.

Employees

No. of Employees

As of 31 December 2018, there were a total number of 2,565 employees by the Company as follow:

Department	As at 31 December 2018	As at 31 December 2017
	Number of employees	Number of employees
1. Manangement	8	11
2. Poultry Unit	241	228
3. Swine Unit	163	214
4. Factory Support Unit	17	59
5. Sausage Unit	58	25
6. Research and Development Unit	80	97
7. Internal Audit Department	6	7
8. Compliance Department	3	2
9. Purchasing Department	40	48
10. Human Resource Department	24	44
11. Sales and Marketing Department	187	278
12. Factory/ Sale Feed Business Department	498	525
13. Poultry Slaughter Factory	424	457
14. Legal Department	11	16
15. Account Department	121	153
16. Finance Department	12	16
17. Credit Department	12	27
18. Information Technology Department	11	25
19. Financial Controller and Budgeting Department	4	5
20. Other Department	645	328
Total	2,565	2,565

Remuneration of Employees

In 2018, the total remuneration paid by the Company to our employees total amounted Baht 1,095.59 million for 2,565 employees and in 2017, the total remuneration paid by the Company to our employees total amounted Baht 952.52 million for 2,565 employees including salary, bonus, and other types of remuneration, as follow:

Type of Remuneration	As at 31 December 2018		As at 31 December 2017	
	Number of Executives	Total Amount (Mil Baht)	Number of Executives	Total Amount (Mil Baht)
Monthly salary		757.07		699.05
Bonus		170.32		46.94
Other expenses		168.20		206.53
Total	2,565	1,095.59	2,565	952.52

Note : 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 2018, a training budget of Baht 0.73 million

Labor Dispute

As at 31 December 2018, 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 Management's Profiles

Details of the Board of Directors, Management and Company Secretary as of 14 February 2019

Mr. Chaipatr Srivisarvacha

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

	Appointed as director on December 25, 2015
Age	59 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 of Nomination and Remuneration Committee, Thaifoods Group Public Company Limited</p> <p>2016 - Present Director, TSFC Securities Public Company Limited</p> <p>2015 - Present Governor, The Stock Exchange of Thailand</p> <p>2011 - Present Independent Director, Precious Shipping Public Company Limited</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>2018 - 2019 Chairman, Audit Committee, The Stock Exchange of Thailand</p> <p>2013 - 2014 Member of Audit Committee, 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 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	3 year

Position in others listed Company	Director, TSFC Securities Public Company Limited Independent Director, Precious Shipping Public Company Limited Chief Executive Officer, Seamico Securities Public Company Limited
Position in Non-Listed Company	Governor, The Stock Exchange of Thailand Chief Executive Officer, KT ZMICO Securities Company Limited
Nature of relationships between director/management	None
No. of shares held as at December 31, 2018	None
<div> <div>Mr. Winai Teawsomboonkij</div> <div>Director/ Chairman of Executive Committee/ Chief Executive Officer</div> </div>	
Age	(The director who authorized to sign) Appointed as director on August 18, 2014 56 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, Goldern 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, 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	5 Year
Position in others listed Company	None
Position in Non-Listed Company	Director, Goldern 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, 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, 2018	1,018,107,832 shares or equivalent to 19.91% of total Company's share.

Mr. Phet Nantavisai
Director/ Executive Vice President Farm Unit and Quality Development

	(The director who authorized to sign) Appointed as director on November 12, 2018
Age	34 Year
Highest Education	Master's Degree, Business Administration, NIDA Business School
Experience	
2018 - Present	Director, Thaifoods Group Public Company Limited
2016 - Present	Executive Vice President Farm Unit and Quality Development 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
Year of Directorship	1 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, 2018	None

Ms. Siriluck Tangwiboonpanich
Director/ Senior Assistant Vice President Accounting and Credit

	(The director who authorized to sign) Appointed as director on February 5, 2019
Age	38 Year
Highest Education	Master's Degree, Business Administration (Finance), Kasetsart University
Experience	
2018 - Present	Director/ Senior Assistant Vice President Accounting and Credit, Thaifoods Group Public Company Limited
2017 - 2018	Assistant Vice President Accounting and Credit, Thaifoods Group Public Company Limited
2016 - 2017	Accounting Senior Manager, Thaifoods Group Public Company Limited
2014 - 2015	Accounting Manager, Thaifoods Group Public Company Limited
Director program and other training course	-
Year of Directorship	1 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, 2018	512,500 Shares or equivalent to 0.01% of total Company's share
<div>Mr. Prasit Wasupath</div> <div>Director</div>	
Age	Appointed as director on April 28, 2016 64 Year
Highest Education	Master Business Administration, Ramkhamhaeng University
Experience	<p>2016 - Present Director, Thaifoods Group Public Company Limited</p> <p>2016 - Present Director/ Executive Director, Thai Credit Guarantee Corporation</p> <p>2016 - Present Audit Committee/ Independent Director, Sirivej Medical Company Limited</p> <p>2015 - Present Audit Committee/ Independent Director, Ubon Bio Ethanol Company Limited</p> <p>2014 - Present Chairman of the Board of Director, Krung Thai Leasing Company Limited</p> <p>2010 - Present Director/ Executive Director, KT ZMICO Securities Company Limited</p> <p>2015 - 2016 Specialist in SME, Krung Thai Bank Public Company Limited</p> <p>2012 - 2014 First Senior Executive Vice President/ Business Center Group, Krung Thai Bank Public Company Limited</p> <p>2011 - 2014 Director, Krung Thai Asset Management Public Company Limited</p> <p>2011 - 2012 First Executive Vice President/ Business Center Group, Krung Thai Bank Public Company Limited</p>
Director program and other training course	<p>Director Accreditation Program (DAP) 147/2017, Thai Institute of Directors</p> <p>Role of the Chairman Program RCP 36/2016,</p> <p>Institution of Directors Association (IOD)</p> <p>Corporate Governance for Capital Market Intermediaries-CGI, Class 2/ 2015</p> <p>Financial Executive Development Program (FINEX XVII) Class 17/August 2008</p> <p>Modern Management Strategy for KTB's Executives Class 1 (July 2007)</p>
Year of Directorship	3 Year
Position in others listed Company	None
Position in Non-Listed Company	<p>Director/ Executive Director, Thai Credit Guarantee Corporation</p> <p>Audit Committee/ Independent Director, Sirivej Medical Company Limited</p> <p>Audit Committee/ Independent Director, Ubon Bio Ethanol Company Limited</p> <p>Chairman of the Board of Director, Krung Thai Leasing Company Limited</p> <p>Director/ Executive Director, KT ZMICO Securities Company Limited</p>
Nature of relationships between director/management	None
No. of shares held as at December 31, 2018	None

Mr. Weidt Nuchcharoen
Chairman of Audit Committee / Independent Director

	Appointed as director on August 18, 2014
Age	65 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/ Independent Director, Thaifoods Group Public Company Limited</p> <p>2018 - Present Chairman of the Board of Director, Siam Ratchathani Company Limited</p> <p>2018 - Present Chairman of the Board of Director, Thai Techno Glass Company Limited</p> <p>2018 - Present Chairman of the Revenue Generating Policy Committee, National Broadcasting Services of Thailand</p> <p>2017 - Present Director, Srisawad Finance Public Company Limited</p> <p>2017 - Present Chairman of the Risk Management Committee/ Audit Committee Member/ Nomination Committee Member, Raimon Land Public Company Limited</p> <p>2017 - Present Advisor, Thipaya Insurance Public Company Limited</p> <p>2016 - Present Independent Director/Chairman of the Audit Committee, WHA UP & Power Public Company Limited</p> <p>2015 - Present Director, Srisawad Power 1979 Public Company Limited</p> <p>2015 - Present Director/Chairman of the Audit Committee, Siam Technic Concrete Company Limited</p> <p>2014 - Present Investment Policy Review Committee Member, Small and Medium Enterprise Development Bank of Thailand</p> <p>2015 - 2018 Director, The Zoological Park Organization under the Royal Patronage of H.M. the King</p> <p>2015 - 2018 Director, Provincial Waterworks Authority</p> <p>2016 - 2017 Director, Thai Forest Industry Organization</p> <p>2015 - 2017 Director, Dhipaya Insurance Public Company Limited</p> <p>2015 - 2016 Qualified Person, Market for Alternative Investment (MAI)</p> <p>2015 - 2016 Director, Hemaraj Land And Development Public Company Limited</p> <p>2014 - 2015 Specialist of SMEs Banking Group, Islamic Bank of Thailand</p> <p>2013 - 2015 Director, Krungthai-AXA Life Insurance Public Company Limited</p> <p>2012 - 2014 Senior Executive Vice President of Retail Banking Department, Krungthai Bank Public Company Limited</p> <p>2011 - 2014 Director, KTB Leasing Company Limited</p> <p>2010 - 2012 Senior Executive Vice President of Banking for Medium Enterprise Department, 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>

	Financial Executive Development Program, Class 14/2005, The Thai Institute of Bangkok and Finance Association (FINEX)
Year of Directorship	5 Year
Position in others listed Company	<p>Director, Srisawad Finance Public Company Limited</p> <p>Chairman of the Risk Management Committee/Audit Committee Member/ Nomination Committee Member, Raimon Land Public Company Limited</p> <p>Advisor, Thipaya Insurance Public Company Limited</p> <p>Independent Director/Chairman of the Audit Committee, WHA UP & Power Public Company Limited</p> <p>Director, Srisawad Power 1979 Public Company Limited</p> <p>Position in Non-Listed Company Chairman of the Board of Director, Siam Ratchathani Company Limited Company Limited</p> <p>Chairman of the Board of Director, Thai Techno Glass Company Limited</p> <p>Chairman of the Revenue Generating Policy Committee, National Broadcasting Services of Thailand</p> <p>Director/ Chairman of the Audit Committee, Siam Technic Concrete Company Limited</p> <p>Investment Policy Review Committee Member, Small and Medium Enterprise Development Bank of Thailand</p>
Nature of relationships between director/management	None
No. of shares held as at December 31, 2018	None
<div> <div>Mr. Weerasak Ungkajornkul</div> <div>Audit Committee/ Independent Director/ Nomination and Remuneration Committee</div> </div>	
	Appointed as director on August 18, 2014
Age	70 Years
Highest Education	Bachelor's Degree in Law (Honor Degree), Thammasart University
Experience	<p>2014 - Present Audit Committee/ Independent Director/ Nomination and Remuneration Committee, Thaifoods Group Public Company Limited</p> <p>2009 - 2013 Director/ Legal Advisor, Law for Life Company Limited</p>
Director program and other training course	Director Certification Accreditation Program (DCP), Class 79/2009, Institution of Directors Association (IOD)
Year of Directorship	5 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, 2018	None

Mr. Anant Tangtongwechakit
Audit Committee/ Independent Director

	Appointed as director on April 28, 2016
Age	53 Year
Highest Education	Master of Arts (Political Science and Government), Ramkhamhaeng University Bachelor of Business Administration (Marketing), Assumption University
Experience	<p>2018 - Present Audit Committee, Thaifoods Group Public Company Limited</p> <p>2016 - Present Independent Director, Thaifoods Group Public Company Limited</p> <p>2018 - Present Director, Sugarcane Ecoware Company Limited</p> <p>2018 - Present Director, BR Molasses Trading Company Limited</p> <p>2017 - Present Director, Natural Dairy Company Limited</p> <p>2012 - Present Director/ Executive Director/ Managing Director/ Risk Management Committee, 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 Producers Association</p>
Director program and training course	<p>Director Accreditation Program Class 99/2012, Institution of Directors other 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	3 Year
Position in others listed Company	Director/ Executive Director/ Managing Director/ Risk Management Committee, Buriram Sugar Public Company Limited
Position in Non-Listed Company	<p>Director, Sugarcane Ecoware Company Limited</p> <p>Director, BR Molasses Trading Company Limited</p> <p>Director, Natural Dairy Company Limited</p> <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>

	Chairman/ Executive Director, Buriram Energy Company Limited Director, Thai Sugar Trading Corporation Limited Director, Thai Sugar Producers Association
Nature of relationships between director/management	None
No. of shares held as at December 31, 2018	None

Mr. Sugun Thampon
Senior Assistant Vice President Slaughterhouse and Sausage

Age	37 Year
Highest Education	Bachelor's Degree, Industrial Engineering, Engineering, Burapha University
Experience	
2018 - Present	Senior Assistant Vice President Slaughterhouse and Sausage, Thaifoods Group Public Company Limited
2017 - 2018	Assistant Vice President Slaughterhouse (Prachinburi) and Sausage Factory, Thaifoods Group Public Company Limited
2015 - 2016	Factory Manager, Slaughterhouse (Prachinburi), Thaifoods Group Public Company Limited
2004 - 2015	Production 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, 2018	1,490,000 Shares or equivalent to 0.03% of total Company's share

Mr. Surameth Maneethai
Senior Assistant Vice President Sales and Marketing

Age	43 Year
Highest Education	Bachelor's Degree, Industrial Engineering, Engineering, Burapha University
Experience	
2018 - Present	Senior Assistant Vice President Sales and Marketing, Thaifoods Group Public Company Limited
2016 - 2018	Senior Export Manager, Thaifoods Group Public Company Limited
2014 - 2016	Export Manager, Thaifoods Group Public Company Limited
Director program and other training course	-
Nature of relationships between director/management	None
No. of shares held as at December 31, 2018	None



Shareholding of Directors and Management

Name	Common Share (Shares)				
	31 December 2018		31 December 2017		Change Increase/ (Decrease)
	Direct	Indirect	Direct	Indirect	
Directors					
1. Mr. Chaipatr Srivisarvacha	-	-	-	-	-
2. Mr. Winai Teawsomboonkij	1,018,107,832	2,946,166,587	980,636,232	2,962,166,597	21,471,600
3. Mr. Phet Nantavisai	-	-	-	-	-
4. Ms. Siriluck Tangwiboonpanich	512,500	-	361,000	-	196,500
5. Mr. Prasit Wasupath	-	-	-	-	-
6. Mr. Weidt Nuchcharoen	-	-	-	-	-
7. Mr. Weerasak Ungkajornkul	-	-	-	-	-
8. Mr. Anant Tangtongwechakit	-	-	-	-	-
Managements					
1. Mr. Sugun Thampon	1,490,000	-	1,580,000	-	(90,000)
2. Mr. Surameth Maneethai	-	-	-	-	-

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.



Corporate Governance

In order to accelerate for achieving the sustainable development, THAIFOODS Group Public Company Limited has conducted the business under the Corporate Governance Policy in accordance with the criteria of good Corporate Governance Policy of the listed companies and Business Code of Conduct that are inclusive regarding the finance, investment, competition and good governance and responsibility in business. THAIFOODS Group Public Company Limited has promulgated the Good Corporate Governance Policy and Business Code of Conduct to the Company executive, employees and all stakeholders via the Company website (www.tfg.co.th) as well as preparing the Anti Corruption Policy; that is one of the principle in Good Corporate Governance, for being the principle and the practice guideline for the Directors, executive and employees as the countermeasure with the corruption.

Because of conducting to comply with the good Corporate Governance Policy by all personnel in the Company, then THAIFOODS Group Public Company Limited has been evaluated for Good Corporate Governance of listed companies for the year 2018 in level of “Very Good” that is organized by Thai Institute of Directors Association (IOD) under supporting by The Stock Exchange of Thailand (SET).

THAIFOODS Group Public Company Limited fully attempts with continuous in development for standard of Corporate Governance for the Company by prioritized to the business sustainability in part of economy, society and environment, including the prioritization with the role and leadership of the President and the Directors in various aspects such as vision and strategy, innovation that add value for economy, society and environment for the Company and stakeholders as well as supporting the operation in various parts such as financial liquidity and debt payment of the Company, the qualitative prioritization for the Company operation; objectives, goals, corporate values and the prioritization on balancing in performances of the Board of Directors and executive. Then, THAIFOODS Group Public Company Limited do not have the family business structure, which may impact with the performance of the Board of Directors and the Company executive including compliance with the policy on confidential treatment of insider information and any information; that has impacted with the stock price. Therefore, the Company has disclosed the financial information and non-financial information to stakeholders for strengthening the stakeholders’ confidence and increase the value including making profit growth with steadily and sustainable.

On 28th November 2017, the Board of Directors has considered and reviewed by realization to the performance with the responsibility. Then the Board of Directors Meeting has the resolution to approve usage of the principle of good Corporate Governance; issued edition in year 2017, which was set for the practical principle and best practice for the listed companies to adapt for suitable with the context in business operation of THAIFOODS Group Public Company Limited as appeared in the Corporate Governance policy.

CORPORATE GOVERNANCE POLICY

THAIFOODS Group Public Company Limited realizes and gives priority to the efficiency, transparency and auditability of management system that creates trust and confidence amongst all relevant parties. As a result, it leads the business to have the sustainable development under the operation with business ethics and compliance with the laws. THAIFOODS Group Public Company Limited therefore prescribed the Company's Corporate Governance Policy to enhance the existing operation to have more clarified and standardized system and distribute the good practice to all staff levels of the company that would reinforce the absolute culture in the Corporate Governance. The Company has brought the principle of Corporate Governance Code for listed companies 2017 of the Securities and Exchange Commission (SEC), as the main guideline, to adapt for maximum efficiency in the operation. However, such operation for THAIFOODS Group Public Company Limited was inclusively set for 8 (eight) sections of principles by the principles and practical guidelines are as follows;

SECTION 1 ESTABLISH CLEAR LEADERSHIP ROLE AND RESPONSIBILITIES OF THE BOARD

The Board of Directors realizes their role and responsibilities as the leader of organization who has the duties to control the Company to have the good management according to the good Corporate Governance for the listed companies by emphasizing on the determination in operation success simultaneously with the operation ethics, and have the responsibilities with the society and the environment apart from the financial operating performance and also include perform duties of the Directors, Executive and all staffs and employees with trustworthiness, careful responsibilities, absent from the personal Conflict of Interest, comply with the rules, regulations, laws, Articles and resolution of the Shareholders Meeting in order to get the maximum benefit towards the Company with suitable and do not perform any action that is the Company's Conflict of Interest.

The Board of Directors encourages and drives the Company to use the principle of good Corporate Governance to be a part of organizational culture for the sustainable development through the policies and practical method for the Executive Committee and employees such as good Corporate Governance Policies, Code of Conduct by significantly insisting on the Company's objective. Furthermore, the Board still prioritizes with improvement on the efficiency in all levels of operation in order to be the suitable structure and being the driven mechanism for the Company achieving the goals including communicating to the Directors, Executive and all staffs and employees for understanding and performing with clear and actual practice. Then the Board assigns the follow-up action and reviews the policies and procedures on periodically.

The Board of Directors has assigned scope, roles, duties and responsibilities for all of the Board of Directors, the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee, Chief Executive Officer (CEO) and Chief Operating Officer (COO) including follow-up to perform the assigned duties with appropriately as follows;

The Organization Chart of THAIFOODS Group Public Company Limited comprises of four (4) committees as the Board of Directors, the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee. Whereas THAIFOODS Group Public Company Limited prescribes the Board of Directors has the power of authority and revises the business plan.



In part of approval for investment projects or the value of transferred right over the property that more than three (3) years and approval for acquisition and disposals of assets relating with the operation of THAIFOODS Group Public Company Limited, all abovementioned must be approved by the Board of Directors and the Executive Committee. However, the aforesaid delegation of authorities shall depend upon size of the aforesaid transactions. Whereby the Board of Directors has the authorization in level of the aforesaid delegation of authorities depend upon the value not more than 15% (fifteen percentages) of net tangible assets value of THAIFOODS Group Public Company Limited. Meanwhile, The Executive Committee has the authorization in level of the aforesaid delegation of authorities depend upon the value not more than 10% (ten percentages) of net tangible assets value of THAIFOODS Group Public Company Limited.

Furthermore, THAIFOODS Group Public Company Limited still assigns the delegation of authorities prior to conduct any transaction relating with the financial agreement such as the Executive Committee has the authorization according to level of the delegation of authorities for entering the following transactions, (a) Open the bank account (b) enter into the other credit limit agreement as Non-funding type such as the Letter of Guarantee (L/G) (c) enter into the credit limit agreement as Funding type such as Promissory Notes, Loan Agreement and Trust Receipt (T/R) that the value is not more than Baht 500 (Five Hundred) Million and (d) Signing as the Guarantor for the Subsidiaries companies with the guarantee limit not more than 3% (three percentages) of net tangible assets value of THAIFOODS Group Public Company Limited. Whereas the Board of Directors has the authorization according to level of the delegation of authorities, for entering into the credit limit agreement as Funding type and being the Guarantor for the Subsidiaries companies, as unlimited amount. Whereas the Chief Executive Officer (CEO) of THAIFOODS Group Public Company Limited has the authorization according to level of the delegation of authorities, for entering into the agreement or Memorandum of Understanding (MOU) that is the normal business practice of THAIFOODS Group Public Company Limited. Managing Director has the authorization according to level of the delegation of authorities, for entering into the agreement or Memorandum of Understanding (MOU) that is the normal business practice within the credit limit not more than Baht 20 (twenty) Million.

Whereby the varying set of the Committees of THAIFOODS Group Public Company Limited has a term to hold the position and scope of delegation of authority for each set of the committees as follows;

THE BOARD OF DIRECTORS

Term of Office for the Board of Directors

The Board of Directors has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, a Director who leaved from the Office by the reason of rotation, he/she may be reappointed to take a position of the Director.

The Board of Director has approved the Board meeting plan for the year 2019 will be 6 times.

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

- 1) Carry out the duties in accordance with all the legal and regulatory requirements, as well as the objective, the Articles of Association of the Company, the resolution of both the Board of Directors and the Shareholders Meeting, with responsibilities, carefulness and integrity.
- 2) To consider and prescribe the description and approve for the following topics; the vision, business strategy, business direction, business policies, goals, road map, action plans and budget for the Company and subsidiaries, that provided by the Executive Committee and management.

- 3) To supervise and appraise the management and performance result of the Executive Committee, the President, Chief Executive Officer (CEO), Managing Director, Executive and any personnel that has been assigned to do the aforesaid duties in order to comply with the policies; that were specified by the Board of Directors.
- 4) To follow-up the result of the Company operation with continuous in order to comply with the action plan and the Company's budget.
- 5) To control, supervise, review in order to possess the system for financial reporting that is transparently, accurately and sufficiently as well as provide the internal control system and internal auditing and finance.
- 6) Set for preparation the balance sheet and statement of profit and loss at the year-end of accounting period of the Company and signs for affirmation on the aforesaid financial statements in order for proposed to the Shareholders Meeting in the Annual General Meeting for approved consideration.
- 7) Consider and review for selection and appointment of the external Auditor and consider for the suitable remuneration according to the proposal of the Audit Committee before proposed to the Shareholders Meeting in Annual General Meeting as approved consideration.
- 8) Assign to have the written policies regarding the Corporate Governance in accordance with the principle of the Good Governance and adapt using the aforesaid policies with efficiency. So as to create the confidence that the Company has the responsibilities towards all groups of stakeholders with fairness.
- 9) Consider for approval in appointment the person; who has the suitable qualification and has no prohibit qualification according to the Public Companies Act B.E. 2535 (including with the additional revision), the Securities and Stock Exchange Act B.E. 2535 (including with the additional revision) including the notification, regulatory requirements and/or the relevant regulation, to hold the position in case that the Director's position is vacant due to the other reason in except of the retirement as rotation. Also, they need to consider for approval in appointment the substitute Director instead of the retired Director and consider the prescription in remuneration of Director for proposed in the Shareholders Meeting for approved consideration.
- 10) Appoint the Sub-committee including the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee or the other Sub-committees. Also, the Board prescribes the power of authority of the aforesaid Sub-committee for assist and supports the duties of the Board of Directors.
- 11) Consider to prescribe, rectify and changing the name of Director who has the authority to sign binding with the Company.
- 12) Consider the appointment for Executive according to the definition specified by the Securities and Exchange Commission (SEC) or the Capital Market Supervisory Board and the Company Secretary including consider the remuneration of the aforesaid Executive according to the proposal of the Nomination and Remuneration Committee.
- 13) Request for consultation as the professional opinions from the external organization if it is necessary for the suitable decision-making.
- 14) Encourage the Director and Executive of the Company to participate in or take the seminar courses of Thai Institute of Directors Association (IOD) in course relating with the duties and responsibilities of that Director and Executives.
- 15) Control the operation of the Company to consistent with the efficiency and protect any benefits relating with all group of stakeholders.



THE AUDIT COMMITTEE

Term of Office for the Audit Committee

The Audit Committee has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, Chairman of Audit Committee and Audit Committees members, who leaved from the Office by the reason of rotation, may be reappointed to take a position of the Independent Director.

Scope of authority, duties and responsibilities of the Audit Committee

- 1) Review the Company's financial reports for accuracy and adequate disclosure.
- 2) Review the Company's internal controls system and internal auditing for suitability, sufficiency and efficiency including considers for the Independence of the Internal Audit Division throughout approved consideration for appointment, transfer, or demotions of Chief Audit Executive or other department that take responsibilities regarding the Internal Auditing.
- 3) Review the Company's operations to comply with the laws of Securities and Stock Exchange, the regulations of the Stock Exchange of Thailand (SET) or any other laws related to the Company's business.
- 4) Consider, select and nominate the person that is independent and be responsible for an independent auditor for the Company and offer the aforesaid person for the appropriate remuneration including the Audit Committee must attend a meeting with an independent auditor without the Management group being present at least once a year.
- 5) Consider the accuracy and completeness for disclosure of the Company related transactions or transactions with being the potential Conflict of interest in order that they comply with the laws and regulations of the Stock Exchange of Thailand (SET). Whereby it should be ensure the appropriateness of the transactions and the maximum benefit towards the Company.
- 6) Prepare the Audit Committee report which is disclosed in the Company's annual report and that prepared report must be initialed by the Chairman of the Audit Committee with at least the following information:
 - Comments concerning the accuracy, completeness and creditability of the Company's financial report.
 - Comments concerning the sufficiency of the Company's internal control system.
 - Comments concerning the compliance with the laws of Securities and Exchange, regulations of the Stock Exchange of Thailand (SET) or any other laws relating with the Company's business.
 - Comments concerning the suitability of the external Auditor.
 - Comments concerning the report that may have possible Conflicts of interest.
 - The number of Audit Committee meetings and the attendance of each member of the Audit Committee.
 - Overall opinions or remarks of the Audit Committee in compliance with the Audit Committee Charter and other items which shareholders and general investors should be informed that are within scope, duties and responsibilities assigned by the Board of Directors of the Company.
- 7) Perform the other duties as assignment from the Board of Directors of the Company.
- 8) During the process of the Audit Committee, if found or there is the suspicion whether the following transaction or any action may have the significant impact with the financial status and result of operation, the Audit Committee must report to the Company's Board of Directors for rectification or adjustment within the period that the Audit Committee deems as appropriate.

- The Conflict of Interest transactions
- Fraud or irregularity or significant deficiency of the Internal Control system
- Violation in laws of Securities and Stock Exchange, regulations of the Stock Exchange of Thailand (SET) or any other laws relating with the Company's business

If the Board of Directors or the Executive does not perform the rectification or adjustment within the period that was referred in the abovementioned paragraph, a member of the Audit Committee may report there is the transaction or any action; according to the abovementioned paragraph, to the office of the Securities and Exchange Commission (SEC) or the office of the Stock Exchange of Thailand (SET).

- 9) Revise and propose for additional adjustment in scope, duties and responsibilities of the Audit Committee deems as appropriate.
- 10) Revise the rules, regulations and the result of operation in the previous year with at least once a year.

THE EXECUTIVE COMMITTEE

Term of Office for the Executive Committee

The Executive Committee has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, member of the Executive Committees, who leaved from the Office by the reason of rotation, may be reappointed to take a position of the Director.

Scope of authority, duties and responsibilities of the Executive Committee

- 1) Consider and prepare the policies, business strategy, goals and business plan, financial goals and budget of the Company by considering in the suitability of business factor. Then Executive Committee will present and request for approval by the Board of Directors. However, in case, the situation is changed; the Executive Committee will reconsider about the suitability of the approved budget for that situation.
- 2) Control, review and monitor the business operation of the Company complying with the policies, business strategy, goals and business plan, financial goals and budget of the Company, which is approved by the Committee, must be comply efficient and effective with the business condition. Herewith the committee will give an advice, supervision about the management for top executive.
- 3) Determine the organization structure and policies regarding with the management of the Company, nomination or transfer for the Executive of each business, consider and follow-up the succession plan for the Executive including manpower plan and determine the criteria in the remuneration payment and criteria for performance evaluation of the Executive.
- 4) Study the feasibility in new investment project and have the power of authority to consider and approve for investment or co-investment with the personnel, juristic person or any other business organization in the format that the Executive Committee considers as appropriate in order to conduct the business according to the Company's objectives as well as consideration and approve spending money for the aforesaid investment, entering into the contract and/or perform any action related with the aforesaid matter until complete within the assigned credit limit, and/or the law and relevant regulation, and/or the Articles of Association of the Company.
- 5) Follow-up the achievement in business operation and progress of investment project in each business and report the overview either the problems and consequent obstacles and ways or guideline of improvement or rectification to the Board of Directors for acknowledgement.

- 6) Consider and give the recommendation or comments to the Board of Directors of Company regarding to the project, proposal or entering any transaction relating with the business operation including consideration the alternative for funding whenever it need and the funding is over than the specific credit limit and/or the laws and related criteria or the Articles of Association prescribe the Shareholders Meeting and/or the Board of Directors is the approver for those said transaction.
- 7) Consider and approve for entering the financial transaction with the financial institution for opening the account, borrowing, require the credit, pledge, mortgage, guarantee and other transaction, including purchasing and sales transaction and register for land ownership according to the objective useful for the business operation of the Company throughout entering into the agreement, submit the application form/proposal, coordinating, perform the juristic act with the government section in order to acquire the right of the Company and/or entering any transaction that related with the aforesaid matter until fulfill the specific credit limit and/or the laws and related criteria or the Articles of Association.
- 8) Consider and approve the regulation, procedures, management policy and business operation of the Company or any execution that binding with the Company.
- 9) Control for the compliance with the Risk Management policies, Enterprise Risk Management framework for having the Enterprise Risk Management in organization with efficiency and continuously.
- 10) Control and support the operational Risk Management to be consistent with the Company's strategy and the operational goals including promoting for the culture of Enterprise Risk Management in the organization.
- 11) Revise the system or evaluate the efficiency of Risk Management with at least once a year.
- 12) Report to the Board of Directors regarding Risk and managing plan to cope with the significant risk of the organization. In case there is the factor or significant event that may impact the Company with materiality, then they need to report the Board of Directors for acknowledgment and consideration as soon as possible.
- 13) Appoint and/or assign the Executive Director or any person or persons to perform any action within the line of authority of the Executive Committee according to the Executive Committee deems appropriate. However, the Executive Committee may cancel, withdraw or rectify or revise the aforesaid authority.
- 14) Have the power of authority and any responsibilities in accordance with the assignment or the policies as assignment from the Board of Directors of the Company.
- 15) Consider and approve the manual for delegation of authority for let the appointed person and/or the attorney acknowledges the scope of responsibilities and authorities and using as the operational manual by supporting the evidence as reference and also must comply with the systematic procedures.

THE NOMINATION AND REMUNERATION COMMITTEE

Term of Office for the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, member of the Nomination and Remuneration Committees, who leaved from the Office by the reason of rotation, may be reappointed to take a position of the Director.

Scope of authority, duties and responsibilities of the Nomination and Remuneration Committee

- 1) Consider to propose the structure, the composition and the qualifications of the Board of Directors and Sub-committees.

- 2) Consider the criteria and nominating process and propose the name of suitable person occupy in the position as the Director. Then the Board of Directors must consider proposing to the Shareholders Meeting in case of vacant position because of resignation from the directorship. In the other case, they must propose to the Board of Directors.
- 3) Recommend the name list of the Director occupy in the position in the each Sub-committee of the Company.
- 4) Consider to scrutinize the suitable person occupy in the position as the top Executive of the Company such as the Chairman of the Executive Committee in case of vacant position.
- 5) Consider to approve for the succession plan for the position of the Company's top Executive.
- 6) Consider the suitable format and criteria of payment for the remuneration of Directors and the Chairman of the Executive Committee.
- 7) Consider stipulating the criteria for appraisal/evaluation the Chairman of the Executive Committee and propose to the Board of Directors of the Company for approved consideration.
- 8) Appraise/evaluate the performance of the Chairman of the Executive Committee and propose to the Board of Directors of the Company for consideration.
- 9) Consider stipulating the annual remuneration of Directors and top Executives of the Company including the meeting allowance, yearly bonus, and other benefits by proposing the remuneration towards the Board of Directors.

CORPORATE GOVERNANCE COMMITTEE

Scope of authority, duties and responsibilities of the Corporate Governance Committee

- 1) To determine and review a policy, regulation including operation procedure in accordance with good business supervision principle.
- 2) To determine a policy and make an activity plan relating to social responsibility.
- 3) To monitor the progress of Corporate Governance work plan and social responsibility including to provide and support an essential advice to operator to achieve such work plan.
- 4) To evaluate an internal achievement by the Corporate Governance Measure to identify a relevant issue that need to be improved.
- 5) To be a company's representative in communication and proceeding Corporate Governance activity with internal and external organization.
- 6) To operate any duty assigned by the committee with consent of the Corporate Governance Committee.

Chairman of the Borad of Director

Scope of authority, duties and responsibilities of the Chairman of the Borad of Director

- 1) The Chairman must not be the Executive Director and must not be the same person as Managing Director and there is no any relationship with the Management group.
- 2) Encourage, assist, and supervise the business operation of the Management group through Managing Director. However, he will not overlap the routine work or daily operation; that is under the responsibilities of the Managing Director.
- 3) The Chairman act as both the Committee and in the Shareholders Meeting.
- 4) The Chairman is the casting vote in case that the voting vote of both parties, in the Board of Directors Meeting, is equal.
- 5) The Chairman is responsible as leader of the Board of Directors in controlling, follow-up and monitoring the administration work of the Executive Committee and the other Sub-committees to achieve the objective according to specified plan.



CHIEF EXECUTIVE OFFICER (CEO)

Scope of authority, duties and responsibilities of the Chief Executive Officer-CEO

- 1) Defines the policies, strategies, structure and authority including be responsible for preparation the strategic plan and annual budgeting plan proposed by the Management group for further consideration by the Board of Directors of the Company.
- 2) Control, monitor, operate and/or manage the general tasks complying with the policies, work plan and budget approved by the Board of Directors of the Company.
- 3) Being the Company's attorney in administer the Company's enterprise to comply with the objectives, rules, policies, regulation, requirements, order, the resolution of the Shareholders Meeting and/or the resolution of the Board of Directors.
- 4) Has the authority to execute and present own self as the Company representative contacting with third parties in the related enterprise and be benefit to the Company.
- 5) Consider for approval the operation plan of each department and consider for approval on any request from each department in case of over the command/authorization of that department.
- 6) Mandate or issue the order, regulation, notification, memorandum for controlling the operation to comply with the Company's policies and benefits and also maintain the working discipline and regulation of the organization.
- 7) Assign the authority to the employee in the management level to perform as acting authority for one or more issues as seemly appropriate.
- 8) Approve the appointment for advisors in varying parts that are necessary to the Company's operation and be consistent with the regulation of the Securities and Exchange Commission (SEC) or the Stock Exchange of Thailand (SET).
- 9) Have the authority, duties and responsibilities to manage the Subsidiaries Companies and other departments in the Company.
- 10) Operate in other areas assigned by the Board of Directors on occasionally.

CHIEF OPERATING OFFICER (COO)

Scope of authority, duties and responsibilities of the Chief Operating Officer-COO

- 1) Prescribed the mission, objectives, direction, goals and the Company policies for presenting in the Board of Directors Meeting and execute in order to be in line with the mission, objectives, direction, goal throughout the aforesaid Company policies. Moreover, command and control the overall operation, has the authorization to recruit the employee and put or designate in the position throughout transfer, shift between field of work/division/department or retirement, prescribe the wage, compensation, bonus including welfare regarding all staffs or employees of the Company.
- 2) Mandate or issue the order, regulation, notification, memorandum for controlling the operation to comply with the Company's policies and benefits and also maintain the working discipline and regulation of the organization.
- 3) Carry out all related administrative or general tasks of the Company including has the authorization to sub-mandate and/or assign the other person to perform some task as substitution by sub-mandate and/or the aforesaid assignment staying under the scope of assignment according to the letter for power of attorney and/or comply with the rules, regulation, or command that specified by the Board of Directors and/or the Company. However, the authorization and mandate to the other person as seemly appropriate will not include the power and/or authorization to approve in any transaction that

own self or that person may have the Conflict of interest or the other aspects of interest against with the Company or the Subsidiaries companies according to the criteria of the Stock Exchange of Thailand (SET). Whereas the authorization on the aforesaid transaction must propose to the Board of Directors Meeting and/or the Shareholders Meeting for further consideration and give an approval in accordance with the Articles of Association of the Subsidiaries companies or specified by the relevant laws.

SECTION 2 DEFINE OBJECTIVES THAT PROMOTE SUSTAINABLE VALUE CREATION

THAIFOODS Group Public Company Limited emphasizes on the business operation with sustainability. Then the Board of Directors give the importance to prescribe, supervise the objectives, goals and the core strategy of the Company throughout the annual operating plan both of intermediate and long-term plan, with conformity and create the value for the Company, all stakeholders and community, society and environment. Moreover, the Board enhances the Company to compete in the business by creating value for organization such as promote the innovation and technology to use for the business operation as appropriate. Therefore, THAIFOODS Group Public Company Limited can exist with sustainability under the opportunity and business risk of the Company. So as to have more confidence that the strategy and action plan of the Company is suitable, the Board of Directors has assigned the Executive Committee, Chief Executive Officer (CEO) and Chief Operating Officer (COO) to be the responsible person and properly report to the Board of Directors. Furthermore, the Board of Directors has set the analysis on the environment and varying risk factors that may impact with the business operation of the Company including the resources allocation and control the operation with appropriately. After all, they must properly report the situation to the Board of Directors for acknowledgement. Moreover, the Board of Directors encourages the action in order to confident that the objective, goals, and the Company's strategy must be communicated through all levels of staffs and employees of the Company for understanding and becomes the organization culture.

SECTION 3 STRENGTHEN BOARD EFFECTIVENESS

The Board of Directors emphasize on role in Corporate Governance of THAIFOODS Group Public Company Limited. Then The Board has set the structure, authority, duties and responsibilities with clear and appropriate including set up Corporate Governance for business operation of the Subsidiaries companies and affiliated company in order for maximum benefit for THAIFOODS Group Public Company Limited as follows;

INDEPENDENT DIRECTORS

THAIFOODS Group Public Company Limited prescribed the composition of the Board of Directors by consisting of the Independent Directors with at least one-third (1/3) of the total number of Directors in the Company.

The Board of Directors or the Shareholders Meeting (as the case may be) will be the authority to appoint the Independent Directors participating in the Board of Directors. As a result, THAIFOODS Group Public Company Limited have the policy to appoint the Independent Directors with at least one-third (1/3) of the total number of Directors and there is the Independent Directors not less than three (3) Directors.

The criteria in selection for the Independent Directors will comply with the criteria in selection for the Board of Directors. The qualification of any person, who will act as the Independent Director, must consider from the qualification and prohibited aspects of the Director according to the laws of Public Company Act and laws of Securities and Stock Exchange including the notification, articles and/or related regulation. The Independent Directors must have the educational background, technical skill, working experiences and other appropriateness composing altogether for proposed to the Shareholders Meeting for further consideration in appointment as the Company Director. However, if any of Independent Director who leaved from the Office before the expiry

period, the Board of Directors may appoint the Independent Director who has the aforesaid qualification to occupy in the position as the replacement. Therefore, the new Independent Director will have the term of office only for the remaining period of the replaced Independent Director.

The Board of Directors has assigned the qualifications of the Independent Directors as follows;

- 1) A person who owns equity holdings of not more than 1% (one percentage) of the total number of voting shares of the Company and its Subsidiaries, the Parent company and the JV companies, the majority Shareholder, or a person with a controlling power over the Company; whereby such equity holdings includes those held in the name of persons connected with or related to the Independent Director.
- 2) Not being a person or a Director who is, or has been, involved in the management of, an employee or staff of, an advisor (with a monthly regular salary) to, as well as a person with a controlling authority or power over, the Company and its Subsidiaries, the Parent company, the JV companies, a Subsidiary of parallel status with the majority Shareholder, or belongs to a person with a controlling authority or power over the Company, unless not less than 2 (two) years have passed since the date of submission for authorized issued and offered the security. Whereby the aforesaid prohibited characters are not included in case that the Independent Director has been the government officer, or the advisor of the government unit with that person being the majority Shareholder or a person with a controlling power over the Company.
- 3) Not being a person, related by blood or through legal registration, with the status of a father or mother, spouse, siblings and children as well as including spouses of the children, of the other Director, of members of the Management group, the majority Shareholder, those with a controlling power over, as well as of someone about to be appointed a Director or a member of Management of or with a controlling power over the Company or its Subsidiaries.
- 4) Not being a person who has or had business relationships with the Company and its Subsidiaries, the Parent company, the JV companies or the majority Shareholder or a person with a controlling power of the applicant, in a manner that may result being a hindrance to the exercise of a fully independent judgment on his/her part; as well as not being a significant Shareholder or a person with a controlling power of someone who has business relationships with the Company and its Subsidiaries, the Parent company, the JV companies, a majority Shareholder or a person with a controlling power of the applicant. Unless not less than 2 (two) years have passed since the date of submission for authorized issued and offered the security.
- 5) Not being a person who is or has been an external Auditor of the Company and its Subsidiaries, the Parent company and the JV companies, the majority Shareholder, or a person with a controlling power over the Company, as well as not being a significant Shareholder, a person with a controlling power or a Managing Partner of an Audit firm in which the Auditor of the Company and its Subsidiaries, the Parent company, the JV companies, the majority Shareholder or a person with a controlling power over the Company. Unless not less than 2 (two) years have passed since the date of submission for authorized issued and offered the security.
- 6) Not being a person who has or had provided any type of professional services (including legal or financial advisory services) to and receiving total fees payment being more than Baht 2.0 million for such services per year from the Company and its Subsidiaries, the Parent company, the JV companies, the majority Shareholder or a person with a controlling power over the Company, as well as not being a significant Shareholder, a person with a controlling power or a Managing Partner of any such legal entity providing the abovementioned professional services. Unless not less than 2 (two) years have passed since the date of submission for authorized issued and offered the security.

- 7) Not being a Director who has been appointed to represent a Director of the Company, or the majority Shareholder as well as a Shareholder connected to the majority Shareholder of the Company.
- 8) Not being conducted the similar business as that of the Company and significant business competitor of the Company or its Subsidiaries; or a person who is a significant partner in a Partnership, as well as a part of the Management group, staff and employee, an advisor with a monthly regular salary, or a Shareholder with a shareholding in excess of 1% (one percentage) of the total voting rights, of another company operating a business similar to that of the Company and its Subsidiaries.
- 9) Not having any other qualifications and/or status that will not enable the giving of fully independent opinions regarding to the operations of the Company.
- 10) Not being a Director, may be assigned by the Board of Directors to make the decisions regarding to the operations of the Company and its Subsidiaries, the Parent company the JV companies, as well as Subsidiaries companies of a parallel status of the majority Shareholder and/or a person with a controlling power over the Company.
- 11) Not being a Director of the Subsidiaries companies or Subsidiaries companies of a parallel status especially of the listed companies.

Whereby the Independent Directors will need to examine and certify their self-independent qualification with at least once a year, then inform and report the history information of the Director at the Annual Statement of the Company information (Form 56-1) and the annual report of THAIFOODS Group Public Company Limited.

NOMINATION FOR THE DIRECTORS

During the nomination for the Directors, there are 2 (two) members of the Nomination and Remuneration Committee, as Independent Directors, from total 3 (three) of members of the Nomination and Remuneration Committee, are responsible for considering in nomination and screening the suitable individual according to the Articles of Association of the Company. Also, they will be the nominator for the name of the person who has the suitable qualification to be the professional Director and have the diversification. Then they will give their comments to the Board of Directors for approved consideration. After that there is the proposal the name of aforesaid Director to the Shareholders Meeting for further appointment as the Director according to the criteria.

The Nomination and Remuneration Committee have considered the nature of business and future plan then specify the qualification of the Director. He must have the good knowledge in business of the Company. The Nomination and Remuneration Committee will give the opportunity for the Director and the Shareholders to participate in nomination the name list of the Director who has the suitable qualification.

Nomination for the Directors has the criteria and procedures as follows:

- 1) During the voting process for election the Director, it will be assumed that one (1) Shareholder has one (1) voting right per one (1) share.
- 2) During the voting process for election the Director, each Shareholder will spend all voting right according to the above-mentioned in (1) for election either one person or persons to be the Director. In case of election for persons to be the Directors, it cannot divide the voting right to any person more or less than the possessed right of own self.
- 3) Any person, who has received the highest voting right respectively, he will be elected as the Director equals to the number of Director should be elected in that time. In case the person, who has been elected in the following under sequence, has the equally voting right but more than the number of Director should be elected in that time, then the Chairman in the meeting will be the casting vote.



In case that there is the vacant position of Director because of the other cause except of retire by rotation, then the Nomination and Remuneration Committee select the person, who has the qualification and has no prohibited aspects of the Director according to the laws of Public Company Act and laws of Securities and Stock Exchange, to be replaced as the Director in the next following Board of Directors Meeting. Unless the term of that retired Director remains less than 2 (two) months, then the person, who come to replace as the aforesaid Director, will stay in the position of Director only for the remaining period of the replaced Director.

The resolution of the Board of Directors in accordance with the first paragraph must comprise the voting vote not less than three from four (3/4) of the remaining number of the Director.

STRUCTURE OF THE BOARD OF DIRECTORS

1. Composition of the Board of Directors

- 1.1 The Board of Directors of THAIFOODS Group Public Company Limited consist of at least 5 (five) Directors. At least one-third (1/3) of the total number of Directors, but not less than 3 (three) Directors, must be Independent Directors that conform to the criteria of the Securities and Exchange Commission (SEC). Whereby, the Board of Directors of THAIFOODS Group Public Company Limited is the professional for part of business, accounting and finance that related and supports the business of the Company. THAIFOODS Group Public Company Limited have the another 3 (three) sets of Sub-committees such as the Audit Committee, the Executive Committee and the Nomination and Remuneration Committee.
- 1.2 Chairman of the Board of Directors, Chief Executive Officer (CEO), Chairman of the Executive Director and Managing Director have the different duties and responsibilities. The Board of Directors has clearly assigned the authority, duties and responsibilities of the Chairman of the Board of Director, Chief Executive Officer (CEO), Chairman of the Executive Director and Managing Director and no one of the abovementioned position will be protected from having the authority with unlimited stage.
- 1.3 THAIFOODS Group Public Company Limited has appointed the Company Secretary to give advice on issues regarding laws and other regulations for acknowledgement by the Board of Directors. Also, he/she has performed duties to take care of the activities of the Board of Directors including coordination for compliance with the resolution of the Board of Directors.

2. Qualifications of Directors

- 2.1 All Directors must possess the qualifications, and have no prohibited characteristics, as prescribed by the law on public limited companies, law on securities and exchange and notifications of the regulatory authorities.
- 2.2 All Directors have the experience, knowledge, capabilities in related fields of business and industry for the overall interests of the Company, and must be able to perform duties in an efficient manner, to present the point of view; which will be benefit to the handling of significant risks. Moreover, they must have the honesty, trustworthy and good ethical behavior.

3. Board of Directors Meetings

- 3.1 THAIFOODS Group Public Company Limited has regularly held the Board of Directors Meetings with at least three (3) months per time for every period of one (1) year and there may have the additional Extraordinary meeting as necessary that determined advance schedule on January

every year. All members of the Board of Directors give priority attending in every meeting unless otherwise in the necessary case. THAIFOODS Group Public Company Limited should deliver the invitation letter or notice for meeting with clearly specified the agenda in advance before the date of meeting at least seven (7) days in order for the Director have enough time to consider or study the meeting agenda and the supporting documents for the meeting.

- 3.2 During the Board of Directors Meeting, all Directors can express their opinions with clearly and independence. There is the written record as the minute of the meeting and be kept the minute of the meeting; that was certified by the Board of Directors for the Director and the relevant party to verify. In addition, the top Executive may participate in some agenda of the meeting to give the detailed information or more helpful information as the concern party. He/she may acknowledge the policies directly in capable to perform with the efficiency.
- 3.3 The President is the person who considers selecting the issues into the agenda of the Board of Directors Meeting and all Directors have independence to propose the issue into the meeting agenda.
- 3.4 The Board of Directors have the access right entering to the information, in case of additional require and necessary, by requested from Managing Director or the Company Secretary or the other Executive has been assigned within the specific extent of policies. In the necessary case, the Board of Directors may prepare for the independent opinion from the advisor or the outside professional services with the Company's expense.
- 3.5 During the process for resolution in the meeting, the Board of Directors has held the majority vote by one (1) Director has one (1) voting right. Whereas the Director, who has the issue as the Conflict of Interest, will not attend in the meeting and does not use the right to vote for that issue. If there is the equality in voting right, Chairman in the meeting will use his additional one (1) vote as casting vote.
- 3.6 During each meeting, the Secretary of the Board of Directors attends in the meeting as the recorder for minute of the meeting and submits to the President of the Company signing for attestation and proposes for affirmative by the meeting in the 1st agenda of the next meeting. Moreover, he/she will be the information collector or keep the documents regarding the meetings for convenience to explore with reference.

ORIENTATION FOR THE NEW DIRECTOR

THAIFOODS Group Public Company Limited has determined the orientation for newly appointed Director by providing the explanation for presenting the overview of company business to newly appointed Director for acknowledgement in the following topics;

- 1) Business entity framework (Laws, Articles of Association of the Company, regulation)
- 2) Information about the business operation and activities
- 3) Significant projects
- 4) Organization development, business development
- 5) Good Corporate Governance
- 6) Social Responsibilities



SELF-ASSESSMENT OF THE BOARD OF DIRECTORS

THAIFOODS Group Public Company Limited have the policies for the Board of Directors to evaluate the result of self-assessment with at least once a year in order to assist the Board of Directors considering or revising their work or performance, the issues and the other obstacles during the previous year. In addition, it will increase the working efficiency of the Board of Directors. Then, it will prepare in two (2) aspects as follows:

- 1) The entire board performance evaluation will evaluate in various parts such as
 - 1) Structure and Characteristics of The Board
 - 2) Roles, Duties and Responsibilities of the Board
 - 3) The Board of Directors Meetings preparation
 - 4) The Board's performance of duties
 - 5) Relationship with management
 - 6) Self-development of Directors and Executives Development
- 2) The individual performance evaluation for each member of the Board will evaluate in various parts such as
 - 1) Preparation of the Director
 - 2) Strategic planning and business planning
 - 3) Risk Management and Internal Controls
 - 4) Caring for matter relating to conflict of interest
 - 5) Follow-up the financial reports and operation
 - 6) The Board of Directors Meetings
 - 7) Others, etc.

SECTION 4 ENSURE EFFECTIVE CHIEF EXECUTIVE OFFICER AND PEOPLE MANAGEMENT

THAIFOODS Group Public Company Limited prioritized with all levels of personnel since level of Director, Executive and all employees in order for having the confidence that the Company shall be driven by the personnel; who possess the knowledge, capability, skill and the necessary experience, that bring the Company into effect with achievement in setup objective and target.

The Board of Directors assigns the Nomination and Remuneration Committee as the regulator set the criteria and method for recruiting the person who has the appropriate qualification along with study the suitability of succession plan for top Executive and reported to the Board of Directors for acknowledgement.

THE NOMINATION FOR TOP EXECUTIVES

In case of the nomination for the personnel occupy in the position of Chief Executive Officer (CEO) / Chairman of Executive Committee/Chief Operation Officer (COO), then the Executive Committee will be the preliminary consideration in screening the nomination the person who has the complete and suitable qualification, capabilities, skill and experience useful for the operating of THAIFOODS Group Public Company Limited. Also, he would have the clearly understanding the business as well as capable to manage the work to achieve the objective, goals that specified by the Board of Directors. After that it will be proposed to the Nomination and Remuneration Committee for approval consideration before they will propose the result to the Board of Directors for further approved.

REMUNERATION OF THE DIRECTORS AND THE EXECUTIVES

- 1) Assign the remuneration of the Directors to be in the comparable aspects with the industrial level, experience, Accountability and Responsibility including the expected benefits from each Director. While the Director who has been assigned more duties and responsibilities such as the member of the Sub-committee, that person should take more and suitable remuneration.
- 2) Assign the remuneration of the Managing Director and top Executive to be in line with the principle and policy specified by the Board of Directors and for maximum benefit for the Company. While the level of remuneration such as salary, bonus and attractive compensation will be conform to the performance result of each Executive and must consider with the benefit received by Shareholders.
- 3) All of non-executive Directors or the Nomination and Remuneration Committee will be the appraiser for the Director and the Executive in every year using as remuneration consideration for the Directors and the Executive by using the agreed criterion in advance with the Director and the Executive according to substantial criteria including the financial performance result, compliance with objective for long term strategy and development of the Executive, etc. Also, they will propose the result of aforesaid evaluation to the Board of Directors for approved consideration and the President or Senior Director should communicate the result of consideration to Managing Director for acknowledgement.

DEVELOPMENT OF THE DIRECTORS AND THE EXECUTIVES

- 1) Encourage and facilitate to have the training and education for all related concerns regarding to the Corporate Governance of the Company such as Directors, members of the Audit Committee, Executives, the Company Secretary, etc. Training and education will enable all aforesaid concerns to improve their performance continuously, and it can be set either In-house course of the Company or use the training service by outsource institute.
- 2) The Management group should provide all documents and useful information in performing duties for the new Directors, in every time of the appointment, including an introduction about the Company regarding to the nature of business and guideline for business operation to new Directors.

OVERSIGHT FOR THE OPERATION OF THE SUBSIDIARIES COMPANIES AND THE JV COMPANIES

Oversight for the business operation of those Subsidiaries companies, the Company has sent the Company representative to be the Director in the Subsidiaries companies. As a result, the aforesaid person must have the suitable qualification and experience for those businesses and there is no Conflict of Interest in business. However, the aforesaid representative must administer and manage the business of the Subsidiaries companies according to the policies that was approved by the Company and by the criteria and regulation specified in the Articles of Association of the Company and by the rules of the relevant Subsidiaries companies.

Besides, the Company will closely follow-up the operating performance and business operation of the aforesaid entity and present the analysis result including comments or recommendation to the Board of Directors of the Subsidiaries companies or the JV companies or the entity that jointly control as supporting for consideration in setting policies or improvement or enhancement for the business of the Subsidiaries companies or the JV companies or the entity that jointly control, to have the development and grow up with consecutively.



SECTION 5 NURTURE INNOVATION AND RESPONSIBLE BUSINESS

THAIFOODS Group Public Company Limited promotes for building innovation and creating the value for the business concurrently with building the maximum benefit for all stakeholders under the responsibilities towards the community, society and environment. The Company would encourage the innovation to conform to the objectives, target, and strategic plan throughout existing in the Operational plan. Furthermore, the Company gives priority to the resources allocation to have the efficiency and effectiveness, management for information technology at the organizational level to add more chance and develop the business operation including with the Risk Management in order to achieve the objective and specific goals. The Company set the mechanism and practical guideline and other policies as follows:

Policies and guideline towards the employees

THAIFOODS Group Public Company Limited realizes that employees are the key success factor for target achievement of the Company with extreme values. Then it is the Company policy to treat the employees with fairness regarding the remuneration, nomination, transfers along with the competency development in order to comply with the aforesaid policy, so there are the following practical procedures:

- 1) Treat the employees with politeness and respect to the individuality.
- 2) Offer the remuneration to employees with fairness and set up the provident fund for employees and also prioritize concerning with the employee welfare.
- 3) Maintain the working environment to have more security in life and employees' assets.
- 4) Give the importance with the development in knowledge and capability of employees by giving the opportunity with thoroughly and properly in order for developing the employee's competency to support the growth of the organization.
- 5) Strictly comply with the laws and other regulations relating with the employees.

Policies and guideline towards the customers

THAIFOODS Group Public Company Limited realizes that the customer is important so that the Company assigns the policy to treat with the customer as follows:

- 1) Provide the control system to monitor regarding to the production process and procurement for the product with good quality for customers including prioritizes in the improvement and development in the production technology and the inspection for the quality of product should be update.
- 2) Provide the control system to monitor the compliance with the customer's agreement with honesty, carefulness and regularity.
- 3) Provide the control system to monitor the confidential treatment for customer information, likewise the Company's secrecy and do not use for own benefit or misuse by relevant person.

Policies and guideline towards the business partner and/or creditors

THAIFOODS Group Public Company Limited has the policies for the employee performing towards the business partner and/or the creditors with fairness, honesty and do not exploit the business partner by taking in account for the maximum benefit for the Company. Basic of return for both parties is equitable and avoid the situation that cause for the conflict of interest. Besides, the negotiation for solving the problem will keep depending on the fundamental of business relationship. Then the practical methods are as follows:

- 1) Do not call or take or pay any benefit illegal in commerce with the business partner and/or creditors.
- 2) Comply with any agreed conditions. In case that the Company cannot comply with any condition, so all concerns will consider altogether to solve the aforesaid problem.

Policies and guideline towards the competitors

THAIFOODS Group Public Company Limited has the policies to perform towards trading competitors by non-violate the secrecy or foresee the trading competitors' secrecy with fraudulent method. So, the Company prescribes the principles of policies as follows;

- 1) Perform or act under the rules or framework for the good competition.
- 2) Do not seek for any secret information of trading competitors by the illegal method.
- 3) Do not perform or act with intentionally to destroy the reputation of trading competitors by accuse of scandalous.

Policies and guideline towards the society and/or the community

THAIFOODS Group Public Company Limited has the policies to conduct the business that beneficial to the economy and society and adhere to conduct oneself as the good citizen and fully comply with the laws and related regulation. THAIFOODS Group Public Company Limited intends on the development, encouragement and raise the quality of life for society and community; that the Company located in, to have the better quality along with the Company's growth.

Policies towards the Environment and efficiency use of the resources

THAIFOODS Group Public Company Limited conducts the business as food manufacturer that considers the safety towards the environment in every process starting from the survey and strictly prepares the report for Environmental Impact Assessment (EIA) by setting the system and the operating procedures not to create the impact towards the environment both internal and around the area. Moreover, there is the arrangement for the knowledge enhancement, training for all personnel in regard to the preserving the environment, also give the priority to the enhancement for resources usage with efficiency and create the maximum benefit by considering the impact towards the environment and assign the preventive measurement and relieve the incurred impact with systematic.

Policies on Occupational Health, Safety and Workplace Safety

THAIFOODS Group Public Company Limited adhere to set the protection regarding the occupational health, safety and workplace safety for personnel, properties and working procedures, then the Company has the policies to support any activities encouraging the safety, occupational health through preserving the workplace safety to be always secure with life and employee's asset, community and social participation. Then the Committee for occupational health, safety and workplace safety was set up and prescribe the relevant policies to develop the safety management system and control, improve and rectify the danger or accidents occurring as a result of the staff carrying out their work. Also, the Company set the activities to enhance the knowledge and understanding in regard to the safety in working for all personnel.

Policies on Non-infringement of Intellectual Property

THAIFOODS Group Public Company Limited has the policies and procedures regarding to the legal rights in the Intellectual Property, such as trademark, patent, copyright, trade secret and other Intellectual Properties specified by laws. The Company prescribes the Company, the Executive, staff and employees of the Company to comply with the Code of conduct regarding to the Intellectual Property or copyright.



Anti Corruption Policies

THAIFOODS Group Public Company Limited engages the business operation with transparency under the principle in Good Corporate Governance; opposes the bribery and the corruption, support all level of personnel to consider as the importance and also has the consciousness to oppose the corruption. Furthermore, THAIFOODS Group Public Company Limited announced its intentions to be an alliance of the Thai Private Sector in opposing corruption (Collective Action Coalition, CAC). Moreover, the Company prescribes the Anti Corruption Policies in writing for being the guideline for the Directors, the Executive and all staffs and employees strictly to perform.

Guideline in Protection and Anti Corruption

Any action performs along with the Anti Corruption Policies must be used the guideline according to the handbook for the Company's business code of conduct, policies, and practical guideline for each varying group of stakeholders including the regulation and relevant operational handbook throughout the other practical guideline that specified by the Company. So as to clarify in execution with the high level of fraudulent risk, then the Company has set the following policies;

1. General discussion

- 1.1 Strictly comply with the policies that conform to the Protection and Anti Corruption including rules, regulation and requirements in all format; either direct or indirect method.
- 1.2 Do not perform any action that intents to be fraudulent to the stakeholders, whom relate with the Company, in subject to own duties or responsibilities; either direct or indirect method, to acquire the benefit for the organization, oneself or the concerns.
- 1.3 Do not neglect or ignore since found any action; be within the scope of fraudulent relating with the Company, then it will be considered as the suitable duty informing to the Secretary of the Corporate Governance Committee or the other whistle blowing channel of the Company as appropriate and should give the cooperation to examine the facts.
- 1.4 The Company will support and encourage all levels of personnel to consider this as importance and have the consciousness in Anti Corruption including providing the internal controls for protection in all formats of fraudulent and in all countries that the Company enter to invest.
- 1.5 Any person, who commits the fraud case, will be investigated, no matter what is the position of that person, because it is considered as commit a crime according to the working regulations governing the personnel management, is enforced with all classes of employee. Therefore, that person must be considered the specified discipline including may be punished by laws, if that action is illegal, too.
- 1.6 The Company will give fairness and protect employees or any person who informs the clue or fraud evidence regarding the Company or a staff who refuses to commit fraud according to the measurement to protect the complainant or cooperator in reporting the fraud case according to the policies relating with the complaint and protection to the complainant.
- 1.7 The Company will regularly review the guideline and operational measurement for conform to the changing in laws and nature of business.

2. Political Contribution

The Company is the politically neutral organization, not aligning with any political parties, political groups or any politician and adheres to the democracy regime. The Company still has the policies not offering the financial support, properties, any other privilege or participate in the political parties, any politician or any person who deals with the politic, either direct or indirect method, for benefit to the Company's business. Whereby, the Company realizes that employees have the right and duties in the democracy regime to engage in or support the political activities with independence under the constitutional provisions, laws and relevant regulation.

Policies and guideline towards Charity Donation and Funding

THAIFOODS Group Public Company Limited will have more careful in transaction of charity donation and funding because it is the activities regarding spending money without the tangible compensation and lead to be the fraud risk. Then every charity donation and funding of the Company must be transparent, must not be against the laws and morality, and that transaction must be approved by the Company's authorized person with reviewable and traceable for all documents as evidence. However, charity donation and funding must be under the following conditions as shown the source and clear objective of that operating project such as record the requestor in application form, name of project owner, objective, success, benefit received from the project and attached with the supporting documents. Besides, that project must not have the characteristic presenting any action; having the other benefits that tend to be the fraud case.

Policies and guideline towards Giving or Receiving Gifts, Entertainment and other expenses

- THAIFOODS Group Public Company Limited has set guidelines for the following transaction; Giving or Receiving Gift, and/or Entertainment and/or other expenses, to/from any person, must be comply with type and worth, and have the suitable in accordance with the traditions.
- Prohibit all levels of staffs and employees to request or receive the gifts, entertainment, other services charge with unsuitable in order for persuading to practice or ignore the practice including any benefits from the contractor, subcontractor, customer, sub-customer, trader, supplier, joint venture or all groups of the Company's stakeholders, no matter what is the case.
- If the Company is in the process of price bidding, then the employee must not receive the gift, entertainment, other services charge or any benefits from the company that participated in the bidding.

Channels for contacts and communication

THAIFOODS Group Public Company Limited has the channels for the stakeholders to submit the recommendation, opinion, comments or ask the questions including complaints to the Company via the enclosed letter to the Board of Directors or Chief Executive Officer (CEO) or send e-mail to the President, Chairman of the Audit Committee and Corporate Governance Committee as apparent in the Company website (www.tfg.co.th) under the topic "Whistle Blowing Channel". Whereby, the Company has the measurement for keeping the information of the complainant to be secret in order to create the confidence for the complainant.



Whistle Blowing Policies and mechanism to safeguard the whistle-blower

The Board of Directors has prescribed the channel for whistle blowing into 2 levels by 1st Channel in level of the Executive such as the chief/commander or supervisor in each level, Internal Audit Division and 2nd Channel in level of the Company Director such as The Board of Directors, the Audit Committee. The Company prepares the channel for receiving complaints, comments and recommendation throughout the clue of illegal action or performs the wrong code of conduct and also misconduct of the person in the Company or behavior which tends to be fraud. Moreover, the Board prioritizes on keeping the information as the complaint to be secret and it will be recognized only the appointed group of persons in order for creating the confidence for the complainant.

SECTION 6 RISK MANAGERMENTS AND INTERNAL CONTROL

Supervision regarding Use of the inside information

THAIFOODS Group Public Company Limited supervises the matter regarding use of the inside information in accordance with the principle of Good Corporate Governance by setting in written in the handbook of the policies to use of the inside information; that was delivered up to the Directors, the Executive and employees since the first date of working. So, the important policies can be summarized as follows;

- 1) THAIFOODS Group Public Company Limited shall give knowledge for Directors and the Executive of the Company and its Subsidiaries companies regarding the duties to give a declaration report of holding the Company security by oneself, spouse and under-aged children to the office of the Securities and Exchange Commission (SEC) according to the Article 59 and the punishment in Article 275 of the Securities and Stock Exchange Act. Moreover, they must also give the declaration report of acquisition or distribution for the Company security by oneself, spouse and under-aged children to the office of the Securities and Exchange Commission (SEC) according to the Article 246 and the punishment in Article 298 of the Securities and Stock Exchange Act.
- 2) Inform the Directors and the Executives of THAIFOODS Group Public Company Limited, including with the spouse and under-aged children, to prepare and disclose the declaration report of holding Company security and the report of changing in holding the Company security to the office of the Securities and Exchange Commission (SEC) according to the Article 59 and the punishment in Article 275 of the Securities and Stock Exchange Act and submit the copy of this report to THAIFOODS Group Public Company Limited on the same date as the date of sending such report to the Securities and Exchange Commission (SEC).
- 3) The Company assigns the Directors, the Executives including the incumbent in management level from field of Accounting or Finance as the level of Department Manager above or equivalent and the relevant officer, who acknowledges the significant inside information; that may impact with the changing in stock price, must suspend the buy and sell transaction for the Company security during the period before disclosure of the financial statements or disclosure regarding the financial status and the Company status until the Company has already disclosed the information to the public. The Company will inform the Directors, the Executives including the incumbent in management level from field of Accounting or Finance as the level of Department Manager above or equivalent, abstain in written, from the buy and sell transaction for the Company security, with at least 30 (thirty) days in advance before the disclosure for the information to the public and should wait for at least 24 (twenty-four) hours after the disclosure for the information to the public, and also prohibits not to disclose that significant information to the other persons.

- 4) The Company has set the discipline in case there is the violence for use the inside information to acquire the benefit's oneself by starting from give the written warning, deduct the wages, temporary suspend from work without pay the wages, or leave the job. Those aforesaid punishments will be considered by depending on the intention to perform and the gravity of the wrong action.
- 5) Prohibit the Directors, the Executive, employees of the Company to use of inside information of the Company, that have or may have impact to changing of the Company's stock price, and still does not disclose to the public, but that person foresee by the position or by the status, use it for purchase or sale or offer to purchase or offer to sale, or persuade the other person to purchase or sale, or offer to purchase or offer to sale share or other securities (if any) of the Company; either direct or indirect method, and no matter how the aforesaid action will act for own benefit or others, or bring the facts to disclose for the other person to do that said action, whether that person receives the benefit or compensation or not.
- 6) Prohibit the Directors, the Executives, the employees of the Company or the ex-Directors, the ex-Executive and the resigned employees to disclose the inside information or the Company's secrecy throughout the confidential information of the business partner, that person acknowledged from performed the duties, to third parties for acknowledgement. Even though the disclosure for the aforesaid information may not incur the damage to the Company or the business partner of the Company.
- 7) Directors, the Executives and employees of the Company or the ex-Directors, the ex-Executive and the resigned employees have the duties to keep the secret and/or the inside information, and have the duties to use of inside information only for benefit to the business operation of the Company. Whereby, prohibit the Directors, the Executives and employees of the Company brings the secrecy and/or the inside information of the Company to use as benefit for the other company that oneself is the shareholder, director, executive, staff and employee.

Conflict of interest

The Board of Directors has the policies regarding protection for Conflict of Interest on basic of any decision in conducting the business activities; it must be done only for the maximum benefit of the Company. So, it should avoid the action; that may incur the Conflict of Interest by assigning the relevant concerns or the stakeholder on the considered transaction, all those must inform the Company about the relationship or their own Conflict of Interest in the aforesaid transaction and they must not enter to participate in consideration for decision-making including have no authorization in that transaction.

If there is any transaction that may incur the Conflict of Interest but not the operation as normal business or non-comply with the general trade condition, then it should be proposed to the Board of Directors Meeting for approved consideration. The Audit Committee should be assigned for consideration on the suitability with careful for propose to the Board of Directors Meeting. However, the Company must comply with the criteria of the office of the Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET).

Business Code of Conduct

The Board of Directors provides the code of conduct as the guideline and being the good code of conduct for the Director, the Executive throughout the employees to abide as the guideline to perform duties according to the Company's mission with honesty, trustworthy and justice in terms of performing to the Company, all groups of the stakeholders including set the follow-up action system to monitor the aforesaid guideline with regularly. In addition, the Company continually arranges the training for employees to acknowledge about the practice in accordance with the business code of conduct. So, the Director, the Executive and



employees have the duties strictly to comply with the code of conduct. Whereas the supervisor in all levels has the duty to observe and promote his subordinates to comply with the specific code of conduct and behave oneself as the good sample to encourage the employees to comply. The Company has distributed the Code of Conduct within the Company website (www.tfg.co.th).

Risk Management

The Board of Directors set the target in business operation with clearly and measurable performance. The Management group will regularly compare the actual performance with the specific target. By the appraisal for the risk factor derived from internal or external source, analyze the factor as the root cause and set the measurement in follow-up the situation as the cause of risk factor, the measurement in reduce the risk including assigned the relevant unit to follow-up that risk with regularly and also report the progress to the chief, commander or supervisor.

Internal Controls and Internal Auditing

THAIFOODS Group Public Company Limited has the regulatory system, Risk Management and internal control with efficiency and effectiveness and be consistent with the international standards. The Audit Committee has the duties to set the supervisory policy to enable the Internal Auditing task having the Independency. Whereas the internal control and Internal Auditing will be performed by the Internal Audit Division and proposed the audit result to the Audit Committee for approved consideration before further report to the Board of Directors.

Compliance with the regulations

THAIFOODS Group Public Company Limited has the Compliance Unit to responsible for monitoring and follow-up in order for risk management in the compliance with the laws, other regulations (Compliance Risk) including with the compliance with the Anti Corruption Policies and other policies.

Remuneration of the external Auditor

During the Extraordinary Shareholders Meeting No. 4/2557 dated on 5th August 2014, the Company had appointed the PricewaterhouseCoopers ABS Co., Ltd as the Company's Auditor for the year ended 31st December 2014 with the Auditing fee at a total not over than Baht 6.5 Million (Six Million Baht) per year for THAIFOODS Group Public Company Limited and its Subsidiaries companies located in Thailand for 9 (nine) companies and in amount not over than 21,500 US Dollars per year for one (1) subsidiary company operating in Vietnam (The Company had appointed PricewaterhouseCoopers (Vietnam) Limited as the Auditor).

During the Annual General Meeting of Shareholders for the year 2015 dated on 9th March 2015, the Company had appointed the PricewaterhouseCoopers ABS Co., Ltd that is the certified public accountant, certified by the office of the Securities and Exchange Commission (SEC), for being the Company's Auditor for the year 2015 with the Auditing fee by auditing only the Company's financial statements, quarterly review for the financial statements and consolidated financial statements totaling amount Baht 1.38 Million.

During the Annual General Meeting of Shareholders for the year 2016 dated on 28th April 2016, the Company had appointed the KPMG Phoomchai Auditing Co., Ltd that is the audit firm with independent and expertise in auditing and there is no relationship or no conflict of interest with the Company, Executive, the majority Shareholders or the related party, for being the Company's Auditor for the year 2016 with auditing fee in auditing the Company and its Subsidiaries companies totaling amount Baht 8.94 Million.

During the Annual General Meeting of Shareholders for the year 2017 dated on 21st April 2017, the Company had appointed the KPMG Phoomchai Auditing Co., Ltd that is the audit firm with independent and expertise in auditing and there is no relationship or no conflict of interest with the Company, Executive, the majority Shareholders or the related party, for being the Company's Auditor for the year 2017 with auditing fee in auditing the Company and its Subsidiaries companies totaling amount Baht 9.79 Million.

During the Annual General Meeting of Shareholders for the year 2018 dated on 23st April 2018, the Company had appointed the KPMG Phoomchai Auditing Co., Ltd that is the audit firm with independent and expertise in auditing and there is no relationship or no conflict of interest with the Company, Executive, the majority Shareholders or the related party, for being the Company's Auditor for the year 2018 with auditing fee in auditing the Company and its Subsidiaries companies totaling amount Baht 11.75 Million and other fee amount Baht 0.86 Million

SECTION 7 ENSURE DISCLOSURE AND FINANCIAL INTERGRITY

THAIFOODS Group Public Company Limited prioritizes the disclosure in the significant information relating with the Company both financial information and non-financial information with accurate, complete, timely and transparent according to the criteria specified by The Stock Exchange of Thailand (SET) and the office of Securities and Exchange Commission (SEC) and other information that may have the impact towards the stock price of the Company. All aforesaid information has effected with the decision-making process of the investor and the Company's stakeholders. The Board of Directors will follow-up and control in order to have the following execution;

- 1) Mechanism, which will create the confidence in communication and report; disclosed to the investor and the stakeholders must be correct, do not make misunderstanding and sufficient for the decision of the investor. The Investor Relation of the Company, must have knowledge, skill and experience, is the responsible person in preparing the report and disclose the information. In addition, the aforesaid disclosure will consider the varying relevant factors such as conformity to the objective, main target, strategy, and the Company's policies, Audit Committee's comments including with the result of sufficiency evaluation of the internal control system, Auditor's opinion in the financial reports and Auditor's notice regarding the internal control system in order to have confident that the communication and disclosure of information, either the stakeholders or third parties, must be suitable and equalize under the protection for secret information and information that have impact towards the stock price in order to have the efficiency in communication and disclosure of information.
- 2) Follow-up system will be used for evaluation the sufficiency of the financial liquidity and debt payment capability such as evaluate and reports the financial status of the Company to the Board of Directors with regularly in order for planning, being the mechanism or managing guideline in conducting the business with the careful approach, reasonableness and timely. Moreover, it should concern with the fairness to all groups of the stakeholders. In addition, the authorization for executing any transaction or proposes the comments to the Shareholders Meeting for approval, the Board of Directors should be confident that executing the aforesaid transaction; will not impact to the continuity in operating the enterprise, the financial liquidity or debt payment capability.

- 3) Report for the Corporate Governance Policies, Business Code of Conduct, other policies such as Risk Management Policies, Policies regarding on caring the environment and society, Anti Corruption Policies, Policies and guideline for the employees and stakeholders, Policies regarding human rights that was comment as the summary. The result of compliance with the aforesaid policies, which reflects to the operation, may bring into creating worthy for the organization with sustainability. However, in the case that it cannot comply with the aforesaid policies, so it should have the supported reason. All those may report through the channel of the information technology such as the Annual Report, the Annual Sustainability Report and the Company website by both Thai and English language.
- 4) Disclose the report regarding the responsibilities of the Board of Directors towards the financial report and coupled with the Auditor report in the Annual report. If the information in any transaction relating specifically to any Director, then that Director should disclose his/her own information for completeness and accuracy such as Information about Shareholders of his/her group, the disclosure in the part connecting with the Shareholders' agreement of his/her group.
- 5) The system which gives the confidence that preparation for the financial report and disclosure for the significant information, must be accurate, sufficient, timely and comply with the criteria, standard and the relevant practice. The disclosure for the aforesaid information, includes the financial statements, the Annual Statement of the Company information (Form 56-1), the annual report (Form 56-2), must sufficiently reflect the financial status and the operating performance. It should have the management discussion and analysis (MD&A) comprising the financial statement disclosure in order to acknowledge the information and understand the financial status and the operating performance of the Company not only the figure information in the financial statement.
- 6) Disclose the Audit fees and other service fees that provided by the external Auditor.
- 7) Disclose the roles and duties of both Board of Directors and the Sub-committees, the number of meetings, the number of each Director attended in the meeting in the previous year, and comments in performing their duties, including the information about the Board of Directors continue to attend the training and develop their professional knowledge and presented in the annual report.
- 8) Disclose the policies regarding remuneration payment to the Directors and top Executive that reflects the undertaking and each responsibilities and also format or aspects of the remuneration. However, the amount of disclosed remuneration should include the remuneration that each Director received from being the Director of the Subsidiaries companies and the remuneration of the external Auditor, too.
- 9) Not only disclosure for the information according to the specified criteria and via channel of The Stock Exchange of Thailand (SET), the Annual Statement of the Company information (Form 56-1) and the annual report (Form 56-2), The Board of Directors will consider to disclose the information both Thai and English language via the other channel such as the Company website including presenting the up-to-date information.

SECTION 8 ENSURE ENGAGEMENT AND COMMUNICATION WITH SHAREHOLDERS

THAIFOODS Group Public Company Limited realizes the importance to supervise and concern with all classes of stakeholders, not only the inside stakeholders such as the shareholders, the Company executive and employees but the outside stakeholders such as the customer, the creditors, the business partner, the competitors, government sector, society, community. The Company realizes that the contribution and opinion from all classes of the stakeholders will be useful in the operation and the Company's business development. Therefore, the Company must comply with the laws and related conditions for taking care the right of aforesaid stakeholders and do not perform any action that being the violation in right of the stakeholders. Moreover, the Company operation must be considered the right of all classes of the stakeholders according to the following guidelines;

Policies and guideline towards the shareholders

THAIFOODS Group Public Company Limited always reminds the shareholders as the proprietor and the Company has the duties to boost the long-term shareholder value. Then the Company assigns the Directors, Executive or Management and employees must comply with the following procedures;

- 1) Perform the duties with honesty along with the decision to execute any transaction relied on the professional principles with carefulness, cautiousness and fairness towards the major Shareholder or the minority Shareholders for maximize the benefit with overall Shareholders.
- 2) Present the report of the Company position, the operating performance, and the statement of financial position, accounting and other reports with proper, complete and agreed with the fact.
- 3) Prohibit not seeking the benefit for own self or the other person from using any Company information that still not disclose for public or perform any action in aspect of incurring the Conflict of Interest with the Company.

The Company has supported and prioritized for the Shareholders having confidence that they have participated in the significant issues of the Company according to the right of Shareholders; that is not limited only for the specific legal right. As a result, the Company does not perform any action that is the violation or derogate the right of Shareholders. The Company emphasizes with promotion to Shareholders using their own right, for example, the preliminary right of Shareholders such as share purchase/sales or share transfer, the Company profit sharing, participation, getting news and information and sufficient communication between Shareholders and the Company, attending to the meeting for use voting right in the Shareholders Meeting in order for appointment or withdrawal the Director, appoint the external Auditor and matter impacts with the Company such as dividend allocation, appointments or amendments to the Articles of Association of the Company and Memorandum of Association of the Company, decreases or increases in shares capital and approval for the extraordinary transactions. Furthermore, The Board of Directors emphasize the important matter both legal and others that may impact with the working of the Company; that is considered or approved by the Shareholders depending upon the case of the Shareholders Meeting. Not only the aforesaid basic rights, the Company still prescribe the practical guideline in any matter to encourage and facilitate the Shareholders to use their right along with the policies to facilitate and encourage attending in the Annual General Meeting of Shareholders and it includes the following matters;

- 1) Disclose the policies to support or encourage all groups of the Shareholders attending in the Shareholders Meeting.
- 2) Inform the information about date, time, place and agenda in the meeting with the narration and reason attached in each agenda or attached with the requested resolution; that specified in the invitation letter for the Annual General Meeting of Shareholders and Extraordinary Meeting of Shareholders or inside the attachment of the meeting agenda. Also, there should not have any action as the limitation in the opportunity of the Shareholders to study for company information.
- 3) Facilitate the shareholders to use their right attending in the meeting with fully votes and abstains any action which is the limitation for the opportunity attending into the Shareholders Meeting such as attending into the meeting for voting as resolution should not be the complicated method, the place for arranging the Shareholders Meeting should be comfort with the transportation.
- 4) The presiding Chairman shall allocate the appropriate time and encourage the Shareholders to have a chance to express their opinion and ask the question towards the meeting regarding the issues related with the Company. Moreover, the Chairman gives the chance for the Shareholders to submit

the question in advance before the meeting date by clearly setting the criteria to submit the question in advance. He should inform the Shareholders to acknowledge together with delivery for the invitation letter for attending in the Shareholders Meeting and also promulgating the aforesaid criteria to submit the question in advance on website of THAIFOODS Group Public Company Limited, too.

- 5) Support the Shareholders to use of proxy forms on which the Shareholders are able to specify the direction of their votes. The Company nominates the name of Independent Director with at least one (1) person as the alternative to propose the Shareholders for a proxy.
- 6) Enhance the Director including all executives or management team attending in the Shareholders Meeting to answer the Shareholders' question.
- 7) Provide the resolution in the Shareholders Meeting for each item in case of that agenda has many items such as the agenda for election of Directors.
- 8) Execute to bring the technology; using in the Shareholders Meeting both Shareholders registration, counting the vote and demonstrate the result, in order for managing the meeting with speedy, correct and accuracy.
- 9) Encourage the Company to appoint a free individual as independent party of inspectors or scrutineers in the Annual General Meeting of Shareholders and Extraordinary Meeting of Shareholders. These scrutineers should be disclosed in the meeting for acknowledgement with recorded in the minute of the meeting.
- 10) Provide the minute of the Shareholders Meeting for recording the explanation on voting tabulating procedures, methodology to display the voting result for acknowledgement by the meeting before meeting execution. Moreover, it is the opportunity for the Shareholders to raise the issues or ask the questions and records the questions and answers, resolutions, voting results of each agenda item containing approving, dissenting, and abstaining votes including records the list of the Board members who attended or quitted from the meetings.
- 11) Disclose to the public for acknowledgement in the result of voting of each agenda in the Annual General Meeting of Shareholders and Extraordinary Meeting of Shareholders in the following day on website of THAIFOODS Group Public Company Limited and website of Stock Exchange of Thailand (SET).

Not only has the Board of Directors monitored the Shareholders Meeting to be tidy, transparent and efficient and subserve the Shareholders to use their right as the aforesaid mention, the Board of Directors still set the policy to manage the equitable treatment and fairness for all Shareholders, a Shareholder with management positions, non-executive Shareholders or the majority Shareholders and the minority Shareholders including foreign Shareholders. Therefore, the resolution of the meeting and preparation for the minute of the Shareholders Meeting shall be disclosed with correct and complete, and then there are the following procedures;

- 1) Submit the invitation letter for the Shareholders Meeting with specified the agenda and the opinion of the Board of Directors towards the Stock Exchange of Thailand (SET) and also promulgating this on website of THAIFOODS Group Public Company Limited with at least 28 days (twenty-eight) before the appointment date of the Shareholders Meeting and also promulgating together with the invitation letter for the Shareholders Meeting; issued in Thai edition and English edition.
- 2) Inform the Shareholders to acknowledge the criteria using in the meeting, procedures for voting as the resolution including the voting rights in accordance with each category of shares.

- 3) Prescribe the criteria for the minority Shareholders to propose or add the meeting agenda in advance before the date of the Shareholders Meeting with clear in advance in order to present the fairness and transparency in consideration; whether it is suitable to add the said agenda of the minority Shareholders or not. Moreover, a Shareholder with management positions should not add the meeting agenda that is not informed in advance with unnecessary, especially the important agenda which the Shareholders must take time to study or explore the information before decision making.
- 4) Set the methods for the minority Shareholders to nominate the name of candidates; who has the suitable qualification in order to take a position of the Director, by nominating that name via the Nomination and Remuneration Committee in advance before the date of Shareholders Meeting together with the supporting information for consideration in aspect of the candidates' qualification and their consent.
- 5) Give an opportunity for the Shareholders to use their right to appoint the Director as individual.
- 6) Assign all Directors and the Executive; who have the duty to report their ownership of the Company's shares according to the regulation should regularly submit to the Board an aforesaid report and also should disclose within annual report of the Company.
- 7) Prescribe the written procedures concerning the preservation and protection against abuse of inside information with improperly and notify the aforesaid procedures to all concerns in the Company for compliance. Moreover, it prohibits any person, that involved with the inside information, to trade the Company's securities within one (1) month before disclosure of the quarterly financial statements and annual financial statements and also pending security trade for 24 (twenty-four) hours after disclosure of the significant information.
- 8) Assign the Directors to report their conflicts of interest regarding each agenda item before consideration by the Board and record in the minute of the Board of Directors Meeting. Also, in the case of the Director who has a significant conflict of interest; that may let such Director do not give the free opinion, so the Board should require that Director abstain from participating in the board discussion on a particular agenda item.

During the year 2018, the Company did not receive any complaints relating with disrespect towards the basic shareholder rights. The Company has the equitable treatment of Shareholders.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility Report has been prepared for the year 2018 separate with annual report. Details can find via the website of the company (www.tfg.co.th)



Internal Control and Risk Management

In the Board Meeting No.2/2019 held on February 26, 2019, 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, 2018, 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 Party Transactions

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 19.91% of the Company's shares (as of 31 December 2018) - Director, Chairman of the Executive Committee and Chief Executive Officer of the Company
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 31 July 2022 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. - 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 2017 and 2018 as follows:

Name	Nature of Transaction	Value of Transaction (Million Baht)		Reason and Necessity and Opinion of the Audit Committee
		2018	2017	
Thai Viet Agri Group ("TVAG")	<u>Purchase Transactions</u> Thai Viet Swine Line purchases animal feed from Thai Viet Agri Group at the price of Thai Viet Agri Group's cost plus 5% share, as the purchase price is considered to be fair compared to the prices of the other suppliers.			<ul style="list-style-type: none"> - 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 31 July 2022 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.
	- Purchases	309.89	298.37	
	- Accounts Payable	83.58	100.00	
	<u>Contract Farming</u> Thai Viet Swine Line hired Thai Viet Agri Group to raise the pigs at the price stated in the contract farming contract which is similar to Thai Viet Swine Line's other contract farming contracts.			<ul style="list-style-type: none"> - 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 31 July 2022 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.
	- Cost of Contract Farming	18.91	17.26	
	- Accounts Payable	5.06	6.25	
Seven Foods Co., Ltd. (Japan)	Thaifoods Group sells chicken parts to seven foods to market price as same as other clients			<ul style="list-style-type: none"> - 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.
	- Sales of Goods	191.06	202.51	
	- Accounts Receivable	65.71	88.26	

Name	Nature of Transaction	Value of Transaction (Million Baht)		Reason and Necessity and Opinion of the Audit Committee
		2018	2017	
Mr. Winai Teawsomboonkij: Director/ Chief Executive Committee/ Chief Executive Officer	<u>Collateral Loans</u> As of 31 December 2018, the Company has a credit line 1 financial institutions 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 institutions release Mr. Winai Teawsomboonkij of his guarantee, while we are awaiting approval from one remaining financial institution.

REASON AND NECESSITY FOR THE RELATED PARTY TRANSACTIONS

For the years 2017 - 2018, we 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 we received was higher than the deposit rate at local financial institutions and lower than the interest rate we received from financial institutions on our outstanding loans. The short-term loans we obtained have been used for our working capital and the interest rates were higher 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 our 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.2/2019 held on 26 February 2019 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

The Audit Committee is required to evaluate, and has evaluated, these transactions and provide an opinion on the necessity of our Company entering into these transactions.

POLICIES AND PROCEDURES FOR FUTURE RELATED PARTY TRANSACTIONS

For future related party transactions, 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.

We 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.





Key Financial Information

1) Summary of Financial Statement

The table shows statement of financial position and statement of income in 2016 - 2018 are as follows;

Statement of financial position	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Current assets						
Cash and cash equivalents	308.70	1.98	1,105.33	5.85	210.08	0.92
Current investments	-	-	2.00	0.01	-	-
Accounts receivable	815.04	5.23	1,094.52	5.79	1,768.02	7.78
Other accounts receivable	139.96	0.90	223.65	1.18	311.60	1.37
Inventories	2,708.09	17.36	2,891.80	15.31	3,276.38	14.43
Current biological assets ^{1/}	2,725.56	17.48	3,097.56	16.39	3,200.76	14.09
Advance payments to farmers	376.28	2.41	383.95	2.03	325.65	1.43
Total current assets	7,073.63	45.35	8,798.81	46.57	9,092.48	40.04
Non-current assets						
Advance payments to farmers	421.15	2.70	285.97	1.51	225.57	0.99
Interests in joint ventures	3.04	0.02	1.87	0.10	4.05	0.02
Other long-term investments	10.00	0.06	0.20	0.00	0.20	0.00
Other accounts receivable	37.77	0.24	16.64	0.09	6.98	0.03
Investment properties	35.88	0.23	49.35	0.26	35.38	0.16
Property, plant and equipment	6,321.20	40.53	7,930.16	41.97	11,246.24	49.52
Non-current biological assets ^{1/}	691.39	4.43	747.79	3.96	972.34	4.28
Other intangible assets	139.88	0.90	111.52	0.59	105.11	0.46
Goodwill	-	-	43.92	0.23	6.54	0.03
Restricted deposits at financial institutions	98.93	0.63	101.70	0.54	104.33	0.46
Deferred tax assets	749.70	4.81	783.38	4.15	892.07	3.93
Other non-current assets	13.70	0.09	22.40	0.12	19.77	0.09
Total non-current assets	8,522.64	54.65	10,094.91	53.43	13,618.57	59.96
Total assets	15,596.27	100.00	18,893.71	100.00	22,711.06	100.00

Statement of financial position	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Liabilities and equity						
Current liabilities						
Short-term borrowings from financial institutions	5,588.08	35.83	4,858.94	25.72	6,654.79	29.30
Accounts payable	1,347.11	8.64	1,928.04	10.20	2,489.51	10.96
Other accounts payable	790.81	5.07	1,157.78	6.13	1,277.96	5.63
Current portion of debentures	-	-	210.00	1.11	-	-
Current portion of long-term borrowings from financial institutions	384.26	2.46	610.27	3.23	605.25	2.66
Current portion of finance lease liabilities	75.39	0.48	146.05	0.77	226.87	1.00
Income tax payable	56.36	0.36	42.43	0.22	20.75	0.09
Total current liabilities	8,242.02	52.85	8,953.50	47.39	11,275.12	49.65
Non-current liabilities						
Debentures	210.00	1.35	1,148.50	6.08	1,148.50	5.06
Long-term borrowings from financial institutions	241.34	1.55	449.91	2.38	1,271.12	5.60
Finance lease liabilities	590.19	3.78	717.93	3.80	876.13	3.86
Employee benefit obligations	42.40	0.27	60.19	0.32	22.13	0.10
Retentions	3.42	0.02	2.49	0.01	4.20	0.02
Deferred tax liabilities	139.83	0.90	190.05	1.01	278.51	1.23
Total non-current liabilities	1,227.18	7.87	2,569.07	13.60	3,600.59	15.85
Total liabilities	9,469.20	60.71	11,522.57	60.99	14,875.71	65.50
Equity						
Authorised share capital	5,610.00	-	6,138.16	-	6,138.16	-
Issued and paid-up share capital	5,100.00	32.70	5,109.40	27.04	5,113.31	22.51
Advance received from exercise of warrants	-	-	-	-	63.32	0.28
Premium on ordinary shares	981.24	6.29	995.33	5.27	1,096.18	4.83
Deficit on change in ownership interests in subsidiary	-	-	(21.95)	(0.12)	-	-
Deficits on common control transactions	(231.27)	(1.48)	(231.27)	(1.22)	(231.27)	(1.02)
Retained earnings - Legal reserve	109.05	0.70	163.19	0.86	197.97	0.87
Retained earnings - Unappropriated (Deficit)	(77.74)	(0.50)	1,128.69	5.97	1,139.02	5.02
Other components of equity	245.77	1.58	227.43	1.20	456.80	2.01
Equity attributable to owners of the Company	6,127.05	39.29	7,370.82	39.01	7,835.33	34.50
Non-controlling interests	0.02	0.00	0.32	0.00	0.02	0.00
Total equity	6,127.07	39.29	7,371.15	39.01	7,835.35	34.50
Total liabilities and equity	15,596.27	100.00	18,893.71	100.00	22,711.06	100.00

Source : Consolidated financial statements of Thaifoods Group Public Company Limited for the Year 2016 - 2018 audited by certified public accountant.

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

Statement of financial position	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Income						
Revenue from sale of goods and rendering of services	20,625.84	99.26	25,789.40	99.52	27,986.36	98.51
Gain on changes in fair value of biological assets ^{1/}	25.03	0.12	-	-	135.60	0.48
Reversal of loss on land revaluation	-	-	-	-	35.98	0.13
Net foreign exchange gain	-	-	15.17	0.06	-	-
Interest income	90.84	0.44	76.04	0.29	61.97	0.22
Gain on loss of control in subsidiary	-	-	-	-	105.00	0.37
Other income	37.88	0.18	32.52	0.13	85.12	0.30
Total income	20,779.59	100.00	25,913.13	100.00	28,410.03	100.00
Expenses						
Cost of sales of goods and rendering of services	18,005.14	86.65	22,547.51	87.01	25,715.53	90.52
Loss on changes in fair value of biological assets	-	-	55.73	0.22	-	-
Selling expenses	420.77	2.02	771.36	2.98	826.13	2.91
Administrative expenses	524.52	2.52	601.39	2.32	797.37	2.81
Loss on land revaluation	12.15	0.06	5.51	0.02	-	-
Net foreign exchange loss	26.91	0.13	-	-	96.31	0.34
Finance costs	245.45	1.18	301.53	1.16	357.09	1.26
Total expenses	19,234.95	92.57	24,283.02	93.71	27,792.44	97.83
Share of loss of joint venture	0.42	0.00	3.69	0.01	1.32	0.00
Profit (loss) before income tax	1,544.22	7.43	1,626.42	6.28	618.91	2.18
Income tax expense (income)	97.42	0.47	108.18	0.42	3.32	0.01
Profit (loss) for the year	1,446.80	6.96	1,518.23	5.86	615.59	2.17
Other comprehensive income for the year	(0.63)	(0.00)	(18.28)	0.07	264.47	0.93
Total comprehensive income for the year	1,446.17	6.96	1,499.96	5.79	880.06	3.10

Source : Consolidated financial statements of Thaifoods Group Public Company Limited for the Year 2016 - 2018 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		
	2016	2017	2018
Current Ratio			
Current Ratio (Times)	0.86	0.98	0.81
Accounts Receivable Turnover (Times)	31.16	27.01	19.55
Inventory Turnover (Times)	7.57	8.05	8.34
Accounts Payable Turnover (Times)	15.48	13.77	11.64
Profitability Ratio			
Gross Profit (Loss) Margin (%)	12.71	12.57	8.11
Operating (Loss) Margin (%)	8.68	7.48	3.49
Net Profit (Loss) Margin (%)	6.96	5.85	2.27
Return on Equity (%)	26.84	22.46	8.49
Efficiency Ratio			
Return on Total Assets (%)	10.20	8.79	3.10
Return on Fixed Assets (%)	28.74	28.92	17.51
Financial Policy Ratio			
Debt to Equity Ratio (Times)	1.55	1.56	1.90
Interest Coverage Ratio (Times)	10.95	10.31	6.73

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 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 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 = EBITDA / Interest expense

Management's Discussion and Analysis

1) Results of Operations

Revenue

Total revenue for the year 2016-2018 were Baht 20,779.59 million, Baht 25,913.13 million and Baht 28,410.03 million, respectively or increasing 24.70% and 9.64%, 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 2016-2018 as follow.

Business	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Poultry	13,360.25	64.29	18,022.95	69.55	17,925.34	63.10
Swine	5,439.31	26.18	5,166.78	19.94	6,255.99	22.02
Feed and others	1,826.28	8.79	2,599.68	10.03	3,805.03	13.39
Other income	153.75	0.74	123.72	0.48	423.67	1.49
Total	20,779.59	100.00	25,913.13	100.00	28,410.03	100.00

Revenue from poultry operations

Revenue from poultry operations for the year 2016 - 2018 were Baht 13,360.25 million, Baht 18,022.95 million and Baht 17,925.34 million, respectively. Revenue of 2017 increased 34.90% from 2016 due to the effect of increase in average chicken meat price and quantity. The average price in 2017 was Baht 39.79/kg in increase from 2015 and volume sold in 2017 was 388,070.08 tonnes increase from 2015 due to the Company expand the capacity to supporting increasing domestic and export sale.

In 2018, the revenue decrease 0.54% from 2017 due to decrease in average chicken meat price while quantity was increase. The average price in 2018 was Baht 37.70/kg decrease from 2017 due to drop in chicken market price. The volume sold in 2018 was 405,666.63 tonnes increase from 2017 as a result of increasing farming and slaughtering capacity as well as higher sales in both domestic and export markets.

Revenue from swine operations

Revenue from swine operations for the year 2016 - 2018 were Baht 5,439.31 million, Baht 5,166.78 million and Baht 6,255.99 million, respectively. Revenue for the year 2017 decreased 5.01% from 2016 as a result of price effect. Average selling prices in 2017 were Baht 55.63/kg and the volumes sold were 80,845.64 tonnes which increased from 2016 due to increased farming capacity and expansion of domestic sale of pork parts.

Revenue from swine operations for the year 2018 increased 21.08% from 2017 as a result of price effect. Average selling prices in 2018 were Baht 60.56/kg and the volumes sold were 90,488.24 tonnes which increased from 2017 due to increased farming capacity and expansion of domestic sale of pork parts.

Revenue from feed operations and others

Revenue from feed operations and others for the year 2016 - 2018 were Baht 1,826.28 million, Baht 2,599.68 million and Baht 3,805.03 million, respectively or increasing 42.35% and 46.37%, respectively due to increase sale volume to external customer. The sell volumes for the year 2016-2018 were 137,222.43 tonnes, 190,857.05 tonnes and 290,328.28 tonnes, respectively or increase equivalent to 39.09% and 52.12% respectively.

Cost of sales of goods and rendering of services

Cost of sales of goods and rendering of services for the year 2016 - 2018 were Baht 18,005.14 million, Baht 22,547.51 million and Baht 25,715.53 million, respectively. For the year 2017 - 2018, cost of sales of goods and rendering of services increased by 25.23% and 14.05% respectively related to increasing sale. Gross margin for the year 2016 - 2018 were 12.71%, 12.57% and 8.11%, respectively.

Selling and Administrative expenses

Distribution costs for the year 2016 - 2018 were Baht 420.77 million, Baht 771.36 million and Baht 826.13 million, respectively or increasing by 83.32% and 7.10%, respectively, as a result of the increasing in sales of both export sales starting in 2016 and domestic sales to distribute sale area inclusively.

Administrative expenses for the year 2016 - 2018 were Baht 524.52 million, Baht 601.39 million and Baht 797.37 million, respectively or increasing by 14.66% and 32.59% related to increasing sale. Net profit (Loss) margin for the year 2016 - 2018 were 8.68%, 7.48% and 3.49%, respectively.

Finance cost

Finance cost for the year 2016 - 2018 were Baht 245.45 million, Baht 301.53 million and Baht 357.09 million, respectively or increase 22.85% and 18.43% respectively due to a higher amount drawn on banking facilities for purchase raw material to support the increased production capacity

Profit (loss) for the year

Profit (loss) for the year 2016 - 2018 were Baht 1,446.80 million, Baht 1,518.23 million and Baht 615.59 million, respectively. For the year 2017, profit increased by 4.94% from 2016 due to additional higher profitability channel. For 2018 profit decrease by 59.45% mostly due to drop on average chicken sale price and high operation cost of further factory. Net profit (Loss) margin were 6.96% 5.85% and 2.27% respectively.



2) Financial Position

Assets

Total assets at the end of year 2016 - 2018 were Baht 15,596.27 million, Baht 18,893.71 million and Baht 22,711.06 million, respectively or increasing by 22.14% and 20.20%, respectively. Primarily total assets were Property, plant and equipment. Return on total assets at the end of year 2016-2018 were 10.20%, 8.79% and 3.10%, respectively.

Property, plant and equipment

Property, plant and equipment at the end of year 2016 - 2018 were Baht 6,321.20 million, Baht 7,930.16 million and Baht 11,246.24 million, respectively or increasing by 25.45% and 41.82%, 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. Additional the increasing in 2018 as result of further plant and feed mills plant.

Trade accounts receivable

Trade accounts receivable at the end of year 2016 - 2018 were Baht 815.04 million, Baht 1,094.52 million and Baht 1,768.02 million, respectively or increasing by 34.29% and 61.53%, respectively. The increase was primarily due to adjust sale channel through export and other channel which higher credit term.

Inventories

Inventories at the end of year 2016 - 2018 were Baht 2,708.09 million, Baht 2,891.80 million and Baht 3,276.38 million, respectively. For the year 2017 increased by 6.78% from 2016 primarily due to the Company has spare the sparepart for the machine. For the year 2018 increased by 13.30% due to inventory of raw material and finish good of feed mills plant.

Advance payments to farmers

Advance payments to farmers at the end of year 2016 - 2018 were Baht 797.43 million, Baht 699.92 million and Baht 551.22 million, respectively. 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 2016 - 2018 were Baht 9,469.20 million, Baht 11,522.57 million and Baht 14,875.71 million, respectively or increasing by 21.68% and 29.10%, respectively. The majority of the Company's total liabilities comprised of short-term borrowings from financial institutions followed by trade and other accounts payable debenture.

Interest-bearing debt

Interest-bearing debt at the end of year 2016 - 2018 were Baht 7,089.27 million, Baht 8,141.60 million and Baht 10,782.66 million, respectively or increasing by 14.84% and 32.44%, respectively. At the end of year 2018, primarily interest-bearing debt were short-term borrowings from financial institutions represented by 69.43% of interest-bearing debt and long-term borrowings from financial institutions represented by 30.57% of interest-bearing debt.

Short-term borrowings from financial institutions at the end of year 2016 - 2018 were Baht 5,588.08million, Baht 4,858.94 million and Baht 6,654.79 million, respectively. At the end of year 2017, short-term borrowings from financial institutions decreased by 13.05% due to adjust the balance propotional amount between short term and long term debt. For 2018 increased by 36.96% due to expansion of business.

Finance lease liabilities (including current portion of finance lease liabilities and finance lease liabilities) at the end of year 2016-2018 were Baht 665.59 million, Baht 863.98 million and Baht 1,103.00 million, respectively or increasing by 29.81% and 27.66%, respectively because of purchasing machinery for increasing productivity and efficiency production.

Debentures at the end of year 2018 were Baht 1,148.50 million to use for long term investment for business expansion and working capital.

Debt to equity at the end of year 2016 - 2018 was 1.55 times, 1.56 times and 1.90 times, respectively.

The following table sets out of interest-bearing debt at the end of year 2016 - 2018;

Interest-bearing debt	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Short-term borrowings from financial institutions	5,588.08	78.82	4,858.94	59.68	6,654.79	81.74
Current portion of Debenture	-	-	210.00	2.58	-	-
Current portion of long-term borrowings from financial institutions	384.26	5.42	610.27	7.50	605.25	5.61
Current portion of finance lease liabilities	75.39	1.06	146.05	1.79	226.87	2.10
Total short-term interest-bearing debt	6,047.73	85.31	5,825.26	71.55	7,486.91	69.43
Debentures	210.00	2.96	1,148.50	14.11	1,148.50	10.65
Long-term borrowings from financial institutions	241.34	3.40	449.91	5.53	1,271.12	11.79
Finance lease liabilities	590.19	8.33	717.93	8.82	876.13	8.13
Total long term interest-bearing debt	1,041.54	14.69	2,316.34	28.45	3,295.75	30.57
Total interest-bearing debt	7,089.27	100.00	8,141.60	100.00	10,782.66	100.00

Trade accounts payable

Trade accounts payable at the end of year 2016 - 2018 was Baht 1,347.11 million, Baht 1,928.04 million and Baht 2,489.51 million, respectively or increasing by 43.12% and 29.12%, respectively. Such increase primary due to trade accounts payable in part of purchase raw material.

Total equity

Total equity at the end of year 2016 - 2018 were Baht 6,127.07 million, Baht 7,371.15 million and Baht 7,835.35 million, respectively. Total equity increased by 20.30% and 6.30% respectively due to the Company has an improved performance.

Return on equity at the end of year 2016 - 2018 was 26.84%, 22.46% and 8.49%, respectively.

3) Liquidity

Profit before income tax expense for the year 2016 - 2018 were Baht 1,544.22 million, Baht 1,626.42 million and Baht 618.91 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 2016 - 2018 in the amount of Baht 503.54 million, Baht 2,138.93 million and Baht 1,047.72 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 2016 - 2018 were Baht 582.53 million, Baht 1,460.20 million and Baht 3,404.31 million, respectively, mainly due to cash payments for property, plant and equipment for the year 2016 - 2018 for in the amount of Baht 714.12 million, Baht 1,868.86 million and Baht 3,537.88 million, respectively.

Moreover, net cash provided by financing activities for the year 2016 - 2018 were Baht 184.34 million, Baht 149.26 million and Baht 1,485.39 million, respectively. For 2017 was mainly proceeds from increasing due to issuance debenture. For 2018 increasing due to short - term borrowings from financial institutions.

The following table sets forth certain information concerning our cash flows for the year 2016-2018.

(Unit : Million Baht)	2016	2017	2018
Net cash provided by (used in) operating activities	503.54	2,138.93	1,047.72
Net cash used in investing activities	(582.53)	(1,460.20)	(3,404.31)
Net cash provided by financing activities	184.34	149.26	1,485.39
Net increase (decrease) in cash and cash equivalents	105.35	827.98	(871.20)
Cash and cash equivalents at the beginning of the year	203.59	308.70	1,105.33
Effect of exchange rate changes on balances held in foreign currencies	(0.25)	(31.36)	-
Cash and cash equivalents at the end of the year	308.70	1,105.33	210.08

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 2018
and
Independent Auditor's Report



Thaifoods Group Public Company Limited



KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floors
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิไทย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

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 2018, 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 2018 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 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 3 (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 3(h), 3(j), 3(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 3(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 payments which 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.

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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charge with governance and request that the correction be made.



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.



(Veerachai Ratanajaratkul)
Certified Public Accountant
Registration No. 4323

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2019



Thaifoods Group Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents	6	210,076	1,105,325	90,588	870,887
Current investments		-	2,000	-	-
Trade accounts receivable	5, 7	1,768,024	1,094,523	783,572	592,851
Other current receivable	5	311,600	223,651	124,121	45,552
Short-term loans to subsidiaries	5	-	-	1,781,530	1,150,128
Inventories	8	3,276,377	2,891,800	705,162	690,803
Current biological assets	9	3,200,760	3,097,557	-	-
Advance payments to farmers	10	325,647	383,949	-	-
Total current assets		9,092,484	8,798,805	3,484,973	3,350,221
Non-current assets					
Advance payments to farmers	10	225,574	285,968	-	-
Investments in subsidiaries	11	-	-	5,339,837	5,319,071
Investment in joint venture	12	4,053	1,868	-	-
Other long-term investments		200	200	-	-
Other non-current receivables		6,977	16,641	4,218	10,336
Investment properties		35,379	49,354	-	-
Property, plant and equipment	13	11,246,235	7,930,161	3,042,278	2,248,154
Non-current biological assets	9	972,341	747,789	-	-
Other intangible assets	14	105,106	111,522	75,099	93,361
Goodwill	4	6,535	43,916	-	-
Restricted deposits at financial institutions	15	104,326	101,701	2,864	2,837
Deferred tax assets	16	892,074	783,384	617,417	453,086
Other non-current assets		19,774	22,403	14,236	14,256
Total non-current assets		13,618,574	10,094,907	9,095,949	8,141,101
Total assets		22,711,058	18,893,712	12,580,922	11,491,322

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

Thaifoods Group Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term borrowings from					
financial institutions	17	6,654,786	4,858,937	2,093,462	1,720,866
Trade accounts payable	5, 18	2,489,505	1,928,035	215,882	55,515
Other accounts payable	5	1,277,958	1,157,776	420,483	315,296
Current portion of debentures	17	-	210,000	-	210,000
Current portion of long-term					
borrowings from financial institutions	17	605,249	610,271	207,226	241,595
Current portion of finance lease					
liabilities	17	226,874	146,051	172,672	95,273
Income tax payable		20,750	42,428	-	-
Total current liabilities		11,275,122	8,953,498	3,109,725	2,638,545
Non-current liabilities					
Debentures	17	1,148,500	1,148,500	1,148,500	1,148,500
Long-term borrowings from financial					
institutions	17	1,271,122	449,914	473,830	334,000
Finance lease liabilities	17	876,130	717,926	475,173	282,915
Provisions for employee benefit	19	22,129	60,187	6,006	22,479
Retentions		4,199	2,493	-	-
Deferred tax liabilities	16	278,508	190,049	27,648	14,613
Total non-current liabilities		3,600,588	2,569,069	2,131,157	1,802,507
Total liabilities		14,875,710	11,522,567	5,240,882	4,441,052

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 (<i>Continued</i>)	Note	2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Equity					
Share capital	20				
Authorised share capital		6,138,160	6,138,160	6,138,160	6,138,160
Issued and paid-up share capital		5,113,306	5,109,397	5,113,306	5,109,397
Advance received from exercise of warrants		63,323	-	63,323	-
Additional paid-in capital					
Premium on ordinary shares	20	1,096,180	995,332	1,096,180	995,332
Deficit on change in ownership interests					
in subsidiary		-	(21,951)	-	-
Deficits on common control transactions		(231,270)	(231,270)	-	-
Retained earnings					
Appropriated					
Legal reserve	21	197,970	163,193	197,970	163,193
Unappropriated		1,139,016	1,128,692	833,630	773,256
Other components of equity		456,802	227,429	35,631	9,092
Equity attributable to owners					
of the parent		7,835,327	7,370,822	7,340,040	7,050,270
Non-controlling interests		21	323	-	-
Total equity		7,835,348	7,371,145	7,340,040	7,050,270
Total liabilities and equity		22,711,058	18,893,712	12,580,922	11,491,322

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	2018	2017	2018	2017
		(in thousand Baht)			
Revenues					
Revenue from sale of goods and rendering of services	5, 30	27,986,359	25,789,404	15,870,634	15,805,242
Gain on changes in fair value of biological assets	9	135,601	-	-	-
Reversal of loss on land revaluation		35,977	-	2,919	-
Net foreign exchange gain		-	15,167	23,451	-
Interest income	5	61,967	76,036	60,676	24,477
Dividend income	5, 11	-	-	640,000	600,000
Gain on loss of control in subsidiary	4	105,002	-	-	-
Other income	5	85,119	32,518	69,497	26,791
Total revenues		28,410,025	25,913,125	16,667,177	16,456,510
Expenses					
Cost of sales of goods and rendering of services	5	25,715,530	22,547,508	14,950,641	13,764,947
Loss on changes in fair value of biological assets	9	-	55,731	-	-
Distribution costs	23	826,132	771,355	615,196	626,380
Administrative expenses	24	797,369	601,392	405,914	343,848
Loss on land revaluation		-	5,513	-	5,410
Net foreign exchange loss		96,313	-	-	46,531
Finance costs	5, 28	357,092	301,525	161,128	116,030
Total expenses		27,792,436	24,283,024	16,132,879	14,903,146
Share of gain (loss) of joint venture	12	1,321	(3,685)	-	-
Profit before income tax expense (income)					
		618,910	1,626,416	534,298	1,553,364
Income tax expense (income)	29	3,321	108,184	(161,229)	67,956
Profit for the year		615,589	1,518,232	695,527	1,485,408

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



Thaifoods Group Public Company Limited and its Subsidiaries

Statement of income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Profit attributable to:					
Owners of the parent		645,457	1,516,041	695,527	1,485,408
Non-controlling interests		<u>(29,868)</u>	<u>2,191</u>	<u>-</u>	<u>-</u>
Profit for the year		<u>615,589</u>	<u>1,518,232</u>	<u>695,527</u>	<u>1,485,408</u>
Earnings per share <i>(in Baht)</i>	<i>31</i>				
Basic		<u>0.13</u>	<u>0.30</u>	<u>0.14</u>	<u>0.29</u>
Diluted		<u>0.12</u>	<u>0.28</u>	<u>0.13</u>	<u>0.27</u>

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	2018	2017	2018	2017
	(in thousand Baht)			
Profit for the year	615,589	1,518,232	695,527	1,485,408
Other comprehensive income				
<i>Items that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
foreign operations	310	(18,996)	-	-
Total items that will be reclassified	310	(18,996)	-	-
<i>Items that will not be reclassified</i>				
<i>subsequently to profit or loss</i>				
Gain on revaluation of land	286,570	901	33,174	578
Gain on remeasurements				
of define benefit plan	19 43,632	-	16,491	-
Income tax relating to items that will				
not be reclassified subsequently				
to profit or loss	29 (66,040)	(180)	(9,933)	(116)
Total items that will not be reclassified	264,162	721	39,732	462
Other comprehensive income				
for the year, net of tax	264,472	(18,275)	39,732	462
Total comprehensive income for the year	880,061	1,499,957	735,259	1,485,870
Total comprehensive income				
attributable to:				
Owners of the parent	909,929	1,497,701	735,259	1,485,870
Non-controlling interests	(29,868)	2,256	-	-
Total comprehensive income				
for the year	880,061	1,499,957	735,259	1,485,870

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

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)	Land	other components of equity	Total

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

Statement of changes in equity

		Separate financial statements				
		Retained earnings			Other components of equity	
		Advance received for shares	Premium on ordinary shares	Legal reserve	Land revaluation surplus	Total other components of equity
		<i>(in thousand Baht)</i>				
For the year ended 31 December 2018						

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 financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<i>Cash flows from operating activities</i>					
Profit for the year		615,589	1,518,232	695,527	1,485,408
<i>Adjustments to reconcile profit to cash receipt</i>					
<i>(payments)</i>					
Depreciation of biological assets	9	646,402	573,952	-	-
Depreciation		752,139	574,235	307,462	249,985
Amortisation	14	31,781	27,745	25,727	22,910
Impairment losses on investment in subsidiary	11	-	-	76,613	-
Elimination of unrealised profit on downstream sales to joint venture	12	(554)	(2,436)	-	-
Bad and doubtful debts expense (reversal of allowance for doubtful account)		51,360	63,673	(74,201)	5,993
Losses (reversal of allowance for losses) on decline in value of inventories		60,951	25,695	38,506	9,423
Interest income		(61,967)	(76,036)	(60,676)	(24,477)
Dividend income	11	-	-	(640,000)	(600,000)
Finance costs		357,092	301,525	161,128	116,030
Provisions for employee benefit	19	21,728	17,129	9,804	6,478
Unrealised loss on exchange		4,265	12,769	4,651	26,978
(Gain) loss on changes in fair value of biological assets	9	(135,601)	55,731	-	-
(Reversal) loss on land revaluation		(35,977)	5,513	(2,920)	5,410
(Gain) loss on disposal of plant and equipment		5,160	(7,998)	6,904	(1,597)
Loss on write-off of plant and equipment		16,972	2,932	15,371	2,831
Loss on write-off of intangible assets		54	1,217	-	1,217
Share of (gain) loss of joint venture	12	(1,321)	3,685	-	-
Gain on loss control in subsidiary	4	(105,002)	-	-	-
Loss on sale of investment in subsidiary		-	-	1,802	-
Income tax expense (income)		3,321	108,184	(161,229)	67,956
		2,226,392	3,205,747	404,469	1,374,545

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

Thaifoods Group Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December	For the year ended 31 December	For the year ended 31 December	For the year ended 31 December
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Cash flows from operating activities (continued)					
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(707,032)	(298,542)	(196,321)	(151,404)
Other current receivable		(46,690)	(87,120)	(35,069)	2,638
Inventories		(455,436)	(208,908)	(52,865)	(174,502)
Current and non-current biological assets		(919,405)	(1,017,020)	-	-
Other non-current receivables		9,664	21,125	6,118	1,335
Other non-current assets		(489)	(8,488)	20	(5,328)
Trade accounts payable		865,185	467,253	160,367	(356,057)
Other accounts payable		196,667	168,701	78,156	66,023
Provisions for employee benefit paid	19	(13,740)	(190)	(9,786)	-
Retentions		1,706	(930)	-	-
Net cash provided by operating		1,156,822	2,241,628	355,089	757,250
Income tax paid		(109,098)	(102,702)	-	-
Net cash provided by operating activities		1,047,724	2,138,926	355,089	757,250
Cash flows from investing activities					
Interest received		55,371	78,690	56,376	22,704
Dividend received		-	-	640,000	600,000
Increase in current investment		2,000	(2,000)	-	-
Changes in restricted deposits at financial institutions		(2,625)	(2,776)	(27)	(29)
Cash outflow on short-term loans to subsidiaries	5	-	-	(10,065,297)	(6,668,658)
Proceed from repayment of short-term loans to subsidiaries	5	-	-	9,508,974	6,050,741
Advance payments received from farmers		88,467	87,394	-	-
Acquisition of investments in subsidiaries	11	-	-	(159,183)	(651,803)
Proceeds from sale of investment in subsidiary	4	20,802	-	20,802	-
Acquisition of subsidiary, net of cash acquired	4	-	(9,849)	-	-
Net cash outflow on acquisition of business	4	(15,000)	-	-	-
Acquisition of long-term investment		-	9,800	-	8,000
Acquisition of investment properties		-	(11,125)	-	-
Acquisition of property, plant and equipment	34	(3,537,878)	(1,868,856)	(644,127)	(477,563)
Proceed from sale of plant and equipment		8,468	274,582	3,224	259,623
Acquisition of other intangible assets	34	(23,917)	(16,063)	(8,765)	(9,741)
Net cash use in investing activities		(3,404,312)	(1,460,203)	(648,023)	(866,726)

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	For the year ended 31 December	For the year ended 31 December
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Cash flows from financing activities					
Interest paid		(410,251)	(349,066)	(173,806)	(118,608)
Payment by lessee for reduction of the outstanding liability relating to a finance lease	17	(146,536)	(68,268)	(136,126)	(68,129)
Increase (decrease) in short-term borrowings from financial institutions		1,821,629	(721,250)	372,596	(212,889)
Proceeds from long-term borrowings from financial institutions	17	1,256,841	842,635	207,328	500,000
Repayment of long-term borrowings from financial institutions	17	(380,807)	(471,319)	(101,867)	(155,749)
Proceeds from the issue of debentures	17	-	1,148,500	-	1,148,500
Repayment of debentures	17	(210,000)	-	(210,000)	-
Proceeds from exercise of warrants		168,080	23,492	168,080	23,492
Proceeds from issue of ordinary shares from subsidiary		-	2	-	-
Dividend paid to owners of the Company	32	(613,570)	(255,467)	(613,570)	(255,467)
Net cash provided by (used in) financing activities		1,485,386	149,259	(487,365)	861,150
Net increase (decrease) in cash and cash equivalents					
before effect of exchange rates		(871,202)	827,982	(780,299)	751,674
Effect of exchange rate changes on cash and cash equivalents		-	(31,356)	-	(25,571)
Net increase (decrease) in cash and cash equivalents		(871,202)	796,626	(780,299)	726,103
Cash and cash equivalents from loss control's subsidiary		(24,047)	-	-	-
Cash and cash equivalents at 1 January		1,105,325	308,699	870,887	144,784
Cash and cash equivalents at 31 December	6	210,076	1,105,325	90,588	870,887

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 2018

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Business combination
5	Related parties
6	Cash and cash equivalents
7	Trade accounts receivable
8	Inventories
9	Biological assets
10	Advance payments to farmers
11	Investments in subsidiaries
12	Investment in joint venture
13	Property, plant and equipment
14	Other intangible assets
15	Restricted deposits at financial institutions
16	Deferred income tax
17	Interest-bearing liabilities
18	Trade accounts payable
19	Provisions for employee benefit
20	Share capital
21	Reserves
22	Segment information
23	Distribution costs
24	Administrative expenses
25	Employee benefit expenses
26	Operating leases
27	Expenses by nature
28	Finance costs
29	Income tax expense (income)
30	Promotional privileges
31	Earnings per share
32	Dividend
33	Financial instruments
34	Supplemental disclosures of cash flows information
35	Commitments with non-related parties
36	Contingent liability
37	Events after the reporting period
38	Thai Financial Reporting Standards (TFRS) not yet adopted



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 26 February 2019.

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, 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 30.83%, 19.91% and 18.97%, respectively.

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

Details of the Company’s subsidiaries as at 31 December 2018 and 2017 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 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 38 to the financial statements.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

(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 basis</i>
Biological assets	Fair value less costs to sell
Land	Revaluation of fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in note 3 (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 3 (a)	Classification of the joint arrangement
Notes 3 (s) and 17	An arrangement containing a lease
Notes 3 (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 adjustment to the amounts recognised in the financial statements is included in the following notes:

Note 4	Business combination: fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
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;
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 2018

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.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 4	Business combination
Note 9	Biological assets
Note 13	Property, plant and equipment
Note 33	Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

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

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

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 acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

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

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquire.

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



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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.

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.

Interests in joint venture is accounted for using the equity method. They are initially recognised 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.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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.

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) Derivatives

Derivatives are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivatives 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.



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

(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.

(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.

Depreciation 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 breeders	1 year
Swine breeders	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.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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.

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 measured 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.



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 measured 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, restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Leased assets

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

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity 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.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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.

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	6 - 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

Goodwill

Goodwill that arises upon the acquisition of business is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Computer software

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



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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, other than goodwill, 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 - 20 year.

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. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other 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.

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.



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 and value rebates.

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.

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.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an assets which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(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.

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.



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

4 Business combination

Acquisition of business

2018

On 1 June 2018, the Company's subsidiary, Thaifoods Service and Supply Co., Ltd. (formerly Thai Foods Layer Farm Co., Ltd.) has acquired pork sausage business of Asia West Fine Foods Co., Ltd. as per purchase and sale agreement for business and machinery, dated 1 June 2018 with consideration paid by cash totaling of Baht 15 million.

During the year from acquisition date to 31 December 2018, the business contributed revenue of Baht 37.6 million and net profit of Baht 4.0 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that revenue would have been Baht 47.2 million and net profit for the year ended 31 December 2018 would have been Baht 2.1 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

The Group has applied Thai Financing Reporting Standards ("TFRS") No.3 (revised 2017) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed:

Consideration transferred

	<i>(in thousand Baht)</i>
Cash	15,000
Total	15,000

Identifiable assets acquired and liabilities assumed

	<i>(in thousand Baht)</i>
Inventories	1,925
Equipment	6,540
Net assets	8,465
Goodwill	6,535
Consideration transferred	15,000

As at 31 December 2018, the Group had completed the fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2017). However, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

Goodwill

The factor contributed to goodwill include the benefits from exchange of knowledge and skill among personnel, which for product development and to expand distribution channel which increasing the Group's the operating efficiency.



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Acquisition-related cost

The Group incurred business acquisition-related costs totaling of Baht 0.2 million related to external legal fees and due diligence costs. The Group recorded these costs in the administrative expenses in the Group's consolidated statement of income for year ended 31 December 2018.

2017

On 1 January 2017 the Group obtained control over Big Food Group Co., Ltd. ("Big Food"), which operated broiler chicken and slaughter house by acquiring shares and voting interests in Big Food from existing shareholders of 100,016 shares with the consideration paid of Baht 200 per share (par value of Baht 100 per share) totaling of Baht 20 million. As a result, the Group's equity interest in Big Food was 50%.

The Group has applied Thai Financing Reporting Standards ("TFRS") No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed:

Consideration transferred

	<i>(in thousand Baht)</i>
Cash	20,003
Total	20,003

Identifiable assets acquired and liabilities assumed

	<i>(in thousand Baht)</i>
Cash and cash equivalent	10,154
Trade accounts receivable	4,757
Other current receivables	397
Inventories	496
Current biological assets	48,839
Investment properties	2,601
Property, plant and equipment	105,599
Other intangible assets	43
Deferred tax assets	3,132
Other non-current assets	217
Trade accounts payable	(114,023)
Other accounts payable	(37,841)
Short-term borrowing from financial institutions	(5,991)
Long-term borrowings from financial institutions	(63,265)
Finance lease liabilities	(2,010)
Provisions for employee benefit	(852)
Deferred tax liabilities	(70)
Net assets	(47,817)

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

(in thousand Baht)

Non-controlling interests of the acquiree (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	23,904
Goodwill	43,916
Consideration transferred	20,003
Net cash obtained from the acquisition of the subsidiary	10,154
Cash paid	(20,003)
Net cash outflows	(9,849)

Goodwill

The factor contributed to goodwill include the benefit to expand distribution channel which increasing the Group's the operating efficiency. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related cost

The Group incurred shared acquisition-related costs totaling of Baht 2 million related to external legal fees and due diligence costs. The Group recorded these costs in the administrative expenses in the Group's consolidated statement of income.

Acquisition of additional share capital

On 20 January 2017 Big Food has increased 200,000 ordinary shares (par value of Baht 100 per share). The Group acquired an entire additional ordinary share capital of Big Food of 200,000 shares with the consideration paid of Baht 200 per share, totaling of Baht 40 million. In this regard, ownership interest of Big Food was increased from 50% to 75% after Big Food's share capital increase. The Carrying amount of Big Food's net assets in the Group's financial statements on the date of acquisition was negative at the amount of Baht 7.8 million. The Group recognised an increase in non-controlling interest and deficit on changes in ownership interests in subsidiary amount of Baht 22.0 million.

The following summarises the effect of change in the Group's ownership interests in Big Food:

(in thousand Baht)

Carrying amount of non-controlling interests (25%) at the date of change in ownership interests	(1,953)
Consideration transfer to non-controlling interests	23,904
Decrease in the Group's shareholders' equity	21,951



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Operation of new subsidiary after acquisition date

In the preparation of the consolidated statement of income for the year ended 31 December 2017, the Company include the operation results of Big Food. Significant detail are as follows:

	For the year ended 31 December 2017 (in thousand Baht)
Revenue from sale of goods	1,478,343
Profit for the period	8,763

Sale Business

2018

On 28 December 2018 the Group loss control over Big Food Group Co., Ltd (“Big Food”), which operated broiler chicken and slaughter house by sale shares and voting interests in Big Food to other parties of 300,016 shares with the consideration received of Baht 200 per share totaling of Baht 60 million. The Group loss in whole interest 75%.

The Group recognised transactions as follows:

Recognised

	(in thousand Baht)
Cash	20,802
Receivable for sale of investment	39,200

Derecognised

Goodwill	43,916
Net assets	(118,547)
Non - controlling interests	29,631
Gain on loss control in subsidiary	105,002

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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.

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	Shareholders have relationship with director
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



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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

Transactions	Pricing policies
Sale of goods	Agreed price
Service 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
Interest expense	Agreed rates stipulated in the agreements
Other income/ other expenses	Service rates as specified by service providers

Significant transactions for the years ended 31 December 2018 and 2017 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
<i>For the year ended 31 December</i>	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sales of goods	-	-	102,992	638
Purchase of raw materials and goods	-	-	11,701,488	11,107,070
Interest income	-	-	59,574	23,298
Dividend income	-	-	640,000	600,000
Rental income and related service income	-	-	57,784	13,965
Other income	-	-	4,041	2,590
Interest expense	-	-	38	4,523
Other expenses	-	-	19,436	27
<i>Joint venture</i>				
Revenue from sales of goods	191,060	202,509	191,060	202,509
<i>Other related parties</i>				
Purchase of raw materials	309,885	298,371	-	-
Farming service fees	18,911	17,257	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	38,889	32,654	21,147	20,303
Post-employment benefits	2,945	2,224	2,303	1,728
Total key management benefit expenses	41,834	34,878	23,450	22,031

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Balances as at 31 December 2018 and 2017 with related parties were as follows:

Trade accounts receivable

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	20,478	626
Joint venture	65,714	88,264	65,714	88,264
Total	65,714	88,264	86,192	88,890
<i>Less</i> allowance for doubtful accounts	(329)	(441)	(329)	(441)
Net	65,385	87,823	85,863	88,449
Reversal of allowance for doubtful accounts for the year	(112)	(382)	(112)	(382)

Other current receivable

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	14,100	4,005
Total	-	-	14,100	4,005
Bad and doubtful debts expense for the year	-	-	-	-



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Short-term loans to subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Thai Foods Poultry Farm Co., Ltd.	-	-	1,171,890	286,940
Thaifoods Further Co., Ltd.	-	-	481,100	-
Thai Foods Swine International Co., Ltd.	-	-	68,600	-
Thai Foods Research Center Co., Ltd.	-	-	48,100	48,100
Thai Foods Swine Farm Co., Ltd.	-	-	11,580	-
T Paragon Holding Co., Ltd.	-	-	260	200
Thai Foods Contract Farming Co., Ltd.	-	-	-	443,107
Thai Foods Feed Mill Co., Ltd.	-	-	-	353,100
Thaifoods Service and Supply Co., Ltd. (formerly Thai Foods Layer Farm Co., Ltd.)	-	-	-	93,760
Total	-	-	1,781,530	1,225,207
Less allowance for doubtful accounts	-	-	-	(75,079)
Net	-	-	1,781,530	1,150,128
Bad and doubtful debts expense (reversal of allowance for doubtful accounts for the year)	-	-	(75,079)	4,769

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	-	-	1,150,128	536,980
Increases	-	-	10,065,297	6,668,658
Decreases	-	-	(9,508,974)	(6,050,741)
Reverse (allowance) for doubtful accounts	-	-	75,079	(4,769)
At 31 December	-	-	1,781,530	1,150,128

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

During the year ended 31 December 2018, a subsidiary, Thaifoods Service and Supply Co., Ltd. (formerly Thai Foods Layer Farm Co., Ltd.) made repayment on short-term loan amounted of Baht 93.8 million, therefore the Company reversed allowance for doubtful accounts amounted of Baht 75.1 million.

As at 31 December 2018, short-term borrowings to subsidiaries were unsecured and at call; and bear interest at the rates ranging from 4.84 % to 5.23 % per annum (2017: ranging from 3.54% to 4.27% per annum).

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Subsidiaries	-	-	156,635	599
Other related parties	88,638	106,245	-	-
Total	88,638	106,245	156,635	599

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Subsidiaries	-	-	613	8
Total	-	-	613	8

Short-term borrowings from subsidiaries

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
At 1 January	-	-	-	-
Increases	-	-	880,500	4,357,189
Decreases	-	-	(880,500)	(4,357,189)
At 31 December	-	-	-	-



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Significant agreements with related parties

As at 31 December 2018, 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. The extended sublease agreements are starting from 1 February 2019 to 31 January 2022.

Land lease agreement

The Company had land lease agreement with a local subsidiary, Thaifoods Further Co., Ltd. (“TFFT”). Under the term of the agreement, the Company agreed to lease land to build the building using for production or sale of goods or perform any other act in accordance with the purpose of TFFT. In this regards, TFFT agreed to pay lease fee to the Company at the rate stipulated in the agreement. This agreement is starting from 26 July 2017 to 24 January 2025. At the end of lease 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.

Swine farming service contracts

A foreign subsidiary, (Thai Viet Swine Line Joint Stock 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 March 2019 and December 2023.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	3,158	2,830	2,255	1,833
Cash at financial institutions - current accounts	140,014	255,335	75,612	186,253
Cash at financial institutions - savings accounts	66,904	847,160	12,721	682,801
Total	210,076	1,105,325	90,588	870,887

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5	65,714	88,264	86,192	88,890
Other parties		1,826,090	1,108,418	702,767	508,471
Total		1,931,004	1,196,682	788,959	597,361
Less allowance for doubtful accounts		(123,780)	(102,159)	(5,387)	(4,510)
Net		1,768,024	1,094,523	783,572	592,851
Bad and doubtful debts expense for the year		21,621	22,372	877	1,225

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms		53,381	71,573	73,722	72,199
Overdue:					
Less than 3 months		12,333	16,691	12,470	16,691
Total	5	65,714	88,264	86,192	88,890
Less allowance for doubtful accounts		(329)	(441)	(329)	(441)
Net		65,385	87,823	85,863	88,449



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

	Consolidated financial statements		Separate financial statements	
<i>Note</i>	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	1,094,908	801,188	426,375	414,733
Overdue:				
Less than 3 months	500,229	142,054	268,469	92,057
3 - 6 months	79,275	22,982	6,305	117
6 - 12 months	18,938	49,320	124	59
Over 12 months	132,740	92,874	1,494	1,505
Total	1,826,090	1,108,418	702,767	508,471
<i>Less allowance for doubtful accounts</i>	<i>(123,451)</i>	<i>(101,718)</i>	<i>(5,058)</i>	<i>(4,069)</i>
Net	1,702,639	1,006,700	697,709	504,402
 Grand total	 1,768,024	 1,094,523	 783,572	 592,851

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

8 Inventory

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Raw materials	1,073,462	1,599,062	14,244	13,977
Work in progress	968	313	-	-
Finished goods	842,391	676,198	658,111	587,640
Package and supplies	318,323	281,477	111,772	129,645
Raw materials in transit	1,153,621	375,676	-	-
Total	3,388,765	2,932,726	784,127	731,262
<i>Less allowance for decline in value of inventories</i>	<i>(112,388)</i>	<i>(40,926)</i>	<i>(78,965)</i>	<i>(40,459)</i>
Net	3,276,377	2,891,800	705,162	690,803

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2018 amounted to Baht 25,718 million (2017: Baht 22,548 million) in the consolidated statement of income and Baht 14,951 million (2017: Baht 13,765 million) in the separate statement of income.

In 2018 the Group and the Company recognised an allowance for decline in value of inventories of Baht 112 million and Baht 79 million respectively (2017: Baht 41 million and Baht 40 million respectively) and recognised reversal of allowance for decline in value of inventories of Baht 41 million and Baht 40 million respectively (2017: Baht 32 million and Baht 31 million respectively).

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

9 Biological assets

Movements for the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statement		
	Chicken	Swine <i>(in thousand Baht)</i>	Total
As at 1 January 2018			
Cost	2,151,385	2,041,547	4,192,932
Accumulate depreciation and impairment losses	(81,389)	(243,441)	(324,830)
Exchange differences on translating foreign operations	-	(22,756)	(22,756)
	<u>2,069,996</u>	<u>1,775,350</u>	<u>3,845,346</u>
Increases due to purchase/raise	17,649,033	7,435,574	25,084,607
Decreases due to sale/harvest	(17,307,622)	(6,840,044)	(24,147,666)
Decreases due to loss control in subsidiary	(80,849)	-	(80,849)
Depreciation	(402,099)	(244,303)	(646,402)
Gain on change in fair value less cost to sale	-	135,601	135,601
Allowance for decline in value of inventories	(21,877)	4,341	(17,536)
As at 31 December 2018	<u>1,906,582</u>	<u>2,266,519</u>	<u>4,173,101</u>
As at 31 December 2018			
Cost	2,001,328	2,493,190	4,494,518
Accumulate depreciation and impairment losses	(94,746)	(226,671)	(321,417)
Exchange differences on translating foreign operations	-	-	-
Total	<u>1,906,582</u>	<u>2,266,519</u>	<u>4,173,101</u>
Current	1,906,582	1,294,178	3,200,760
Non-current	-	972,341	972,341
Total	<u>1,906,582</u>	<u>2,266,519</u>	<u>4,173,101</u>

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

	Note	Consolidated financial statement		
		Chicken	Swine (in thousand Baht)	Total
As at 1 January 2017				
Cost		1,609,558	2,024,473	3,634,031
Accumulate depreciation and impairment losses		(90,366)	(126,709)	(217,075)
		1,519,192	1,897,764	3,416,956
Increases due to purchase/raise		10,373,838	8,036,148	18,409,986
Acquisitions through business combination	4	48,839	-	48,839
Decreases due to sales/harvest		(9,501,366)	(7,797,743)	(17,299,109)
Depreciation		(370,507)	(203,445)	(573,952)
Loss on change in fair value less cost to sale		-	(55,731)	(55,731)
Allowance for decline in value of inventories		-	(78,887)	(78,887)
Exchange differences on translating foreign operations		-	(22,756)	(22,756)
As at 31 December 2017		2,069,996	1,775,350	3,845,346
As at 31 December 2017				
Cost		2,151,385	2,041,547	4,192,932
Accumulate depreciation and impairment losses		(81,389)	(243,441)	(324,830)
Exchange differences on translating foreign operations		-	(22,756)	(22,756)
Total		2,069,996	1,775,350	3,845,346
Current		2,069,996	1,027,561	3,097,557
Non-current		-	747,789	747,789
Total		2,069,996	1,775,350	3,845,346

Biological assets such as swine breeder, fattening swine, chicken breeder, 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.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements	
	2018	2017
	<i>(Thousand head)</i>	
Chicken	18,861	18,386
Swine	445	429
Total	19,306	18,815

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

Fair value measurement

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

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
		<i>(in thousand Baht)</i>			
31 December 2018					
Biological assets at fair value					
less cost to sale	428,322	-	428,322	-	428,322
31 December 2017					
Biological assets at fair value					
less cost to sale	303,497	-	303,497	-	303,497

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.



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

10 Advance payments to farmers

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Current				
Advance payments to farmers	325,647	383,949	-	-
Net	325,647	383,949	-	-
Non-current				
Advance payments to farmers	329,299	359,464	-	-
Less allowance for doubtful accounts	(103,725)	(73,496)	-	-
Net	225,574	285,968	-	-
Total	551,221	669,917	-	-
Bad and doubtful debts expense				
for the year	30,240	40,128	-	-

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 9.50% per annum (2017: 9.50% - 9.75% 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.

11 Investments in subsidiaries

Movements during years ended 31 December 2018 and 2017 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	-	-	5,319,071	4,667,268
Acquisitions	-	-	159,183	651,803
Disposals	-	-	(61,804)	-
Allowance for impairment	-	-	(76,613)	-
At 31 December	-	-	5,339,837	5,319,071

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Purchase of investment

2018

The Company increased its investment in a local subsidiary, Thaifoods Service and Supply Co., Ltd. (formerly Thai Foods Layer Farm Co., Ltd.), amounting to Baht 130 million, by increasing the authorised share capital from Baht 50 million to Baht 180 million. The registration of the increase in share capital with the Ministry of Commerce has been completed on 13 March 2018.

The Company set up a local subsidiary, Thai Process Foods Co., Ltd., with an initial authorised share capital of Baht 50 million and to call for paid-up capital at 25% of Baht 13 million. In this regard, the Company has 99.99% shareholding of the subsidiary. The registration of initial share capital of the subsidiary with the Ministry of Commerce has been completed on 12 March 2018.

On 4 December 2018 a subsidiary (T Paragon Holding Co., Ltd.) has received the additional paid-up share capital of Baht 6.06 per share for 2,753,000 ordinary shares, totaling of Baht 17 million.

2017

The Company increased its investment in a local subsidiary, Thai Food Swine International Co., Ltd., amounting to Baht 80 million details as follows;

- Increased the authorised share capital from Baht 100 million to Baht 135 million and called for fully paid-up share capital amounting to Baht 35 million. The registration of the increase in share capital with the Ministry of Commerce has been completed on 24 March 2017.
- Increased the authorised share capital from Baht 135 million to Baht 180 million, and called for fully paid-up share capital amounting to Baht 45 million. The registration of the increase in share capital with the Ministry of Commerce has been completed on 1 November 2017.

The Company increased its investment in a local subsidiary, Thaifoods Further Co., Ltd. amounting to Baht 495 million detail as follows;

- Increasing the authorised share capital from Baht 20 million to Baht 100 million and to call paid-up at 25% at Baht 20 million. The registration of the increase in share capital with the Ministry of Commerce has been completed on 12 January 2017.
- Called the remaining for paid-up share capital at 75% of the authorised share capital of baht 100 million amounting to Baht 75 million. In addition, the subsidiary increased the authorised share capital from Baht 100 million to Baht 500 million, and called for fully paid-up share capital amounting to Baht 400 million. The registration at the increase in share capital with the Ministry of Commerce has been completed on 18 July 2017.

The Company set up a local subsidiary, Thai National Logistic Co., Ltd., with an initial authorised share capital of Baht 60 million and to call for paid-up at 25% of Baht 15 million. In this regard, the Company has a 99.99% shareholding of the subsidiary. The registration of initial share capital of the subsidiary with the Ministry of Commerce has been completed on 12 January 2017.



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

The Company invested in Big Food Group Co., Ltd., by acquired 100,016 ordinary shares from the existing shareholders on 1 January 2017 with the consideration paid of Baht 200 per share, totaling of Baht 20 million, which represent 50% shareholding. On 20 January 2017, the Company acquired the additional share capital of 200,000 shares with the consideration paid of Baht 200 per share, totaling of Baht 40 million. As a result, the Company has 75% shareholding and incurred shared acquisition-related costs totalling of Baht 2 million. The shares transfer has been completed on 24 January 2017.

Disposals of investment

On 28 December 2018 the Group sold its 75% in a subsidiary (Big Food Group Co., Ltd. ("Big Food")), for Baht 20 million in cash and Baht 40 million in receivable for sale of investment. The carrying amount of negative net assets (net liabilities) of Big Food was Baht 119 million and goodwill of Baht 44 million in the Group's financial statements on the selling date. The Group derecognised non-controlling interests of Baht 30 million, and recognised a gain on loss control in subsidiary of Baht 105 million which are presented separately in consolidated statement of income and the Company recognised a loss on sale of investment in subsidiary of Baht 2 million which is included in administrative expenses in separate statement of income. Additionally, the Group also transfer related transactions of Big Food from deficit on change in ownership interest in subsidiary and land revaluation surplus to retained earnings of Baht 22 million.

Thaifoods Group Public Company Limited and its Subsidiaries **Notes to the financial statements** **For the year ended 31 December 2018**

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income for the years then ended were as follows:

Name of subsidiaries	Type of business	Country of Incorporation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
			2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(in million Baht)											
Local direct subsidiaries														
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	520	600
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	120	-
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	-	-
Thaifoods Service and Supply Co., Ltd. (formerly Thai Foods Layer Farm Co., Ltd.)	Equipment rental service, production and distribution of process swine	Thailand	99.99	99.99	180	50	180	50	(127)	(50)	53	-	-	-
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 T Paragon Holding Co., Ltd.	Holding company	Thailand	99.99	99.99	218	201	218	201	-	-	218	201	-	-
Thai Food Swine International Co., Ltd.	Production and distribution of swine	Thailand	99.99	99.99	180	180	113	113	-	-	113	113	-	-
Thaifoods Further Co., Ltd.	Production and distribution of processed product	Thailand	99.99	99.99	500	500	500	500	-	-	500	500	-	-

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Name of subsidiaries	Type of business	Country of Incorporation	Ownership interest 2018	Ownership interest 2017	Paid-up capital 2018	Paid-up capital 2017	Separate financial statements					
							Cost 2018	Cost 2017	Impairment (in million Baht)		At cost - net 2018	At cost - net 2017
									2018	2017		
Thaifoods National Logistic Co., Ltd.	Transportation	Thailand	99.99	99.99	15	15	15	15	-	-	15	15
Big Food Co., Ltd.	Production and distribution of broiler chicken and chilled chicken	Thailand	-	75.00	-	40	-	62	-	-	-	62
Thai Process Food Co., Ltd.	Production and distribution of processed swine	Thailand	99.99	-	13	-	13	-	-	-	13	-
Total							5,467	5,369	(127)	(50)	5,340	5,319
											640	600

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Impairment testing for investments in subsidiaries

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 76.6 million for the year ended 31 December 2018 (2017 : nil).

Details of the Company’s indirect subsidiaries as at 31 December 2018 and 2017 were as follows:

Name of party	Type of business	Country of incorporation	Ownership interests	
			2018	2017
(%)				
<i>Foreign indirect subsidiary</i>				
Thai Viet Swine Line Joint Stock Co., Ltd.	Production and distribution of swine	Vietnam	99.99	99.99

12 Investment in joint venture

Movements during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
At 1 January	1,868	3,042	-	-
Share of gain (losses) of joint venture	1,321	(3,685)	-	-
Elimination of unrealised profit	554	2,436	-	-
Exchange differences on translating foreign operations	310	75	-	-
At 31 December	4,053	1,868	-	-

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Investment in joint venture as at 31 December 2018 and 2017, 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			
			2018	2017	2018	2017	2018	2017	2018		2017	
			(in thousand Japanese Yen)						(in thousand Baht)			
Non-marketable securities												
	Seven Foods Co., Ltd.	Distribution of frozen chicken products	Japan	45.71	45.71	70,000	70,000	9,552	9,552	4,053	1,868	-
Total								9,552	9,552	4,053	1,868	-

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

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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	
	2018	2017
	<i>(in thousand Baht)</i>	
Carrying amount of interest in immaterial joint venture	<u>8,471</u>	<u>4,904</u>
The Group's share of:		
- Gain (loss) from continuing operations	2,890	(7,919)
- Other comprehensive income	<u>(2,912)</u>	<u>(3,589)</u>
- Total comprehensive income	<u>(22)</u>	<u>(11,508)</u>

13 Property, plant and equipment

Consolidated financial statements									
	Note	Land and land improvements	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>									
Cost/revaluation									
At 1 January 2017		833,682	3,124,245	956,699	3,494,039	190,531	74,060	206,263	8,879,519
Additions		245,524	58,090	60,712	406,751	23,887	34,316	1,515,764	2,345,044
Acquired through business combination	4	18,500	48,133	2,641	20,311	9,198	3,301	3,515	105,599
Loss from land revaluation		(4,611)	-	-	-	-	-	-	(4,611)
Transfers		20,082	218,167	117,304	361,076	18,674	1,560	(736,863)	-
Transfers form other intangible assets		-	9,505	-	-	2,418	-	-	11,923
Disposals		-	(20)	(2,588)	(392,538)	(1,722)	(15,617)	-	(412,485)
Write-off		-	(1,460)	(69)	(1,043)	(548)	(30)	(1,285)	(4,435)
Exchange differences on translating foreign operations		-	(4,848)	-	(1,015)	(2,335)	(623)	-	(8,821)
At 31 December 2017 and 1 January 2018		1,113,177	3,451,812	1,134,699	3,887,581	240,103	96,967	987,394	10,911,733
Additions		85,144	60,529	46,704	336,806	22,945	2,987	3,403,100	3,958,215
Acquired through business combination	4	-	80	-	5,735	125	600	-	6,540
Decrease from loss control in subsidiary		(21,914)	(105,326)	(432)	(64,355)	(7,594)	(5,547)	(19,523)	(224,691)
Land revaluation surplus		322,547	-	-	-	-	-	-	322,547
Transfers		78,230	923,072	403,945	1,653,825	18,332	-	(3,077,404)	-
Disposals		-	(6,329)	(1,419)	(29,793)	(4,775)	(9,227)	-	(51,543)
Write-off		-	(24,811)	(754)	(15,179)	(1,718)	(112)	(1,182)	(43,756)
At 31 December 2018		1,577,184	4,299,027	1,582,743	5,774,620	267,418	85,668	1,292,385	14,879,045

Consolidated financial statement (Continued)

163
Annual Report 2018

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Consolidated financial statements (Continued)

	Land and land improvements	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	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 1 January 2017	833,682	2,532,618	538,188	2,093,556	76,730	40,165	206,263	6,321,202
Owned assets	1,113,177	2,427,539	647,257	1,852,602	96,670	15,860	974,252	7,127,357
Assets under finance leases	-	315,053	-	437,344	-	37,265	13,142	802,804
At 31 December 2017 and 1 January 2018	1,113,177	2,742,592	647,257	2,289,946	96,670	53,125	987,394	7,930,161
Owned assets	1,577,184	3,183,005	981,688	3,036,778	97,100	9,763	1,292,385	10,177,903
Assets under finance leases	-	296,411	2,436	737,912	-	31,573	-	1,068,332
At 31 December 2018	1,577,184	3,479,416	984,124	3,774,690	97,100	41,336	1,292,385	11,246,235

Separate financial statements

165
Annual Report 2018

Notes to the financial statements
For the year ended 31 December 2018

Separate financial statements <i>(Continued)</i>							
	Land and land improvements	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles installation	Assets under construction and installation
					</		

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Separate financial statements (Continued)

	Land and land improvements	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	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 1 January 2017	127,907	450,613	224,135	1,016,599	56,959	3,993	131,661	2,011,867
Owned assets	168,645	515,236	239,507	814,108	52,527	1,660	131,658	1,923,341
Assets under finance leases	-	-	-	310,274	-	1,397	13,142	324,813
At 31 December 2017 and 1 January 2018	168,645	515,236	239,507	1,124,382	52,527	3,057	144,800	2,248,154
Owned assets	232,152	581,027	265,697	876,616	43,188	1,269	410,576	2,410,525
Assets under finance leases	-	-	2,436	628,601	-	716	-	631,753
At 31 December 2018	232,152	581,027	268,133	1,505,217	43,188	1,985	410,576	3,042,278



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 2018 amounted to Baht 576 million (2017: Baht 539 million) in the consolidated statement of financial position and Baht 193 million (2017: Baht 190 million) in the separate statement of financial position respectively.

The Group and the Company entered into the sale and leaseback agreements for machineries and vehicles the amount of Baht 882 million and Baht 820 million respectively (2017: Baht 314 million and Baht 241 million respectively). As at 31 December 2017, the Group's and the Company's machineries and vehicles under sale and leaseback agreement with total net book value of Baht 682 million and Baht 631 million respectively (2017: Baht 272 million and Baht 213 million respectively) were pledged under finance lease and leaseback agreements.

Security

As at 31 December 2018, the Group's and the Company's property, plant and equipment with total net book value of Baht 2,804 million and Baht 370 million respectively (2017: Baht 1,728 million and Baht 138 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 2018 amounting to Baht 1,292 million and Baht 411 million respectively (2017: Baht 987 million and Baht 144 million respectively) were mainly represented cost of construction factory building, machinery and equipment including the related installation costs.

The Group and the Company's capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory amounted to Baht 50 million and Baht 13 million respectively (2017: Baht 11 million and Baht 4 million respectively), with a capitalisation rate of 2.50% to 5.50% and 2.50% to 5.23% respectively (2017: 0.81% to 6.74 % and 2.56% to 4.34 %, respectively).

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 1,082 million (2017: Baht 865 million) in the consolidated financial statements and Baht 155 million (2017: Baht 147 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 wah.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Impairment testing for 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 greater than the carrying amount of plant and equipment. Therefore, the management considered to not recognise an impairment loss of property plant and equipment for the year ended 31 December 2018 (2017: nil).

14 Other intangible assets

		Consolidated financial statements	
		Computer software under installation	Total
	<i>Note</i>	Computer software	(in thousand Baht)
Cost			
At 1 January 2017		138,986	33,777
Additions		2,967	9,521
Transfer		25,136	(25,136)
Acquired through business combination	4	43	-
Write-off		-	(1,216)
Transfer to property, plant and equipment		-	(11,923)
Exchange difference on translating foreign operation		(21)	-
At 31 December 2017 and 1 January 2018		167,111	5,023
Additions		13,924	11,546
Transfer		12,692	(12,692)
Decrease from loss control in subsidiary		(58)	-
Write-off		-	(54)
At 31 December 2018		193,669	3,823



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

	Computer software	Consolidated financial statements Computer software under installation (in thousand Baht)	Total
<i>Accumulated amortisation</i>			
At 1 January 2017	(32,883)	-	(32,883)
Amortisation charge for year the year	(27,745)	-	(27,745)
Exchange difference on translating foreign operation	16	-	16
At 31 December 2017 and 1 January 2018	(60,612)	-	(60,612)
Amortisation charge for the year	(31,781)	-	(31,781)
Decrease from loss control in subsidiary	7	-	7
At 31 December 2018	(92,386)	-	(92,386)
<i>Net book value</i>			
At 1 January 2017	106,103	33,777	139,880
At 31 December 2017 and 1 January 2018	106,499	5,023	111,522
At 31 December 2018	101,283	3,823	105,106

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

	Separate financial statement		
	Computer software	Computer software under installation	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2017	112,213	33,778	145,991
Additions	2,106	6,001	8,107
Transfer	25,136	(25,136)	-
Transfer to property, plant and equipment	-	(11,923)	(11,923)
Write-off	-	(1,216)	(1,216)
At 31 December 2017			
and 1 January 2018	139,455	1,504	140,959
Additions	7,376	89	7,465
Transfer	1,289	(1,289)	-
At 31 December 2018	148,120	304	148,424
<i>Accumulated amortisation</i>			
At 1 January 2017	(24,688)	-	(24,688)
Amortisation charge for the year	(22,910)	-	(22,910)
At 31 December 2017			
and 1 January 2018	(47,598)	-	(47,598)
Amortisation charge for the year	(25,727)	-	(25,727)
At 31 December 2018	(73,325)	-	(73,325)
<i>Net book value</i>			
At 1 January 2017	87,525	33,778	121,303
At 31 December 2017			
and 1 January 2018	91,857	1,504	93,361
At 31 December 2018	74,795	304	75,099

The gross amount of the Group's fully amortised intangible assets that was still in use as at 31 December 2018 amounted to Baht 5 million in the consolidated statement of financial position (2017: Baht 2 million).



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

15 Restricted deposits at financial institutions

As at 31 December 2018, the Group and the Company had restricted deposits at financial institutions totaling Baht 104 million in the consolidated statement of financial position and Baht 3 million in the separate statement of financial position respectively (*2017: Baht 102 million and Baht 3 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 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Deferred tax assets	892,074	783,384	617,417	453,086
Deferred tax liabilities	(278,508)	(190,049)	(27,648)	(14,613)
Net deferred tax assets	613,566	593,335	589,769	438,473

Movements of deferred tax assets and liabilities during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements				
	(Charged)/Credited to				
	At 1 January 2018	Profit or loss	Other comprehensive income (Note 29)	Decrease from loss of control in subsidiary	At 31 December 2018
	<i>(in thousand Baht)</i>				
Deferred tax assets (liabilities)					
Trade accounts receivable and advance payments to farmers	35,400	10,595	-	-	45,995
Inventories	618	4,320	-	-	4,938
Biological assets	82,751	(54,264)	-	2,102	30,589
Investment in joint venture	75	(111)	-	-	(36)
Property, plant and equipment	(189,827)	(31,235)	(57,314)	(132)	(278,508)
Investment properties	(202)	-	-	202	-
Employee benefit obligations	11,251	1,742	(8,726)	-	4,267
Loss carry forward	653,269	153,052	-	-	806,321
Net	593,335	84,099	(66,040)	2,172	613,566

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Consolidated financial statements				
	(Charged)/Credited to			
	At 1 January 2017	Profit or loss	Other comprehensive income (Note 29) (in thousand Baht)	Acquired through business combi- nation At 31 December 2017
Deferred tax assets (liabilities)				
Trade accounts receivable and advance payments to farmers	22,753	12,647	-	35,400
Inventories	1,107	(489)	-	618
Biological assets	96,809	(14,058)	-	82,751
Investment in joint venture	562	(487)	-	75
Property, plant and equipment	(138,854)	(50,925)	(180)	(189,827)
Investment properties	-	-	-	(202)
Employee benefit obligations	8,065	3,186	-	11,251
Loss carry forward	619,426	30,711	-	653,269
Net	609,868	(19,415)	(180)	593,335

Separate financial statements			
	(Charged)/Credited to		
	At 1 January 2018	Profit or loss	Other comprehensive income (Note 29) (in thousand Baht)
Deferred tax assets (liabilities)			
Trade accounts receivable	788	175	963
Property, plant and equipment	(14,613)	(6,400)	(27,648)
Employee benefit obligations	4,127	3	832
Loss carry forward	448,171	167,451	615,622
Net	438,473	161,229	589,769

Separate financial statements			
	(Charged)/Credited to		
	At 1 January 2017	Profit or loss	Other comprehensive income (Note 29) (in thousand Baht)
Deferred tax assets (liabilities)			
Trade accounts receivable	543	245	788
Property, plant and equipment	(13,669)	(828)	(14,613)
Employee benefit obligations	2,831	1,296	4,127
Loss carry forward	516,840	(68,669)	448,171
Net	506,545	(67,956)	438,473



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

The tax losses will expire during the year 2019 to 2027. As at 31 December 2018 the Group had temporary difference arising from the unutilised tax losses carry forward totaling Baht 478 million (2017: Baht 384 million) which have not been recognised as deferred tax assets in the consolidated statement of financial position totaling Baht 96 million (2017: Baht 77 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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Current				
Short-term borrowings from financial institutions				
Promissory notes - secured	4,026,256	2,772,367	1,113,197	597,032
Bill of exchanges - unsecured	884,431	1,123,130	884,431	1,123,129
Trust receipt - secured	1,744,099	963,440	95,834	705
Total	6,654,786	4,858,937	2,093,462	1,720,866
Current portion of debentures	-	210,000	-	210,000
Total	-	210,000	-	210,000
Current portion of long-term borrowings from financial institutions	605,249	610,271	207,226	241,595
Total	605,249	610,271	207,226	241,595
Current portion of finance lease liabilities	226,874	146,051	172,672	95,273
Total	226,874	146,051	172,672	95,273
Total current	7,486,909	5,825,259	2,473,360	2,267,734
Non-current				
Debentures	1,148,500	1,148,500	1,148,500	1,148,500
Long-term borrowings from financial institutions - secured	1,271,122	449,914	473,830	334,000
Finance lease liabilities	876,130	717,926	475,173	282,915
Total non-current	3,295,752	2,316,340	2,097,503	1,765,415
Grand total	10,782,661	8,141,599	4,570,863	4,033,149

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

The periods maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	7,260,035	5,679,208	2,300,688	2,172,461
After one year but within five years	2,419,622	1,598,414	1,622,330	1,482,500
Total	9,679,657	7,277,622	3,923,018	3,654,961

Secured interest-bearing liabilities as at 31 December 2018 and 2017 were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Property, plant and equipment	2,803,513	1,727,552	369,710	137,807
Investment properties	51,947	28,758	-	-
Total	2,855,460	1,756,310	369,710	137,807

Long-term borrowings from financial institutions

Movements during the years ended 31 December 2018 and 2017 were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
At 1 January		1,060,185	625,604	575,595	231,344
Increases		1,256,841	842,635	207,328	500,000
Acquired through business combination		-	63,265	-	-
Decreases	4	(380,807)	(471,319)	(101,867)	(155,749)
Decrease from loss control in subsidiary		(59,848)	-	-	-
At 31 December		1,876,371	1,060,185	681,056	575,595

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

As at 31 December 2018 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 2018 (million Baht)	Interest rate (% per annum)	Term of payment
Thaifoods Group Public Company Limited	The first The second The third	500 205 22	500 162 19	MLR - 2.65 4.35 3.94	Every years for 3 years Every months for 60 months Every months for 60 months
ThaiFoods Further Co., Ltd.	The first	1,100	779	MLR - 1.25 MLR - 2.00	Every months for 84 months
Thai Foods Feed Mill Co., Ltd.	The first The second	450 195	2 169	MLR - 1.25 4.35	Every months for 66 months Every months for 60 months
Thai Foods Swine International Co., Ltd.	The first The second	90 90	58 65	4.50 4.65	Every months for 54 months Every months for 54 months
Thai Foods Swine Farm Co., Ltd.	The first The second	48 62	8 32	MLR - 0.75 BIBOR + 2.70	Every months for 68 months Every months for 48 months
Thai Foods Poultry Farm Co., Ltd.	The first	77	77	3.94	Every months for 60 months
Thai Foods Research Center Co., Ltd.	The first	30	5	MLR - 0.75	Every months for 84 months

As at 31 December 2018, 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 83 million (2017: Baht 134 million) were classified as current portion of long-term borrowings from financial institutions in the consolidated statement of financial position.

Debentures

Movements during the year ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
At 1 January	1,358,500	210,000	1,358,500	210,000
Increases	-	1,148,500	-	1,148,500
Decrease	(210,000)	-	(210,000)	-
At 31 December	1,148,500	1,358,500	1,148,500	1,358,500

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

At the annual general meeting of the shareholders of the Company held on 21 April 2017, the Company's shareholders approved the issuance and offer debentures in the aggregate amount of not exceeding Baht 6,000 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.

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 May 2018 with bearing interest at the fixed rate of 3.95% per annum.

Debentures 1/2017

On 14 July 2017 the Company issued Baht 1,149 million unsubordinated, unsecured debentures in registered name form, which offering for specific investors. Maturity date at 14 July 2020 with bearing interest at the fixed rate of 4.90% 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.



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Finance lease liabilities

Movements during the years ended 31 December 2018 and 2017 were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
At 1 January		863,976	665,584	378,188	196,279
Purchase of assets under finance leases	34	444,454	323,614	422,407	265,202
Acquisition through business combination	4	-	2,010	-	-
Payment for reduction of the outstanding liabilities relating to a finance lease		(146,536)	(68,268)	(136,126)	(68,129)
Finance costs under finance lease contracts	28	(58,238)	(58,963)	(16,624)	(15,165)
Decrease from loss control in subsidiary		(652)	-	-	-
At 31 December		<u>1,103,004</u>	<u>863,977</u>	<u>647,845</u>	<u>378,188</u>

Details of finance leases liabilities as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	284,911	58,037	226,874	201,729	55,678	146,051
After one year but within 5 years	836,269	131,884	704,385	635,978	141,393	494,585
After 5 years	199,550	27,805	171,745	270,396	47,055	223,341
Total	<u>1,320,730</u>	<u>217,726</u>	<u>1,103,004</u>	<u>1,108,103</u>	<u>244,126</u>	<u>863,977</u>

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

	Separate financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	192,480	19,808	172,672	109,527	14,254	95,273
After one year but within 5 years	500,090	24,917	475,173	300,736	17,821	282,915
Total	692,570	44,725	647,845	410,263	32,075	378,188

Interest rates

Interest rates as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(%)			
Promissory notes and bill of exchanges	2.50 - 4.10	2.50 - 4.15	2.50 - 4.10	2.50 - 4.15
Liabilities under trust receipt	2.50 - 4.80	2.50 - 4.28	3.30 - 3.89	2.80
Long-term borrowings from financial institutions	3.94 - 5.50	4.23 - 5.75	3.94 - 4.50	4.50 - 5.03
Debentures	4.90	3.95 - 4.90	4.90	3.95 - 4.90
Finance leases liabilities	2.45 - 9.62	0.01 - 9.62	2.59 - 6.26	2.59 - 6.26

Unutilised credit facilities

As at 31 December 2018, the Group and the Company had unutilised credit facilities totaling Baht 3,775 million and Baht 3,054 million, respectively (2017: Baht 3,967 million and Baht 2,725 million, respectively).

18 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Related parties	5	88,638	106,245	156,635	599
Other parties		2,400,867	1,821,790	59,247	54,916
Total		2,489,505	1,928,035	215,882	55,515



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 2018 and 2017 were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
As at 31 December				
Statement of financial				
Provision for:				
Defined benefit plans	22,129	60,187	6,006	22,479
Total	22,129	60,187	6,006	22,479
Year ended 31 December				
Statement of income				
Recognised in profit or loss:				
Defined benefit plans	21,728	17,129	9,804	6,478
Total	21,728	17,129	9,804	6,478
Statement of comprehensive income:				
Recognised in other				
comprehensive income				
Actuarial gains recognised in the year	(43,632)	-	(16,491)	-
Total	(43,632)	-	(16,491)	-

The Group operate a defined benefit 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.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
At 1 January		60,187	42,396	22,479	16,001
Include in profit or loss:					
Current service costs		19,999	15,877	9,231	6,082
Interest on obligation		1,729	1,252	573	396
		<u>21,728</u>	<u>17,129</u>	<u>9,804</u>	<u>6,478</u>
Include in other comprehensive income					
Actuarial gain		(43,632)	-	(16,491)	-
Acquired through business combination	4	-	852	-	-
Decrease from loss control in subsidiary		(2,414)	-	-	-
Benefits paid by the plan		(13,740)	(190)	(9,786)	-
At 31 December		<u>22,129</u>	<u>60,187</u>	<u>6,006</u>	<u>22,479</u>

Actuarial gains and losses recognised in comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Demographic assumptions	(10,809)	-	(3,068)	-
Financial assumptions	(12,149)	-	(1,759)	-
Experience adjustment	<u>(20,674)</u>	<u>-</u>	<u>(11,664)</u>	<u>-</u>
Total	<u>(43,632)</u>	<u>-</u>	<u>(16,491)</u>	<u>-</u>

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<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.



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

At 31 December 2018, the weighted-average duration of the defined benefit obligations were 9 to 29 years (2017: 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	
	(in thousand Baht)			
At 31 December 2018	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2,301)	2,743	(422)	476
Future salary growth (1% movement)	2,649	(2,268)	460	(417)
Turnover rate (20% movement from base assumption)	(4,485)	6,866	(1,558)	2,545
At 31 December 2017	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(6,495)	7,868	(1,707)	1,959
Future salary growth (1% movement)	8,713	(7,300)	2,310	(2,043)
Turnover rate (1% movement)	(7,241)	5,011	(1,970)	1,257

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			
	<i>Par value per share (in Baht)</i>	2018		2017	
		Number of shares	Amount	Number of shares	Amount
		<i>(million shares/million Baht)</i>			
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	6,138	6,138	5,610	5,610
Increase of authorised share capital	1	-	-	528	528
At 31 December					
- ordinary shares	1	6,138	6,138	6,138	6,138

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

	Consolidated/Separate financial statements				
	<i>Par value per share (in Baht)</i>	2018		2017	
		Number of shares	Amount	Number of shares	Amount
			(million shares/million Baht)		
Issued and paid-up					
At 1 January					
- ordinary shares	1	5,109	5,109	5,100	5,100
Exercise of warrants	1	4	4	9	9
At 31 December					
- ordinary shares	1	5,113	5,113	5,109	5,109

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 charge, 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).

During the period ended 31 December 2018, TFG-W1 were exercised and registered as issued and paid-up share capital of 67.2 million shares (equivalent to Baht 67.2 million) with the proceed of Baht 168.1 million (2017: 9.4 million shares (equivalent to Baht 9.4 million) with the proceed of Baht 23.5 million). The Company registered the increase share capital of 3.9 million shares (equivalent to Baht 3.9 million) with the Ministry of Commerce.

Movements of share warrants TFG-W1 during period ended 31 December 2018 and 2017 were as follows:

	2018	2017
	(in thousand unit)	
At 1 January	500,603	510,000
Less: Exercised during the period	(67,232)	(9,397)
At 31 December	433,371	500,603

At the annual general meeting of the shareholders of the Company held on 21 April 2017, the Company's shareholders approved the resolutions of 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 issuance of TFG-W2 Warrants. The Company issued TFG-W2 Warrants on 19 May 2017.

As at 31 December 2018, TFG-W2 were not exercised



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Decrease and increase of authorised share capital

At the annual general meeting of the shareholders of the Company held on 21 April 2017, the Company's shareholders approved the decrease of the Company's authorised share capital of Baht 6,058 (decrease from Baht 5,610.00 million to Baht 5,609.99 million) by canceling 6,058 unsubscribed shares of the Company with the par value of Baht 1 per share. The decrease of share capital was registered with the Ministry of commerce on 3 May 2017, and approved the increase of the Company's authorised share capital of Baht 528.17 million (increase from Baht 5,609.99 million to Baht 6,138.16 million) by issuing 528.17 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 4 May 2017.

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 Company appropriated legal reserve for the year ended 31 December 2018 amounted to Baht 34.8 million (2017: Baht 54.1 million).

Other components of equity

Currency translation differences

The currency translation differences 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.

Movement in reserves

Movement in reserves are shown in the statement of change in equity.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2018 and 2017 were as follows:

	Poultry		Swine		Feed mill		Total		Others		Eliminate		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>													
Revenue from external customer	17,925	18,023	6,256	5,167	3,793	2,585	27,974	25,775	12	14	-	-	27,986	25,789
Revenue from intra-group	13,037	12,700	1,203	1,261	12,571	11,672	26,811	25,633	175	117	(26,986)	(25,750)	-	-
Total revenue from sales of goods														
Profit (loss) from operation and rendering of services	30,962	30,723	7,459	6,428	16,364	14,257	54,785	51,408	187	131	(26,986)	(25,750)	27,986	25,789
Profit (loss) from operation after intra-group elimination and internal expense allocation	(275)	1,741	930	(29)	322	222	977	1,934	(2)	(2)	-	-	975	1,932
Share of gain (loss) of joint venture													1	(4)
Finance costs													(357)	(302)
Income tax (expense) income													(3)	(108)
Profit for the year													616	1,518

Assets and liabilities, based on segments, in the consolidated financial statements as at 31 December 2018 and 2017 were as follows:

	Poultry		Swine		Feed mill		Total		Others		Eliminate		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>													
Reportable segment assets as at 31 December	20,827	17,420	4,821	4,921	8,377	6,451	34,025	28,792	387	375	(11,701)	(10,273)	22,711	18,894
Reportable segment liabilities as at 31 December	11,101	7,886	3,794	4,078	5,637	3,868	20,532	15,832	87	189	(5,743)	(4,498)	14,876	11,523

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 2018 and 2017, there was no single external customer that contributed 10% or more of the Group's total revenue.

23 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Transportation expenses	441,249	346,854	368,528	312,959
Employee benefit expenses	221,368	185,810	162,532	138,178
Advertising and sale promotion expenses	115,946	196,546	47,040	139,807
Buildings rental fees and utilities expenses	17,527	15,073	10,067	11,141
Office expenses	14,687	11,393	14,302	11,192
Depreciation	3,480	2,839	3,083	2,461
Others	11,875	12,840	9,644	10,642
Total	826,132	771,355	615,196	626,380



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

24 Administrative expenses

		Consolidated		Separate	
		financial statements		financial statements	
<i>Note</i>		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Employee benefit expenses		325,889	294,659	196,444	179,848
Idle costs		145,686	-	-	-
Wages and service fees		62,358	43,344	48,178	43,005
Bad and doubtful debts expense (reversal)		57,020	62,659	(74,652)	3,912
Buildings rental fees and utilities expenses		55,294	58,983	65,861	33,937
Depreciation and amortisation		41,493	39,557	33,865	31,832
Office expenses		40,051	41,869	17,699	20,035
Professional fees		20,100	18,746	10,639	10,423
Impairment losses on investment in subsidiary	11	-	-	76,613	-
Others		49,478	41,575	31,267	20,856
Total		797,369	601,392	405,914	343,848

25 Employee benefit expenses

		Consolidated		Separate	
		financial statements		financial statements	
<i>Note</i>		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Salaries and wages		2,662,554	2,201,888	1,599,810	1,433,681
Bonus		324,237	237,096	143,259	87,840
Staff welfares		159,837	134,356	82,838	74,678
Incremental benefit for employee		97,502	94,355	62,440	58,932
Contribution to social security fund		82,474	54,097	47,274	29,055
Other compensation		10,389	-	6,772	-
Severance pay	19	21,728	17,129	9,804	6,478
Defined contribution plans		14,347	12,893	4,950	4,563
Training expenses		3,435	4,274	1,426	1,913
Others		9,077	7,615	5,074	4,224
Total		3,385,580	2,763,703	1,963,647	1,701,364

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Defined contribution plans

The Company and its local subsidiaries have established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 5% of their basic salaries and by the Company at rates ranging from 3% to 5% of the employees' basic salaries depend on the length of employment. The Company's and its local 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-lease 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 2018 was Baht 2 million (2017: Baht 22 million).

i. Future minimum lease payments

As at 31 December 2018 and 2017, the future minimum lease payments under non-cancellable leases were payable as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Within one year	180,638	220,709	19,428	44,210
After one year but within five years	153,135	226,031	28,090	25,092
After five years	-	2,317	-	2,317
Total	333,773	449,057	47,518	71,619



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

ii. *Sub-lease payments*

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-	1,732	22,216

iii. *Lease expense recognised in profit or loss*

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Lease expense	362,601	238,005	148,970	81,725
Sub-leases income	-	-	(20,717)	(12,985)
Total	362,601	238,005	128,253	68,740

Leases as lessor

The Group leases out its investment properties.

i. *Future minimum lease payments*

As at 31 December 2018 and 2017, the future minimum lease payments under non-cancellable leases were receivable as follows.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	281	286	-	-
After one year but within five years	84	191	-	-
Total	365	477	-	-

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

ii. *Direct operating expenses*

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Income-generating property	251	255	-	-
Total	251	255	-	-

27 Expenses by nature

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

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Raw materials used		18,651,812	16,637,687	11,897,473	11,298,805
Employee benefit expenses	25	3,385,580	2,763,703	1,963,647	1,701,364
Depreciation and amortisation		1,419,826	1,172,026	333,190	272,894
Rental and utilities expenses		1,116,670	876,759	469,522	328,577
Transportation expenses		846,240	674,885	431,790	332,512
Factory supplies used		778,013	858,368	415,121	330,446
Repair expenses		325,173	250,375	185,882	130,480
Idle cost		145,686	-	-	-
Advertising and sale promotion expenses		115,984	196,644	47,041	139,808
Examine analysis expenses		115,167	91,710	50,803	33,887
Wages and service fees		95,146	62,001	60,949	50,269
Recruitment expenses		63,519	70,684	34,294	43,141
Bad and doubtful debts expenses		57,740	64,741	(74,201)	5,994
Factory and office expenses		50,457	64,432	25,790	24,902
Professional fees		24,309	23,593	12,715	12,479
Impairment losses on investment in subsidiary	11	-	-	76,613	-
Others		147,709	112,647	41,122	29,617
Total cost of sales of goods and rendering of services, distribution costs and administrative expenses		27,339,031	23,920,255	15,971,751	14,735,175



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

28 Finance costs

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Interest expense:					
Related parties	5	-	-	38	4,523
Financial institutions		286,696	218,516	95,527	64,153
Other parties under finance leases		58,238	58,963	16,624	15,165
Debentures		62,347	34,593	62,347	35,865
		<u>407,281</u>	<u>312,072</u>	<u>174,536</u>	<u>119,706</u>
<i>Less amount include in the cost of</i>					
<i>property, plant and equipment</i>					
<i>under construction</i>	13	<u>(50,189)</u>	<u>(10,547)</u>	<u>(13,408)</u>	<u>(3,676)</u>
Net		<u>357,092</u>	<u>301,525</u>	<u>161,128</u>	<u>116,030</u>

29 Income tax expense (income)

Income tax recognised in profit and loss

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Current tax					
Current year		87,420	88,769	-	-
		<u>87,420</u>	<u>88,769</u>	<u>-</u>	<u>-</u>
Deferred income tax					
Movements in temporary differences		68,953	50,126	6,222	(713)
Benefit of tax losses recognised		(153,052)	(30,711)	(167,451)	68,669
	16	<u>(84,099)</u>	<u>19,415</u>	<u>(161,229)</u>	<u>67,956</u>
Income tax expense (income)		<u>3,321</u>	<u>108,184</u>	<u>(161,229)</u>	<u>67,956</u>

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2018 Tax expense	Net of tax (in thousand Baht)	Before tax	2017 Tax expense	Net of tax
Gains on land revaluation	286,570	(57,314)	229,256	901	(180)	721
Define benefit plan actuarial gain	43,632	(8,726)	34,906	-	-	-
Total	330,202	(66,040)	264,162	901	(180)	721

	Separate financial statements					
	Before tax	2018 Tax expense	Net of tax (in thousand Baht)	Before tax	2017 Tax expense	Net of tax
Gains on land revaluation	33,174	(6,635)	26,539	578	(116)	462
Define benefit plan actuarial gain	16,491	(3,298)	13,193	-	-	-
Total	49,665	(9,933)	39,732	578	(116)	462

Reconciliation of effective tax rate

Applicable tax rate (%)	Consolidated financial statements			
	0%	20%	Others	Total
	<i>(in million Baht)</i>			
2018				
Accounting profit (loss) before income tax expense	885	(296)	30	619
Income tax at the applicable tax rates	-	(59)	-	(59)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	12	50	-	62
Net	12	(9)	-	3
2017				
Accounting profit (loss) before income tax expense	1,447	246	(67)	1,626
Income tax at the applicable tax rates	-	49	(7)	42
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	28	31	7	66
Net	28	80	-	108



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Applicable tax rate (%)	Separate financial statements		
	0%	20%	Total
	<i>(in million Baht)</i>		
2018			
Accounting profit before income tax expense	756	(222)	534
Income tax at the applicable tax rates	-	(44)	(44)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	5	(122)	(117)
Net	5	(166)	(161)
2017			
Accounting profit before income tax expense	701	852	1,553
Income tax at the applicable tax rates	-	170	170
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	7	(109)	(102)
Net	7	61	68

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:

- an exemption from payment of import duty on machinery as approved by the Board of Investment;
- 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;
- 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;
- 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
- 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.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Revenue from promoted and non-promoted businesses of the Group and the Company for the years ended 31 December 2018 and 2017 were summarised as follows:

	Consolidated financial statements					
	Promoted businesses		Non-promoted business		Total	
	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>					
Local sales	8,315	14,143	14,458	8,332	22,773	22,475
Export sales	3,962	2,383	1,251	931	5,213	3,314
Total revenue from sale of goods	12,277	16,526	15,709	9,263	27,986	25,789
Other income	9	28	415	96	424	124
Total revenues	12,286	16,554	16,124	9,359	28,410	25,913

	Separate financial statements					
	Promoted businesses		Non-promoted business		Total	
	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>					
Local sales	3,033	7,235	7,622	5,256	10,655	12,491
Export sales	3,962	2,383	1,254	931	5,216	3,314
Total revenue from sale of goods	6,995	9,618	8,876	6,187	15,871	15,805
Other income	22	2	774	650	796	652
Total revenues	7,017	9,620	9,650	6,837	16,667	16,457

31 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht/thousand shares)</i>			
Profit for the year attributable to equity holders of the Company	645,457	1,516,041	695,527	1,485,408
Weighted average number of ordinary shares outstanding during the year	5,113,001	5,108,606	5,113,001	5,108,606
Basic earnings per share (in Baht)	0.13	0.30	0.14	0.29



Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

Diluted earnings per share

The calculation of diluted earnings per share for the years ended 31 December 2018 and 2017 were based on the profit 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	
	2018	2017	2018	2017
	<i>(in thousand Baht/thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>645,457</u>	<u>1,516,041</u>	<u>695,527</u>	<u>1,485,408</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>645,457</u>	<u>1,516,041</u>	<u>695,527</u>	<u>1,485,408</u>
Weighted average number of ordinary shares outstanding (basic)	5,113,001	5,108,606	5,113,001	5,108,606
Effect of share options issued	<u>212,467</u>	<u>298,038</u>	<u>212,467</u>	<u>298,038</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>5,325,468</u>	<u>5,406,644</u>	<u>5,325,468</u>	<u>5,406,644</u>
Diluted earnings per share (<i>in Baht</i>)	<u>0.12</u>	<u>0.28</u>	<u>0.13</u>	<u>0.27</u>

32 Dividend

At the Board of Directors' meeting of the Company held on 5 October 2017, the Company's Board of Directors approved the appropriation of interim dividends of Baht 0.05 per share for 5,109 million ordinary shares, totaling Baht 255 million, for unappropriated retained earnings as at 31 June 2017. The interim dividends declared by the Company's Board of Directors were paid to the Company's shareholders in 3 November 2017.

At the annual general meeting of the shareholders of the Company held on 23 April 2018, the Company's shareholders approved the appropriation of dividends of Baht 0.05 per share for 5,113 million ordinary shares, totaling Baht 256 million, from unappropriated retained earnings as at 31 December 2017. The dividends were paid to the Company's shareholders in 9 May 2018.

At the Board of Directors' meeting of the Company held on 12 November 2018, the Company's Board of Directors approved the appropriation of interim dividends of Baht 0.07 per share for 5,113 million ordinary shares, totaling Baht 358 million, for unappropriated retained earnings as at 30 September 2018. The interim dividends declared by the Company's Board of Directors were paid to the Company's shareholders in 7 December 2018.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

33 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.

The effective interest rates of financial assets as at 31 December 2018 and 2017 and the periods in which the financial assets mature were as follows:

	Effective interest rate (%)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2018					
<i>Current</i>					
Advance payments to farmers	9.50	325,647	-	-	325,647
Total		325,647	-	-	325,647
<i>Non-current</i>					
Advance payments to farmers	9.50	-	225,574	-	225,574
Other long-term investments	4.23 - 5.50	-	-	200	200
Total		-	225,574	200	225,774



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Consolidated financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2017					
Current					
Advance payments to farmers	9.50 - 9.75	383,949	-	-	383,949
Total		383,949	-	-	383,949
Non-current					
Advance payments to farmers	9.50 - 9.75	-	285,968	-	285,968
Other long-term investments	4.23 - 5.50	-	-	200	200
Total		-	285,968	200	286,168

Separate financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2018					
Current					
Short-term loans to subsidiaries	4.84 - 5.23	1,781,530	-	-	1,781,530
Total		1,781,530	-	-	1,781,530
2017					
Current					
Short-term loans to subsidiaries	3.54 - 4.27	1,150,128	-	-	1,150,128
Total		1,150,128	-	-	1,150,128

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

The effective interest rates of interest-bearing liabilities as at 31 December 2018 and 2017 and the periods in which interest-bearing liabilities mature were as follows:

	Effective interest rate (%)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2018					
Current					
- Promissory notes and bill of exchanges	2.50 - 4.10	4,910,687	-	-	4,910,687
- Liabilities under trust receipts	2.50 - 4.80	1,744,099	-	-	1,744,099
- Current portion of long-term borrowings from financial institutions	3.94 - 5.50	605,249	-	-	605,249
- Current portion of finance lease liabilities	2.45 - 9.62	226,874	-	-	226,874
Total		7,486,909	-	-	7,486,909
Non-current					
- Debentures	4.90	-	1,148,500	-	1,148,500
- Long-term borrowings from financial institutions	3.94 - 5.50	-	1,271,122	-	1,271,122
- Finance lease liabilities	2.45 - 9.62	-	704,385	171,745	876,130
Total		-	3,124,007	171,745	3,295,752



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

	Effective interest rate (%)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2017					
Current					
- Promissory notes and bill of exchanges	2.50 - 4.15	3,895,497	-	-	3,895,497
- Liabilities under trust receipts	2.50 - 4.28	963,440	-	-	963,440
- Current portion of debentures	3.95 - 4.25	210,000	-	-	210,000
- Current portion of long-term borrowings from financial institutions	4.23 - 5.75	610,271	-	-	610,271
- Current portion of finance lease liabilities	0.01 - 9.62	146,051	-	-	146,051
Total		5,825,259	-	-	5,825,259
Non-current					
- Debentures	4.90	-	1,148,500	-	1,148,500
- Long-term borrowings from financial institutions	4.23 - 5.75	-	449,914	-	449,914
- Finance lease liabilities	0.01 - 9.62	-	494,584	223,342	717,926
Total		-	2,092,998	223,342	2,316,340

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

	Effective interest rate (%)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
2018					
Current					
- Promissory notes and bill of exchanges	2.50 - 4.10	1,997,628	-	-	1,997,628
- Liabilities under trust receipts	3.30 - 3.89	95,834	-	-	95,834
- Current portion of long-term borrowings from financial institutions	3.94 - 4.50	207,226	-	-	207,226
- Current portion of finance lease liabilities	2.59 - 6.26	172,672	-	-	172,672
Total		2,473,360	-	-	2,473,360
Non-current					
- Debentures	4.90	-	1,148,500	-	1,148,500
- Long-term borrowings from financial institutions	3.94 - 4.50	-	473,830	-	473,830
- Finance lease liabilities	2.59 - 6.26	-	475,173	-	475,173
Total		-	2,097,503	-	2,097,503
2017					
Current					
- Promissory notes and bill of exchanges	2.50 - 4.15	1,720,161	-	-	1,720,161
- Liabilities under trust receipts	2.80	705	-	-	705
- Current portion of debentures	3.95 - 4.25	210,000	-	-	210,000
- Current portion of long-term borrowings from financial institutions	4.50 - 5.03	241,595	-	-	241,595
- Current portion of finance lease liabilities	2.59 - 6.26	95,273	-	-	95,273
Total		2,267,734	-	-	2,267,734
Non-current					
- Debentures	4.90	-	1,148,500	-	1,148,500
- Long-term borrowings from financial institutions	4.50	-	334,000	-	334,000
- Finance lease liabilities	2.59 - 6.26	-	282,915	-	282,915
Total		-	1,765,415	-	1,765,415



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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 2018 and 2017, 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		2018	2017	2018	2017
(in thousand Baht)					
Cash and cash equivalents					
Foreign currency	Vietnamese Dong	4,345	4,228	-	-
	United States Dollars	19	484,599	(13)	484,557
	Japanese Yen	-	6,145	-	6,145
Trade and other accounts receivable					
Foreign currency	United States Dollars	490,323	328,137	440,788	328,137
	Japanese Yen	65,714	88,264	65,714	88,264
Forward currency contracts - to buy and sell	United States Dollars	192,962	-	192,962	-
	Japanese Yen	63,345	6,029	63,345	6,029
Short-term borrowing from financial institution					
Foreign currency	United States Dollars	38,676	843,387	-	-
	Japanese Yen	-	705	-	705
Trade and other accounts payable					
Foreign currency	United States Dollars	823,555	275,433	4,605	167
	Euro	6,300	-	-	-
	Japanese Yen	1,461	176	1,461	176
Forward currency contracts - to buy and sell	United States Dollars	163,030	2,640,278	-	-
	Euro	6,219	210	6,219	-
	Japanese Yen	-	679	-	-

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.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 2018					
<i>Financial assets/Financial liabilities not measured at fair value</i>					
Debentures	1,149	-	1,172	-	1,172
Finance lease liabilities	1,103	-	1,159	-	1,159
Foreign currency forward contract - asset	-	-	2,706	-	2,706
Foreign currency forward contract - liability	-	-	1,641	-	1,641
31 December 2017					
<i>Financial assets/Financial liabilities not measured at fair value</i>					
Debentures	1,359	-	1,395	-	1,395
Finance lease liabilities	864	-	892	-	892
Foreign currency forward contract - asset	-	-	113	-	113



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

		Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2018					
<i>Financial assets/Financial liabilities not measured at fair value</i>					
Debentures	1,149	-	1,172	-	1,172
Finance lease liabilities	647	-	621	-	621
Foreign currency forward contract - asset	-	-	346	-	346
Foreign currency forward contract - liability	-	-	1,641	-	1,641
31 December 2017					
<i>Financial assets/Financial liabilities not measured at fair value</i>					
Debentures	1,359	-	1,395	-	1,395
Finance lease liabilities	378	-	362	-	362

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.

Thaifoods Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

34 Supplemental disclosures of cash flows information

- 1) During the year ended 31 December 2018, the Company sold investment in a subsidiary in the amount of Baht 60 million which receiving in cash of Baht 20 million and the amount of Baht 40 million is receivable from sale of the investment.
- 2) During the year ended 31 December 2018, the Group hired an independent appraiser to reappraise value of land. The net value of land of the Group and the Company were increased from recognition of land revaluation amount of Baht 323 million and Baht 36 million, respectively.
- 3) Property, plant and equipment and other intangible assets paid by cash during the years ended 31 December 2018 and 2017 were as follows:

Property, plant and equipment

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Increases during the year	13	3,958,215	2,345,044	1,090,991	740,038
Add (less) - changes in payables		24,117	(152,574)	(24,457)	2,727
- finance lease liabilities		(444,454)	(323,614)	(422,407)	(265,202)
Purchase and paid by cash		<u>3,537,878</u>	<u>1,868,856</u>	<u>644,127</u>	<u>477,563</u>

Other intangible assets

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Increases during the year	14	25,470	12,488	7,465	8,107
Add (less) - changes in payables		(1,553)	3,575	1,300	1,634
Purchase and paid by cash		<u>23,917</u>	<u>16,063</u>	<u>8,765</u>	<u>9,741</u>

35 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Contracted but not provided for</i>				
Buildings and equipment	580,721	886,315	209,434	299,856
Other intangible assets	515	567	515	214
Total	<u>581,236</u>	<u>886,882</u>	<u>209,949</u>	<u>300,070</u>



Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	180,638	220,709	19,428	44,210
After one year but within five years	153,135	226,031	28,090	25,092
After five years	-	2,317	-	2,317
Total	333,773	449,057	47,518	71,619

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 2019 and 2022.

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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
United States Dollars	163,030	2,640,278	-	-
Euro	6,219	210	6,219	-
Japanese Yen	-	679	-	-
Total	169,249	2,641,167	6,219	-

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

Foreign currency exchange forward contracts - liability

Forward exchange contracts for foreign currencies on exporting goods to foreign countries are as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
United States Dollars	192,962	-	192,962	-
Japanese Yen	63,345	6,029	63,345	6,029
Total	256,307	6,029	256,307	6,029

Other commitments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Unused letters of credit for purchases of goods, raw materials, supplies and others	3,080,623	3,024,416	-	-
Purchase orders for goods, Raw material, supplies and others	2,321,964	342,545	86,628	36,550
Total	5,402,587	3,366,961	86,628	36,550

36 Contingent liabilities

Farmers' borrowings guarantee commitments

As at 31 December 2018, 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 408 million (2017: Baht 716 million).

37 Events after the reporting period

- 37.1 On 16 January 2019 the increase of shares from the exercise of TFG-W1 warrants for buying 63.3 million ordinary shares was approved by the Stock Exchange of Thailand for trading.
- 37.2 At the Board of Directors' meeting of the Company held on 26 February 2019, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the annual dividend of Baht 0.013 per share for 5,176.6 million ordinary shares, totaling Baht 67.3 million, for unappropriated retained earnings as at 31 December 2018. The declaration of dividend payment must be approved by the shareholders' meeting of the Company.

Thaifoods Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

38 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated or separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

The Group has not early adopted those standards in preparing these financial statement.

(a) TFRS 15 Revenue from Contracts with Customers

Sales of goods and services rendered

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Manager assessed that there was no material impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statement.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

2018

Year of Further Growth

THAIFOODS GROUP PUBLIC COMPANY LIMITED

1010 Shinawatra Tower 3, 12 Fl., Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900

