

Annual Report 2016

Taokaenoi Food & Marketing Public Company Limited



Happiness only real when shared

“ความสุขจะมีความหมายก็ต่อเมื่อได้แบ่งปัน”

- Christopher McCandless -





In Remembrance of
His Majesty the Late King Bhumibol Adulyadej

The Board of Directors, Management and staff of
Taokaenoi Food & Marketing Public Company Limited



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Vision Mission and Business Overview



1.1 Vision Mission and Company's goal

Vision

The Company is committed to developing tasty, convenient and healthy products and building the brand recognition and awareness in the global market

Mission

- The Company would like to see the culture of nutritious, tasty, convenient and healthy food consumption all over the world. The Company delivers such value to millions of people around the world by fulfilling this gap to the seaweed business first.
- The Company commits to develop to innovative products and use the innovation technologies into the production process.
- The Company commits to create the brand awareness for capturing consumers' attention.
- The Company commits to treat our employees, business partners and consumers as same as family.

Mission

The Company determines to develop "Taokaenoi" brand to become Asian Leader Brand in Asian snacks industries with sales volume 5,000 million Baht in 2017 and become the Global Brand with 10,000 million Baht in 2024.

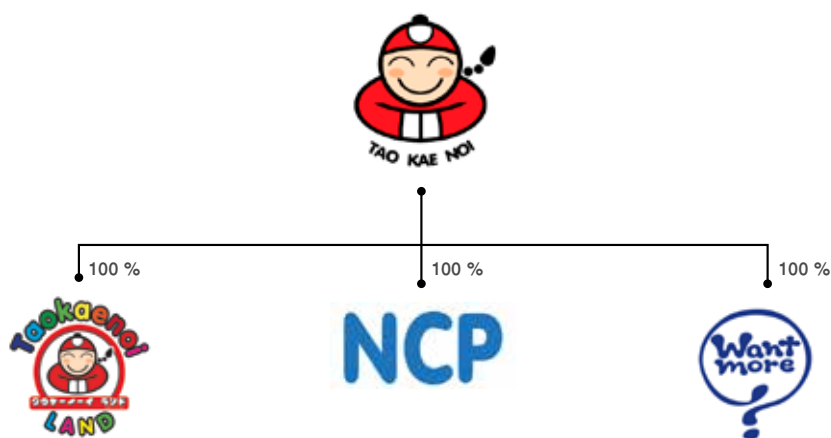
1.2 Business Overview

The Company operates the manufacturing and distributing seaweed snack under the “Taokaenoi” brand”. There are 4 main products such as crispy seaweed, grilled seaweed, tempura seaweed, and roasted seaweed. In addition, the Company also remains to develop the products in various flavors such as classic flavor, spicy flavor, seafood flavor, tomato sauce flavor, wasabi flavor, Japanese sauce flavor and BBQ sauce flavor etc. to meet all customer target groups in the internal market which distributes via

convenient store, supermarket, distributors, Taokaenoi Land shop including exportation in Asia countries and the other Continents to achieve and become the Global Brand.

Currently, the Company has 2 processed seaweed factories, one is located at Namai Sub-District, Ladlumkaew District, Pathum Thani and the other is under construction located at Rojana Industrial Park in Ayutthaya for enhancing the sale growth, increasing efficiency of production and increasing net profit.

The Company has investment in 3 subsidiaries;



Taokaenoi Restaurant & Franchise Company Limited

Business Type :	Distribution under branding “Taokaenoi Land”
Register number :	0125552015842
Head Office :	469 Bond Street, Bangpood, Pakkred, Nonthaburi
Phone:	0 2960 1477
Fax:	0 2960 1486
Registered Capital :	35,000,000 Baht
Paid-up Capital :	35,000,000 Baht
Ownership:	100%

Taokaenoi Restaurant & Franchise Company Limited operates under branding “Taokaenoi Land” which distributing to both the Company’s snack products and the other brands which having 8 branches as of December 31, 2016 and located around the tourist area as follows;

- 3 branches in Bangkok such as Terminal21 Department Store (Asoke), Platinum Mall (Water Gate), Asiatique the river front (Charoenkrung)
- 3 branches in Chiang Mai such as Maya Lifestyle Shopping Center, Chiang Mai Central Festival, and Think Park
- 2 branches in Pattaya such as 4 region floating market phase 1 and 2 of project

The Company planned to use “Taokaenoi Land” to be sales channel and public relation channel for tourist group and encouraging consumers to be aware of the Taokaenoi brand broadly.

Currently, the Company planned to issue the new products other than processed seaweed and planned to open the new branch in the tourist provinces for consistent growing tourism business.

This is the number of Taokaenoi Restaurant & Franchise Company Limited’s branches from 2014 to 2016.

The number of Taokaenoi Land	2014	2015	2016
The beginning period (1 st January)	21	17	5
Increasing new branch	1	3	3
Closing	(5)	(15)	-
The end of period (31 st December)	17	5	8

NCP Trading and Supply Company Limited

Business Type: Manufacture and Distribution seasoning powders

Register number: 0125549009489

Head Office : 469 Bond Street Road, Bang Pood, Pakkred, Nonthaburi

Phone: 0 2960 1999

Fax: 0 2960 1501

Registered Capital: 1,000,000 Baht

Paid-up Capital: 1,000,000 Baht

Ownership: 100 %

NCP Trading and Supply Co., Ltd operates the production and distribute seasoning powders for holding company group. The Secret recipes seasoning powders has been distributed for producing seaweed snacks which the Company is able to control the all production process from up stream process and can develop the new products continuously.

Want More Industry Company Limited

Business Type: Trading / Distribution of baked bread

Register number: 0125551000787

Head Office : 469 Bond Street Road, Bang Pood, Pakkred, Nonthaburi

Phone: 0 2960 1999

Fax: 0 2960 1501

Registered Capital: 5,000,000 Baht

Paid-up Capital : 5,000,000 Baht

Ownership : 100 %

Want More Industry Co., Ltd planned to operate as trading business for increasing revenue for the Company in the future.



2 Investors Information



Company Name: Taokaenoi Food & Marketing Public Company Limited

Abbreviation : TKN

Type of business : Manufacturing and distribution of seaweed snack

Registered Number : 0107556000337

Factory/Head Office : **Noppawong Factory / Head Office**

*Address 12/1 Moo 4, Namai, Ladlumkaew,
Patumthani 12140*

Rojana Factory

*Address 55/5 Moo 5, Sam Bandit, Uthai,
Phra Nakhon Si Ayutthaya 13210*

Muangthong Thani Office

*Address 337 Bond Street Road, Bangpood,
Pakkred, Nontaburi 11120*

Website: www.taokaenoi.co.th

Phone : 0 2984 0666

Fax : 0 2984 0118



Registered Capital : 345,000,000 Baht

Issued and Paid-up Capital : 345,000,000 Baht

Stock Value : Common stock, 0.25 Baht per stock

Preferred Share : -None-

Major Shareholders : On December 30, 2016 Peeradechapan group holds 63.41% of shares while the remaining shares are held by other institutional and individual shareholders

Other Related Important Information : -None-

Reference

Securities Registrar : **Thailand Securities Depository Company Limited**

*Address 93 Ratchadaphisek Road, Dindaeng,
Dindaeng, Bangkok 10400*

Phone : 0 2009 9999

Fax : 0 2009 9991



Registrar of Debentures : -None-

Auditor: **EY Office Limited**

Miss Vissuta Jariyathanakorn

Certified Public Accountant ID 3853 or

Mrs. Ponnard Paocharoen

Certified Public Accountant ID 5238 or

Ms. Manee Rattanabunnakit

Certified Public Accountant ID 5313

*Address 33rd floor, Lake Ratchada Building,
193/136-7, New Ratchadapisek Road,
Klongtoey, Bangkok 10110*

Phone : 0 2264 9090

Fax : 0 2264 0789-90



Legal Advisor: **Kudun and Partners Company Limited**

*Address 973 President Tower, 14th floor,
Ploenchit Road, Lumpini,
Patumwan, Bangkok 10330*

Phone : 0 2656 0818

Fax : 0 2656 0819



Investor Relations: **Mr. Koosoon Rattanaporn**

*Address 337 Bond Street Road, Bangpood,
Pakkred, Nontaburi 11120*

Email : IR@taokaenoi.co.th

Phone : 0 2984 0666 #315

Fax : 0 2094 0118

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Message from the Board of Directors



To all shareholders

His Majesty King Bhumibol Adulyadej has passed away on October 13, 2016, all Thais suffered the greatest loss. We, Board of Director, Executive and employees of Taokaenoi Food & Marketing Public Company Limited would like to express our gratitude and remembrance towards His Majesty King Bhumibol Adulyadej.

Taokaenoi Food & Marketing Public Company Limited has maintained to enhance seaweed consumption culture to all countries in Asia and around the world. In the present, there are 40 Countries around the world and in 2016, the revenue from sales was 4,700 million baht and the export sales was about 60% of total sales.

In 2017, Taokaenoi has begun production at a new factory at Rojana industrial park in the first quarter of 2017 and there are 2 factories to support the sales more than 8,000 million baht a year when completed as Company's vision to become the global brand in 2024.

The Company continues to grow in both domestic and overseas markets with the target growth 15% from the previous year and the Company also remains ethical business practices and good corporate governance for increasing value and growth to be profitable and to pay dividends to shareholders according to the Company policies.

Additionally, on behalf of Board of Director and Management, we would like to thank shareholders, business partners, customers, employees, and persons concerned to the Company for supporting, trusting and accepting Taokaenoi which causes the Company to grow and move forward with the sustainability.

Mr. Yuth Vorachattarn

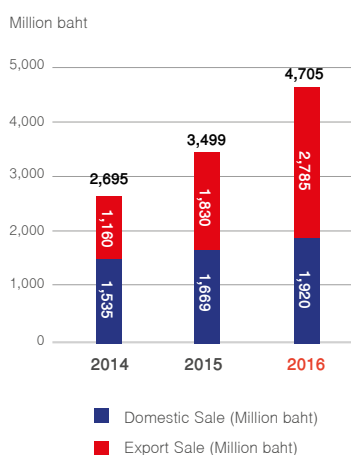
Chairman of the Board of Directors

Mr. Itthipat Peeradechapan

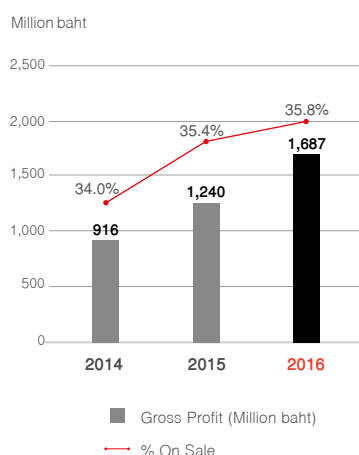
Chief Executive Officer

4 Financial Results

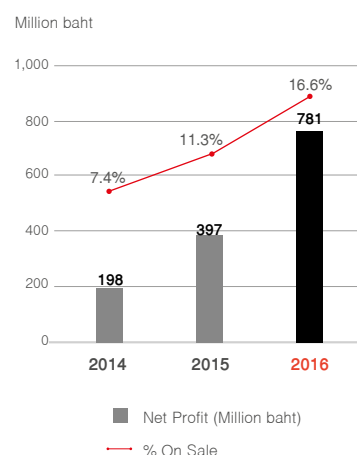
Sale Revenue



Gross Profit



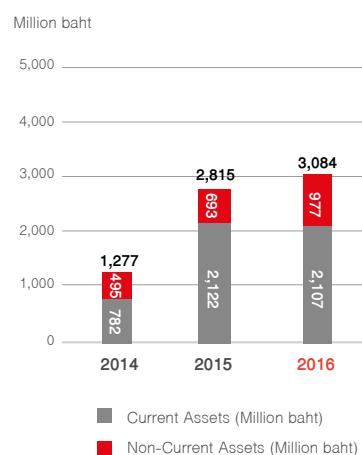
Net Profit



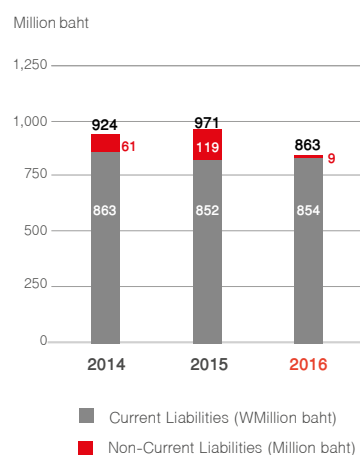
Consolidated Financial Statements

	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Revenue from sales	2,695.0	100.0	3,499.7	100.0	4,705.3	100.0
Cost of Sales	(1,778.6)	(66.0)	(2,259.5)	(64.6)	(3,018.8)	(64.2)
Gross Profit	916.4	34.0	1,240.3	35.4	1,686.6	35.8
Selling Expenses	(490.7)	(18.2)	(528.2)	(15.1)	(469.9)	(10.0)
Administrative Expenses	(182.7)	(6.8)	(215.7)	(6.2)	(255.0)	(5.4)
Operating Profit	243.0	9.0	496.4	14.2	961.6	20.4
Other Income	31.3	1.2	15.5	0.4	24.0	0.5
Financial Cost	(19.6)	(0.7)	(16.7)	(0.5)	(6.5)	(0.1)
Income Tax Expenses	(56.1)	(2.1)	(98.2)	(2.8)	(197.3)	(4.2)
Net Profit	198.6	7.4	396.9	11.3	781.8	16.6

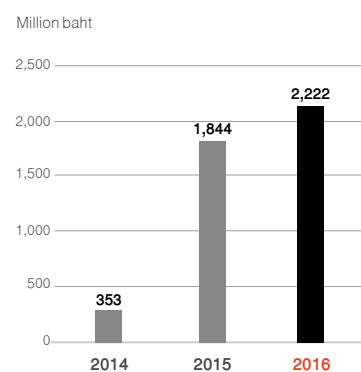
Assets



Liabilities



Shareholders' Equity

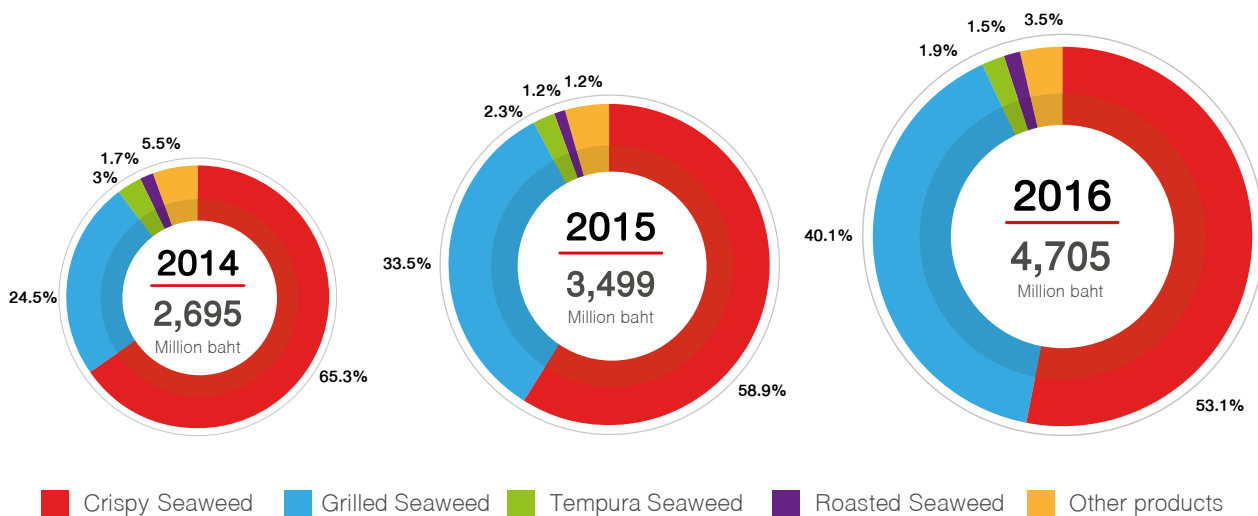


Consolidated Financial Statements

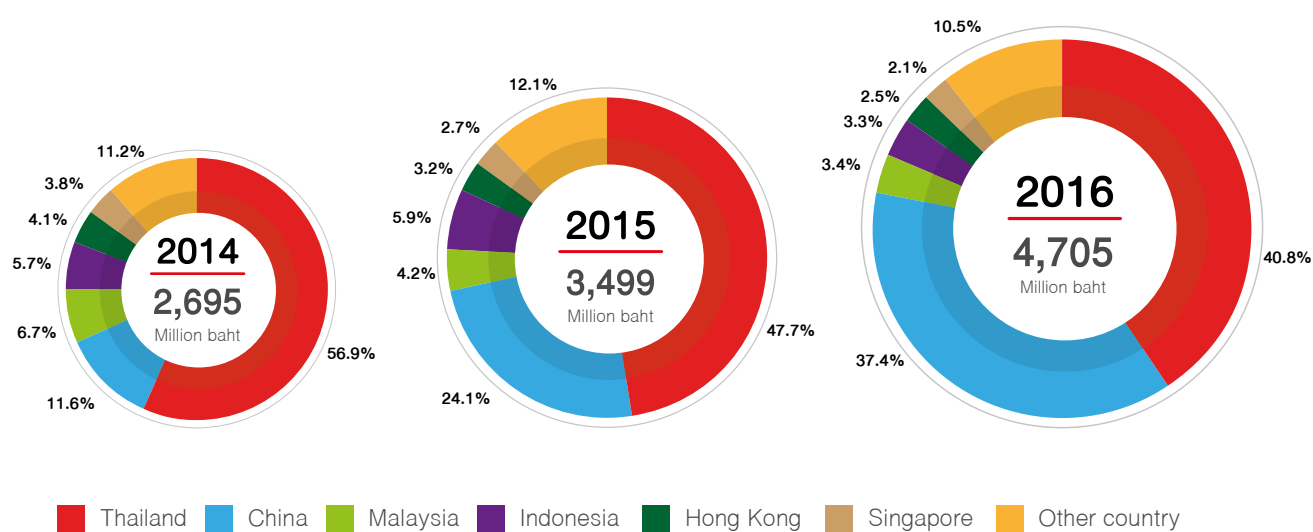
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Statement of Financial Position (Million Baht)						
Assets	1,276.7	100.0	2,814.9	100.0	3,084.3	100.0
- Current Assets	781.7	61.2	2,122.2	75.4	2,107.2	68.3
- Non-Current Assets	495.0	38.8	692.7	24.6	977.1	31.7
Liabilities	924.1	72.4	971.0	34.5	862.7	28.0
- Current Liabilities	863.5	67.6	852.0	30.3	854.0	27.7
- Non-Current Liabilities	60.6	4.7	119.0	4.2	8.7	0.3
Shareholders' Equity	352.6	27.6	1,843.9	65.5	2,221.6	72.0

5 Operating Overview

Revenue from sales by Product



Revenue from sales Countries



Financial Ratio

	Unit	Consolidated Financial Statements		
		2014	2015	2016
Liquidity Ratio : times				
Liquidity Ratio	times	0.91	2.49	2.47
Day Sale Outstanding	Day	57	46	35
Inventory Turnover	Day	9	6	5
Day Payable Outstanding	Day	49	40	35
Cash Cycle	Day	17	12	5
Profitabiity Ratio :				
Gross Margin Ratio	%	34.00	35.44	35.84
Operation Profit Ratio	%	9.02	14.18	20.44
Net Proift Ratio	%	7.37	11.34	16.62
Financial Analysis Ratio :				
Debt to Equity Ratio	times	2.62	0.53	0.39
Dividend Yield ¹	%	139	90	86

¹ Dividend Yield Calculated from dividends per consolidated net profit

6 Business Highlight

The Company's revenue was 4,705 million baht, which growth 33.2% year-on-year and exceed target mainly from the incremental capacity of Nopawong factory in the third quarter of 2016 to support sales growth in the second half of the year. The main products still be Crispy seaweed which contribute 53.1% of total sales, Grilled seaweed contribute 40.1%. Moreover, the company has launched new product in domestic market such as Roasted seaweed in Taokaenoi style and Seaweed chips 'Seagle'.

1. **Domestic Sales 1,920 million baht**, which growth 15.0% year-on-year mainly from marketing activities to build brand recognition, channel sales expansion via Hypermarket and Taokaenoi Land, new product launch such as Roasted seaweed 'Big Sheet' and Seaweed Chip 'Seagle'.
2. **International Sales 2,785 million baht**, which growth 52.2% year-on-year mainly from China sales which growth more than 100% versus last year due to 2 importers have been appointed as overseas distributors on the 1st quarter, also with Vietnam and USA which growth significantly. Indonesia sales still be drop year-on-year but has a good sign on 4th quarter.

In the year 2016, the company has incremental cost from seaweed price but the gross margin is better than previous year due to many cost management programs to partially offset with seaweed cost including yield improvement, price negotiation on key packaging material, develop machine to replace manpower and increase production efficiency.

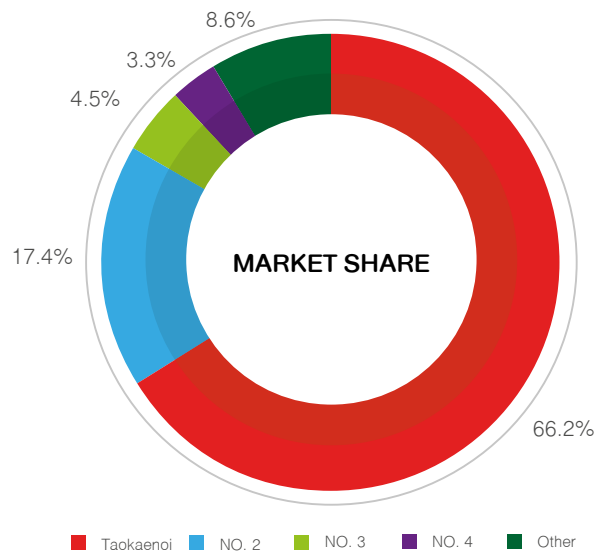
Selling Expenses 470 million baht (10.1% on sales) including trade agreement, sales promotion, listing fee, and marketing spending. The selling expenses lower than previous year mainly from sales mix between domestic and export. More sales from export market which has lower percentage on selling expenses.

Net Profit 782 million baht, equivalent to 16.6% on sales, which increase 97% year-on-year mainly from sales growth, production efficiency, lower selling expenses from sales mix, and budget control as the result of profit improvement on the past 3 years.



Marketing and Competition

The company was the market leader in Thailand with market share 66% and the main competitors were local companies. Last year the company has many marketing activities such as sport marketing (eg.official sponsorship of Thailand football team on the Asian section of the FIFA World Cup Qualifiers), music marketing (eg.sponsorship in 'Single festival' concerts which held in many provinces such as Chiang Mai, KhonKaen, Odon Thani, SuratThani, and Bangkok) to have new customer and brand recognition among existing customer including TV commercial, social media, and point of sales activities



There are 3 main channels for Domestic Sales:

- 1. Modern Trade:** including convenience store, super market, and hyper market. The company sold directly to each account and sent the product to their distribution center before distribute to each branch.
- 2. Distributor:** The company sold to distributor and distributor will manage traditional trade channel (pop and mom store)
- 3. Taokaenoi Land:**The company sold directly to end user. As of year-end, Taokaenoi Land have 8 branches managed by Taokaenoi Restaurant and Franchises Company Limited

International markets : The company has been sold more than 40 countries with the network of partner which be expert and has good relation with customer in each country.

There are 3 main channels for International Sales:

- 1. Overseas Distributor:**The company sold the products to distributors in the key countries. As of year-end, totally 13 distributors such as China, Malaysia, Hong Kong, and Singapore.
- 2. Importer:** The company sold the products to importer in each country to expand sales in new market.
- 3. Thai Exporter:** The company sold the products to exporter in Thailand to test market opportunity.

PART 2

Management and Corporate Governance



7 Securities and Shareholders

7.1 Securities

- Registered Capital 345.0 Million Baht
- Issued and Paid-Up capital 345.0 Million Baht
(1,380 million ordinary shares at par value of 0.25 Baht per share)
- The company does not issue any other form of securities apart from ordinary shares

7.2 Shareholders

The first 10 shareholders as shown in the shareholders registration as of December 30, 2016)

No.	Name	Number of shares held	Percentage
1	Mr. Itthipat Peeradechapan	360,500,000	26.12
2	Peeradechapan Holding Company Limited	360,000,000	26.09
3	Ms. Orrapat Peeradechapan	77,250,000	5.60
4	Mr. Nutchatpong Peeradechapan	77,250,000	5.60
5	Dr. Pongsak Thammatacharee	67,744,320	4.91
6	Mr. Pracha Damrongsutthipong	50,000,000	3.62
7	The Hongkong and Shanghai Banking Corporation Limited	37,924,500	2.75
8	Thai NVDR Company Limited*	32,412,032	2.35
9	Mr. Jiradech Jongwattanasilkul	15,000,000	1.09
10	Ms. Sarunya Worawongwasu	13,400,000	0.97
11	Institutions and general investors	288,748,648	20.91
Total		1,380,000,000	100.00

Remarks: * Thai NVDR Company Limited is a subsidiary of the Stock Exchange of Thailand which issue Non-Voting Depository Receipt (NVDR), a listed security by the Stock Exchange of Thailand, to investors. The income gained from the NVDR offering will be invested in the Stock Exchange of Thailand. Investors holding NVDR will be paid dividend like in other listed company but do not have voting rights in the shareholders' meeting. Information of investors in Thai NVDR Company Limited can be found on the website, www.set.or.th.

Major shareholders as shown in the shareholders registration as of December 30, 2016;

No.	Name	Number of shares held	Percentage
1	Mr. Itthipat Peeradechanpan	360,500,000	26.12
2	Peeradechapan Holding Company Limited	360,000,000	26.09
3	Ms. Orrapat Peeradechapan	77,250,000	5.60
4	Mr. Nutchatpong Peeradechapan	77,250,000	5.60
Total		875,000,000	63.41

Foreign Limit for company shares shall be 49 % of the registered capital

7.3 Dividend Policy

The Company shall pay dividend at the rate of not less than 40% of its net profit as shown in its specific statements after deduction of tax and reserves (if any). The dividend may subject to change depending on the business outcome, financial status, financial liquidity, use of working capital in business operations, investment and future business expansion plan, market conditions, appropriateness and other factors relating to operations and management of the Company, provided that the

Company must have sufficient cash for business operation and such operation will provide the highest benefits to the shareholders as deemed appropriate by the board of directors and/or shareholders of the Company. The resolution for dividend approval passed by the board of directors must be proposed for an approval at the shareholders' meeting, except for interim dividend where the Board of Directors may approve and report to the shareholders at the next meeting of shareholders.

Clause 44 of the Articles of Association

"The dividend shall not be paid other than out of profits. No dividend shall be paid if the Company still has accumulated loss.

Unless otherwise provided by the Articles of Association regarding preference shares, dividends shall be paid according to the number of shares, with each share receiving an equal amount.

Payment of dividends shall be approved by the meeting of shareholders.

The board of directors may from time to time pay to the shareholders such interim dividends if the Board estimates that the profits of the Company justify such payment. After the dividends have been paid, such dividend payment shall be reported to the shareholders at the next meeting of shareholders.

Payment of dividends shall be made within 1 month from the date the resolution of the meeting of shareholders or of the meeting of the board of directors, as the case may be, is issued and the shareholders shall be notified in writing and the notice of such payment of dividends shall also be published in a newspaper. Interests shall not be calculated to the Company if such payment is carried out within the time frame specified by the law.

Dividend payment in previous years

Year	Dividend (Baht/Share)			Paid Dividend (Baht)	Pay rate (%) ¹
	Interim	Final	Total		
2558 ²	-	0.105	0.105	144,900,000	26.12
2559 ³	0.19	0.30	0.49	676,200,000	90

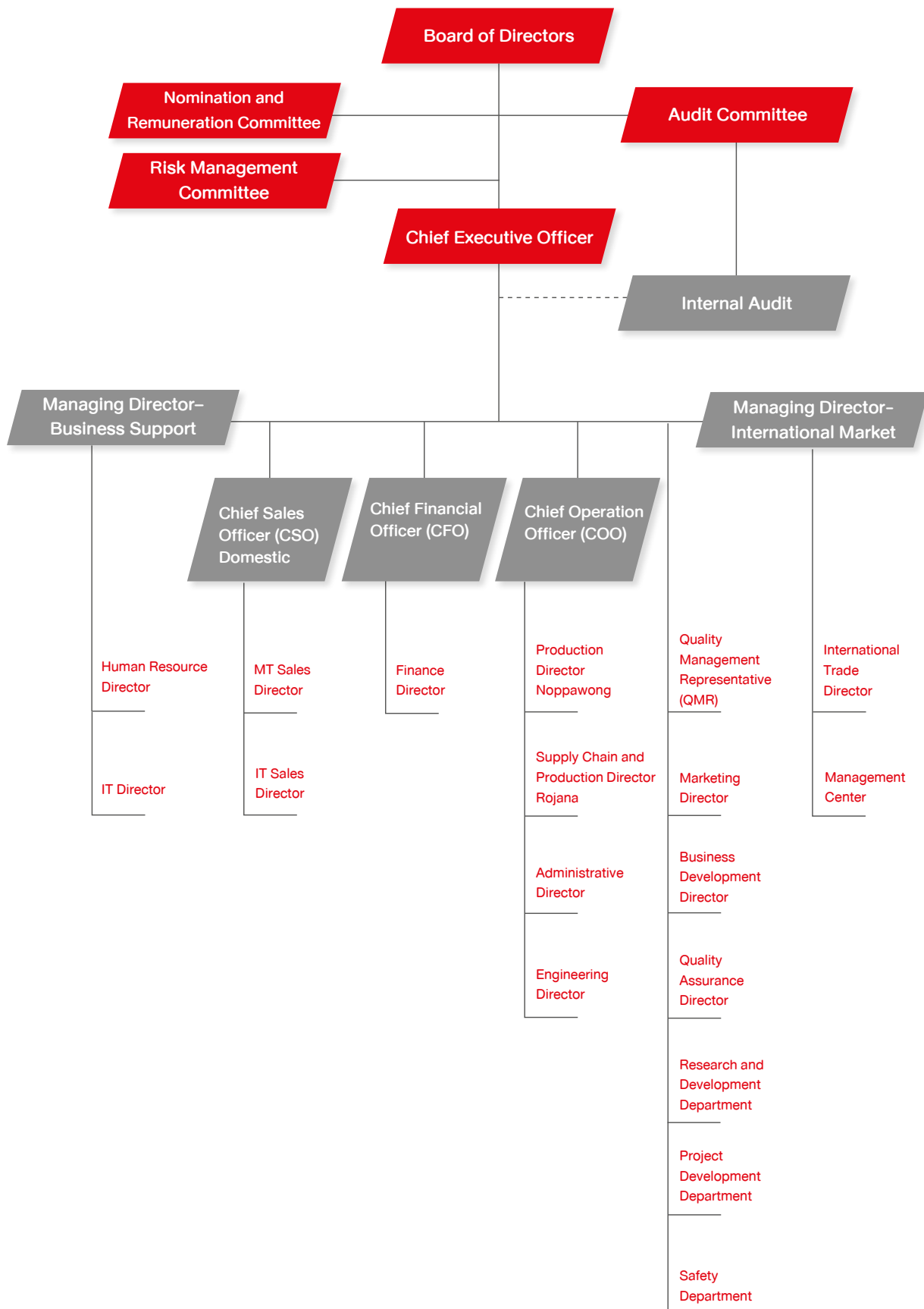
¹ Pay rate is calculated based on the dividend to net profit ratio

² The payment of dividend for 2015 does not include the interim dividend of 214,200,000 Baht and only show the dividend paid after the sale and purchase of TKN securities in the Stock Exchange (3rd December 2015)

³ The right to receive the dividend remain uncertain as it awaits the approval from the Annual Shareholder Meeting of 2017

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Management Structure



8.1 Board of Director

The Board consists of 8 Directors as follows;



1. Mr. Nutchatpong Peeradechapan

Director/Managing Director-Business Support

2. Mr. Itthipat Peeradechapan

Director/Chief Executive Officer

3. Ms. Orrapat Peeradechapan

Director/Managing Director-International Markets

4. Mr. Somboon Prasitjutrakul

Director

5. Mr. Chaiyong Ratanacharoensiri

Independent Director

6. Mr. Yuth Vorachattarn

Chairman of the Board of Directors/Independent Director

7. Mrs. Wanee Thasanamontien

Independent Director

8. Ms. Porntera Rongkasiriphan

Director/Administrative Director

Mr. Nutchatpong Peeradechapan holds the position of Company Secretary to provide advices on laws and regulations to the Board of Directors as well as supervising and coordinating the Board's operation in accordance to the resolution of the committee.



Mr. Yuth Worachattarn

Age 69 years

Current Position

Chairman of the Board of Director/Independent Director

Member of the Audit Committee

Member of the Nomination and Remuneration Committee

Education Background

- Master of Economics (International Program),
Thammasart University
- Bachelor of Economics (Magna Cum Laude),
Thammasart University

Certifications from the Thai Institute of Director (IOD) courses

- Ethical Leadership Program (ELP)
Batch 2, 2015
- Corporate Governance for Capital Market
Intermediaries (CGI)
Batch 6, 2014
- Financial Institutions Governance Program (FGP)
Batch 6, 2013
- Monitoring of the Quality of Financial Reporting (MFR)
Batch 12, 2010
- Chartered Director Class (R-CDC)
Batch 3, 2008
- Role of the Chairman Program (RCP)
Batch 8, 2003
- Directors Certification Program (DCP)
Batch 0, 2000

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : -None-

Held by spouse and/or minor child : -None-

Positions held in other listed company

- | | |
|--------------|---|
| 2016-Present | Chairman of the Board of Directors-
Grand Prix International PLC |
| 2015-Present | Director/ Chairman of the Audit
Committee BSY Group PLC |
| 2553-Present | Director/ Chairman of the Audit
Committee Saha Thai Steel Pipe PLC |
| 2546-Present | Chairman of the Board of Directors
Member of the Audit Committee
Maybank Kim Eng (Thailand) PLC |

Positions held in non-listed company

- | | |
|--------------|---|
| 2016-Present | Chairman of the Board of Directors
Member of the Audit Committee Saha
Thai Terminal Co., Ltd. |
| 2015-Present | Director B.S.Y. Construction Co., Ltd. |

Working experience for the last 5 years

- | | |
|------------|---|
| 2004- 2015 | Chairman of the Board of Directors
Siam Commercial Leasing PCL |
| 2004- 2015 | Chairman of the Board of Directors
Preecha Group PCL |

Criminal record for the last 10 years

-None-



Mrs. Waneethasanamontien

Age 62 years

Current Position

Independent Director

Chairman of the Audit Committee

Member of the Nomination and Remuneration Committee

Education Background

- Master of Public Administration,
Chulalongkorn University
- Bachelor of Laws,
Thammasart University
- Bachelor of Accounting,
Thammasart University

Certifications from the Thai Institute of Director (IOD) courses

- Advanced Audit Committee Program (AACP)
Batch 18, 2015
- Financial Institutions Governance Program (FGP)
Batch 4, 2012
- Directors Certification Program (DCP)
Batch 138, 2010

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : -None-
Held by spouse and/or minor child : -None-

Positions held in other listed company

-None-

Positions held in non-listed company

-None-

Working experience for the last 5 years

2010-2014	Principle Advisor on strategic Tax Revenue Department of Thailand Administration
2010-2014	Representative of the Ministry of Finance Water Management Authority of Thailand
2014-2014	Representative of the Ministry of Finance Thailand Institute of Scientific and Technological Research
2011-2013	Representative of the Ministry of Finance Small and Medium Enterprise Development Bank of Thailand

Criminal record for the last 10 years

-None-



Mr. Chaiyong Rattanacharoensiri

Age 61 years

Current Position

Independent Director

Member of the Audit Committee

Chairman of the Nomination and Remuneration Committee

Education Background

- Master of Business Administration,
Scranton University, USA
- Bachelor of Engineering,
Chulalongkorn University

Positions held in other listed company

-None-

Positions held in non-listed company

2015-Present Independent Director
Quick Leasing Co., Ltd.

Certifications from the Thai Institute of Director (IOD) courses

- Directors Certification Program (DCP)
Batch 58, 2005
- Directors Accreditation Program (DAP)
Batch 34, 2005

Working experience for the last 5 years

1998-2015 Vice President
Bangkok Bank PCL

2013-2013 Director
Rosant Biological Technology PCL

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : -None-
Held by spouse and/or minor child : -None-

Criminal record for the last 10 years

-None-



Mr. Somboon Prasitjutrakul

Age 58 years

Current Position

Director

Member of the Nomination and Remuneration Committee

Education Background

- Master of Business Administration,
Sasin Graduate Institute of Business Administration
- Bachelor of Marketing,
San Jose State University, USA

Certifications from the Thai Institute of Director (IOD) courses

- Directors Certification Program (DCP)
Batch 54, 2005

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : -None-
Held by spouse and/or minor child : -None-

Positions held in other listed company

2015-Present Director
T.A.C. Consumer PCL

Positions held in non-listed company

2014-Present Director
Riverpro Pulp and Paper Co., Ltd.
2014-Present Director
Thanatarn Paper Co., Ltd.

Working experience for the last 5 years

2014-2015 Executive Director
Ippudo (Thailand) Co., Ltd.

Criminal record for the last 10 years

-None-



Mr. Itthipat Peeradechapan

Age 33 years

Current Position

Director

Chief Executive Officer

Education Background

- Bachelor of Entrepreneur,
the University of Thai Chamber of Commerce

Certifications from the Thai Institute of Director (IOD) courses

- Directors Accreditation Program (DAP)
Batch 86, 2010

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : 360,500,000shares

Held by self : 252,000,000shares

(indirectly, through holding company)

Held by spouse and/or minor child

: -None-

Positions held in other listed company

-None-

Positions held in non-listed company

2014-Present	Director Peeradechapan Holding Co., Ltd.
2014-Present	Director Chubcheeva Co., Ltd.
2014-Present	Director Omise Co., Ltd.
2013-Present	Director Tokyo Runway Marketing Co., Ltd.
2010-Present	Director Dr. Tobi Co., Ltd.
2009-Present	Director Twenty Four Projects Co., Ltd.
2009-Present	Director Taokaenoi Restaurant & Franchise Co., Ltd.
2008-Present	Director Want More Industries Co., Ltd.
2004-Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

2012-2015	Director Gen C Inspire Corporation Co., Ltd.
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Criminal record for the last 10 years

-None-



Ms. Orrapat Peeradechapan

Age 36 years

Current Position

Director

Managing Director-International Market

Chairman of Risk Management Committee

Education Background

- Master of Public Administration,
Ramkamhaeng University
- Bachelor of Service Industry,
Rangsit University

Certifications from the Thai Institute of Director (IOD) courses

- Directors Accreditation Program (DAP)
Batch 86, 2010

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : 77,250,000 shares
Held by self : 54,000,000 shares
(indirectly, through holding company)
Held by spouse and/or minor child
: -None-

Positions held in other listed company

-None-

Positions held in non-listed company

2014-Present	Director Peeradechapan Holding Co., Ltd.
2010-Present	Director Dr. Tobi Co., Ltd.
2009-Present	Director Twenty Four Projects Co., Ltd.
2009-Present	Director Taokaenoi Restaurang and Franchise Co., Ltd.
2008-Present	Director Want More Industries Co., Ltd.
2004-Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

-None-

Criminal record for the last 10 years

-None-



Mr. Nutchatpong Peeradechapan

Age 38 years

Current Position

Director

Managing Director -Business Support

Education Background

- Bachelor of Science in Industrial Education,
King Mongkut's University of Technology North
Bangkok

Certifications from the Thai Institute of Director (IOD) courses

- Company Secretary Program (CSP)
Batch 42, 2011
- Directors Accreditation Program (DAP)
Batch 86, 2010

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : 77,250,000 shares

Held by self : 54,000,000 shares

(indirectly, through holding company)

Held by spouse and/or minor child

: -None-

Positions held in other listed company

-None-

Positions held in non-listed company

2014-Present	Director Peeradechapan Holding Co., Ltd.
2010-Present	Director Dr. Tobi Co., Ltd.
2009-Present	Director Twenty Four Projects Co., Ltd.
2009-Present	Director Taokaenoi Restaurant and Franchise Co., Ltd.
2008-Present	Director Want More Industries Co., Ltd.
2004-Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

2014-2015	Director Indy Badger Co., Ltd.
2014-2015	Director Gen C Inspire Co., Ltd.
2010-2015	Director Thai Forward Building Co., Ltd.

Criminal record for the last 10 years

-None-



Ms. Porntera Rongkasiripan

Age 48 years

Current Position

Director

Administrative Director

Member of the Risk Management Committee

Education Background

- Master of Accounting,
Assumption University

Certifications from the Thai Institute of Director (IOD) courses

- Directors Accreditation Program (DAP)
Batch 89,2011

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : -None-

Held by spouse and/or minor child : -None-

Positions held in other listed company

-None-

Positions held in non-listed company

-None-

Working experience for the last 5 years

2008-2012 Director/ General Administrator
Taokaenoi Food & Marketing PCL

Criminal record for the last 10 years

-None-

Director authorized to sign on behalf of the company

The directors who are authorized to sign on behalf of the company are two directors from the combination of Mr. Itthipat Peeradechapan, Miss Orrapat Peeradechapan and/or Mr. Nutchatpong Peeradechapan jointly affix their signature and stamp the company seal.

Structure of the board of directors

The board of director consists of 8 directors, including 3 independent directors: Mr. Yuth Vorachattarn, Mrs. Wanee Thasanamontien, and Mr. Chaoyong Ratanacharoensiri according to the regulation of the Security Exchange Commission which provided that a listed company shall consist independent directors of equal to or more than one third of the number of all its directors.

The company's directors are distinguish experts from various industries, business, marketing, accounting, and finance relevance to and supporting the company's business and hold the relevance qualification according to the company's condition concerning the independent directors.

Board of Director meeting

Company's directors shall attend the meetings of the Board of Director regularly to acknowledge and participate in the decision making for the company's direction. The meeting shall be scheduled in advance annually and notified the directors at the beginning of each year to facilitate the scheduling of each director. Extraordinary meeting may be held in addition to the scheduled meeting to consider urgent matters. The agendas of each meeting shall be determined and/or added by the Chairman of the Board of Director and the

Chief Executive Officer. Each director may propose addition issues to be added to the agenda of the meeting subjected to the consideration of the Chairman of the Board of Director and the Chief Executive Officer. The Chairman of the Board of Committee, as the chairman of the meeting, shall arrange an adequate period of time for the meeting and shall encourage free opinion of the directors. The resolution of the Board of Director shall be made upon a majority vote, each committee shall have one vote and a director who also hold a stake in the voting issue shall not attend the meeting and/or waive the voting right on the matter. If the vote are at a tie, the Chairman of the meeting shall cast one vote to decide the matter.

The executive department shall attend the Meeting to provide valuable information and to directly acknowledge the policies for the effective implementation except in some agenda that only require the directors or directors that are not part of the executive department to facilitate free consideration of the matters. Additionally the Board of Committee also focus on the careful, fair and transparent elimination of conflict of interests of stakeholders as well as the thorough disclosure of the information thereof. Should a director has a conflict of interest in the matter under consideration, the director in question shall be excluded from the decision concerning the matter.

Upon the conclusion of the meeting, the company's secretary shall compose a minute of meeting and propose it to the meeting to ratify and certified by the Chairman of the Board of Director in the next meeting. A director may give a comment as well as propose an amendment to the minute of meeting for utmost validity. The certified minute of meeting shall be stored and organized in document form as well as electronic file for ease of reference.

Attendance to the meetings in 2016

No.	Name	BOD ¹	AC ²	NRC ³	RMC ⁴	AGM ⁵
1	Mr. Yuth Vorachattan	12 / 14	3 / 4	2 / 2		1 / 1
2	Mrs. Wane Thasanamontien	14 / 14	4 / 4	2 / 2		1 / 1
3	Mr. Chaoyong Ratanacharoensiri	14 / 14	4 / 4	2 / 2		1 / 1
4	Mr. Somboon Prasitjutrakul	14 / 14		2 / 2		1 / 1
5	Mr. Itthipat Peeradechapan	13 / 14				1 / 1
6	Ms. Orrapat Peeradechapan	8 / 14			2 / 2	1 / 1
7	Mr. Nutchatpong Peeradechapan	14 / 14				1 / 1
8	Ms. Porntera Rongkasiripan	14 / 14			2 / 2	1 / 1
9	Mr. Jirapong Suntipiromkul				2 / 2	
10	Mr. Boonchai Kowpanich				2 / 2	
Participants (individuals)		8	3	4	4	8

¹ Board of Director consists of 8 individuals and chaired by Mr. Yuth Vorachattarn

² Audit Committee consists of 3 individuals and chaired by Mrs. Wane Thasanamontien

³ Nomination and Remuneration Committee consists of 4 individuals and chaired by Mr. Chaoyong Ratanacharoensiri

⁴ Risk Management Committee consists of 4 individuals and chaired by Mr. Orrapat Peeradechapan

⁵ The Annual General Meeting of 2016 on April 19, 2016 chaired by Mr. Yuth Worachattarn.



Audit Committee consists

1. Mr. Chaoyong Ratanacharoensiri
2. Mrs. Wane Thasanamontien (chairman)
3. Mr. Yuth Vorachatta



Nomination and Remuneration Committee consists

1. Mr. Yuth Vorachatta
2. Mr. Chaoyong Ratanacharoensiri (chairman)
3. Mrs. Wane Thasanamontien
4. Mr. Somboon Prasitjutrakul

8.2 Sub-Committee

For the effective performance of the Board of Directors, the Board of Directors organized sub-committees to help study and screen the performance as necessary. As of 31 December 2016, the company had three sub-committees as follows;

The Audit Committee

is tasked with reviewing the company financial reports both quarterly and annually as well as coordinating with external audits. Conduct an internal auditing and consider and propose the appointment of auditors and consider contents with possible conflict of interest according to the law on Securities and Securities Exchange. The Audit Committee consists of these following directors:

1. Mrs. Wanee Thasanamontien
Chairman of the Audit Committee
2. Mr. Yuth Worachattarn
Member of the Audit Committee
3. Mr. Chaoyong Ratanacharoensiri
Member of the Audit Committee

The Nomination and Remuneration Committee

is tasked with choosing individuals to be nominated for the position of director and executives, consider the framework of and specify the amount of remuneration payable to the directors and executives. The Nomination and Remuneration Committee shall consist of these following directors:

1. Mr. Chaoyong Ratanacharoensiri
Chairman of the Nomination and Remuneration Committee
2. Mr. Yuth Worachattarn
Member of the Nomination and Remuneration Committee
3. Mrs. Wanee Thasanamontien
Member of the Nomination and Remuneration Committee
4. Mr. Somboon Prasitjutrakul
Member of the Nomination and Remuneration Committee

Mr. Jirapong Suntipiromkul shall be the secretary of the Nomination and Remuneration Committee

The Risk Management Committee

is tasked with setting an organization-level risk management policies, strategies and guidelines as well as supervising the operation of the administrative departments accordingly and any evaluation thereof. The Risk Management Committee shall consist of these following Directors:

1. Ms. Orrapat Peeradechapan
Chairman of the Risk Management Committee
2. Mr. Jirapong Suntipiromkul
Member of the Risk Management Committee
3. Mr. Boonchai Kowpanich
Member of the Risk Management Committee
4. Ms. Porntera Rongkasiripan
Member of the Risk Management Committee

Mr. Wanchai Wongpongsawiwat shall be the Secretary of the Risk Management Committee

8.3 Executives

The Executives shall consist of 5 individuals as follows:



**Mr. Itthipat
Peeradechapan**

Chief Executive Officer

Education Background

- Bachelor of Entrepreneur,
the University of Thai Chamber
of Commerce



**Ms. Orrapat
Peeradechapan**

Managing Director-
International Market

Education Background

- Master of Public Administration,
Ramkhamhaeng University
- Bachelor of Service Industry,
Rangsit University



**Mr. Nutchatpong
Peeradechapan**

Managing Director-
Business Support

Education Background

- Bachelor of Science in Industrial
Education, King Mongkut's
University of Technology North
Bangkok



Mr. Jirapong Suntipiromkul

Chief Financial Officer

Education Background

- Master of Accounting,
Chulalongkorn University
- Bachelor of Accounting,
the University of Thai Chamber
of Commerce



Mr. Boonchai Kowpanich

Chief Operation Officer

Education Background

- Master of Business Administration,
Kasetsart University
- Bachelor of Science,
Chulalongkorn University



Mr. Itthipat Peeradechapan

Age 33 years

Current Position

Chief Executive Officer

Education Background

- Bachelor of Entrepreneur,
the University of Thai Chamber of Commerce

Certifications from the Thai Institute of Director (IOD) courses

- Directors Accreditation Program (DAP)
Batch8 6, 2010

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : 360,500,000shares
Held by self : 252,000,000shares
(indirectly, through holding company)
Held by spouse and/or minor child
: -None-

Positions held in other listed company

-None-

Positions held in non-listed company

2014-Present	Director Peeradechapan Holding Co., Ltd.
2014-Present	Director Chubcheeva Co., Ltd.
2014-Present	Director Omise Co., Ltd.
2013-Present	Director Tokyo Runway Marketing Co., Ltd.
2010-Present	Director Dr. Tobi Co., Ltd.
2009-Present	Director Twenty Four Projects Co., Ltd.
2009-Present	Director Taokaenoi Restaurant & Franchise Co., Ltd.
2008-Present	Director Want More Industries Co., Ltd.
2004-Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

2012-2015	Director Gen C Inspire Corporation Co., Ltd.
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Criminal record for the last 10 years

-None-



Ms. Orrapat Peeradechapan

Age 36 years

Current Position

Managing Director-International Market

Education Background

- Master of Public Administration,
Ramkhamhaeng University
- Bachelor of Service Industry,
Rangsit University

Certifications from the Thai Institute of Director (IOD) courses

- Directors Accreditation Program (DAP)
Batch 86, 2010

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : 77,250,000
Held by self : 54,000,000 shares
(indirectly, through holding company)
Held by spouse and/or minor child
: -None-

Positions held in other listed company

-None-

Positions held in non-listed company

2014-Present	Director Peeradechapan Holding Co., Ltd.
2010-Present	Director Dr. Tobi Co., Ltd.
2009-Present	Director Twenty Four Projects Co., Ltd.
2009-Present	Director Taokaenoi Restaurang and Franchise Co., Ltd.
2008-Present	Director Want More Industries Co., Ltd.
2004-Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

-None-

Criminal record for the last 10 years

-None-



Mr. Nutchatpong Peeradechapan

Age 38 years

Current Position

Managing Director -Business Support

Education Background

- Bachelor of Science in Industrial Education,
King Mongkut's University of Technology North
Bangkok

Certifications from the Thai Institute of Director (IOD) courses

- Company Secretary Program (CSP)
Batch 42, 2011
- Directors Accreditation Program (DAP)
Batch 86, 2010

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : 77,250,000 shares
Held by self : 54,000,000 shares
(indirectly, through holding company)
Held by spouse and/or minor child
: -None-

Positions held in other listed company

-None-

Positions held in non-listed company

2014-Present	Director Peeradechapan Holding Co., Ltd.
2010-Present	Director Dr. Tobo Co., Ltd.
2009-Present	Director Twenty Four Projects Co., Ltd.
2009-Present	Director Taokaenoi Restaurant and Franchise Co., Ltd.
2008-Present	Director Want More Industries Co., Ltd.
2004-Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

2014-2015	Director Indy Badger Co., Ltd.
2014-2015	Director Gen C Inspire Co., Ltd.
2010-2015	Director Thai Forward Building Co., Ltd.

Criminal record for the last 10 years

-None-



Mr. Jirapong Suntipiromkul

Age 55 years

Current Position

Chief Financial Officer

Education Background

- Master of Accounting,
Chulalongkorn University
- Bachelor of Accounting,
the University of Thai Chamber of Commerce

Certifications from the Thai Institute of Director (IOD) courses

-None-

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : -None-

Held by spouse and/or minor child : -None-

Positions held in other listed company

-None-

Positions held in non-listed company

-None-

Working experience for the last 5 years

2011-2013	Senior GM Finance & HR Thai Suzuki Motors Co., Ltd.
2007-2010	Vice President of Finance General Electronics International Co., Ltd.

Criminal record for the last 10 years

-None-



Mr. Boonchai Kowpanich

Age 55 years

Current Position

Chief Operation Officer

Education Background

- Master of Business Administration,
Kasetsart University
- Bachelor of Science,
Chulalongkorn University

Positions held in other listed company

-None-

Positions held in non-listed company

-None-

Certifications from the Thai Institute of Director (IOD) courses

-None-

Working experience for the last 5 years

2004-2013 Supply Chain Director
Mead Johnson Nutrition Co., Ltd.

Amount of shares held in the company (including that of spouse and/or minor child) (as of 30th December 2016)

Held by self : -None-

Held by spouse and/or minor child : -None-

Criminal record for the last 10 years

-None -

8.4 Remuneration to Directors and Executives

Remuneration to Directors

The Annual General Shareholder Meeting of 2016 had approved the remuneration to the Directors on April 19, 2016. The total annual remuneration for the Director shall not exceed 2,000,000 Baht and there shall be a total bonus payable for the performance result of 2015 of 400,000 Baht, totaling an amount of 2,400,000 Baht, which shall be detailed as follows;

Position	Unit	2014	2015	2016
Board of Director				
Chairman of the Board of Director	Baht / Month	48,000	53,000	53,000
Independent Director	Baht / Month	24,000	26,500	26,500
Director	Baht / Month			
Audit Committee ¹				
Chairman of the Audit Committee	Baht / Month	-	10,000	10,000
Member of the Audit Committee	Baht / Month	-	5,000	5,000
Nomination and Remuneration Committee ²				
Chairman of the Nomination and Remuneration Committee	Baht / Month	-	-	10,000
Member of the Nomination and Remuneration Committee	Baht / Month	-	-	8,000

¹ This remuneration rate is in effect since March 2015

² The Board of Director had appointed the Nomination and Remuneration Committee on March 22, 2016, which held its first meeting on May 10, 2016. The remuneration for the Committee shall be paid as meeting allowance on a time basis.

The Board of Director received a total of 2,261,000 Baht of remuneration in 2016, detailed as follows;

No.	Names	Remuneration			Bonus of 2016	Total
		BOD ¹	AC ²	NRC ³		
1	Mr. Yuth Vorachattarn	636,000	60,000	8,000	116,000	820,000
2	Mrs. Wanee Thasanamontien	318,000	120,000	8,000	73,000	519,000
3	Mr. Chaiyong Ratanacharoensiri	318,000	60,000	10,000	63,000	451,000
4	Mr. Somboon Prasitjutrakul	318,000	-	8,000	145,000	471,000
5	Mr. Itthipat Peeradechapan ⁴					
6	Ms. Orrapat Peeradechapan ⁴					
7	Mr. Nutchatpong Peeradechapan ⁴					
8	Ms. Porntera Rongkasiriphan ⁴					
Total		1,590,000	240,000	34,000	397,000	2,261,000

¹ BOD-Board of Director / ² AC-Audit Committee / ³ NRC-Nomination and Remuneration Committee

⁴ The Directors in this group shall receive remuneration as executives (not as Directors)

Remuneration for executives

According to the notice of the Office of the Securities and Exchange Commission No. Tor Lor Jor 23/2551, the term “Executive” shall mean the manager or any personnel at the next four positions succeeding the manager and any equivalent position to the fourth succeeding person and shall include personnel at the managing position of the account or financial department at the rank of department manager and above or equivalent.

According to the structure of the Company in 2016, the executives under the definition sets forth in the notice of the Office of the SEC consists of 5 individuals, including the Chief Executive Officer, Managing Director-International Market, Managing Director-Business Support, Chief Financial Officer, and the Chief Operation Officer. The executive are remunerated through salary, bonus and other remuneration in the total amount of 27, 249,400 Baht.

Other remuneration

1. Other remuneration of Directors

- None -

2. Other remuneration of executives

The company had established a provident fund and registered the fund with Krung Thai Master Pool Fund, with Krung Thai Asset Management PLC as Fund Manager. All employee and executives may apply for fund membership. Fund members may contribute to the fund at the rate of 3-7% of their respective salary by means of salary deduction and the employer shall contribute to the employee's fund on the same day that the employee contributed to the fund at the following rates;

Working Years	Employer's rate of contribution (Percent)
Less than 3 Years	3
More than 3 but less than 7 years	5
7 years and above	7

8.5 Personnel

Personnel

As of December 31, 2016, there are 3,370 employees in the Company as detailed below;

	Monthly Employee	Daily Employee	Total
Taokaenoi Food & Marketing PLC	569	2,699	3,268
Taokaenoi Restaurant & Franchise Co., Ltd.	48	-	48
NCP Trading & Supply Co., Ltd.	19	35	54
Total	636	2,734	3,370

Policy on Personnel Development

The Company emphasized in development of its personnel. We realizes that its personnel are the most valuable resource and developing the personnel is a worthwhile investment for business competitiveness in long term. All personnel of all levels and professions will be sufficiently and constantly developed in terms of business and management skill according to their duties and responsibilities. not only also promote awareness to all its personnel. we also encourages its personnel to participate

in the direction of the Company as a learning organization. Training courses are constantly revised and updated regularly. Training and personnel development is considered to be the joint responsibility of all supervisors in the Company.

The company utilized approximately 2.4 million Baht for personnel development in 2016 with the total training hours of 19,685 hours or 14 hours per person per annum for both monthly and daily employees.

9 Corporate Governance

9.1 Corporate Governance Policy

The Company aware in good corporate governance which implemented in 2015 we constant updates to cover various issues such as human rights, labour rights, health, security, environment, conflict of interests, use of insider informations, corruption, internal information disclosure According to the principles by the Stock Exchange of Thailand (SET). All directors, executives and employees must comply with the principle of good corporate governance.

In 2016, the Company had been evaluated on its corporate governance as follows;

- Evaluated 90-99% score by Thai Investors Association (AGM Checklist)
- Evaluated as Good by Thai Institute of Directors' Corporate Governance Poll

To ensure transparent operations, and enhance the management to increasing confidence of shareholders, investors, and all related parties in long term, The company has divided into 5 categories of good governance.

9.1.1 Shareholders' Right

The Company prioritizes on all shareholders right, including in exercising their investors right in voting, authorize, selling or transferring stocks, entitlement to profit shares, entitlement to receive sufficient information from the Company, attending and voting in the shareholders' meeting, proposing meeting agenda in advance, nominating a person for the appointment of directors, appointing a certified auditor, and making major decisions which possibly affect the Company, such as dividend allocation, amendment or modification of regulation and Memorandum of Association, capital increase or decrease, and approval of special issues, etc.

Furthermore, the Company also takes various actions to promote and facilitate the exercising of shareholders' right as follows;

1. The Company shall regularly provide necessary information for the shareholders regarding the business operation which correct and up-to-date via SET Portal by Stock Exchange of Thailand and the Company's Website(www.taokaenoi.co.th)
2. The Company shall provide the opportunity to the shareholders to propose an agenda as well as nominating an individual to be elected as a Director in advance to be added to the agenda of the meeting and for consideration for the election on February 15,2016. However, no shareholder propose any agenda or individual to be elected as a Director.
3. The Company shall provide information, date, time, venue and meeting agenda, including any supporting information in detail to shareholders prior to the meeting on February 23,2016. The information has been made in Thai and in English in a clarity, sufficiency and timely manner

The invitation letter for the meeting had been made in details for each agenda along with supporting reasons and the comment of the Board of Directors. Each agenda will be designated an agenda for acknowledgement or for consideration and will be accompanied by proxy appointment forms naming Independent Directors as proxies for the shareholders to appoint one Independent Director. The Company had publicized the invitation letter for the meeting as well as its supporting information such as registration, documents and evidences to be presented before attending the meeting, guideline for appointment of proxy and registration and proxy appointment form on the Company's website in both Thai and English versions in advance before the meeting day and had also sent the aforementioned documents to the shareholders via Thailand Securities Depository Co., Ltd., as the Company's Registrar.

4. The Company shall support Shareholders to use a one of the proxy forms specified by the Department of Business Development, Ministry of Commerce, attached along with the Invitation Letter, on which shareholders can nominate one independent director or any person to attend the meeting in their stead and dictate the direction of the voting on their behalf as well as the information of the independent directors for ease of registration on the meeting day.
5. The Company shall promote and facilitate the Shareholders as well as the institution Shareholder to attend the Meeting of Shareholders. As for the Annual General Meeting of Shareholders of 2016 had been held on April 19, 2016 at Jupiter Room 4-5, 1st Floor, Challenger Hall Muang Thong Thani, Baan Mai, Pak Kret, Nonthaburi Province, which can easily be traveled to and attended. The Company also provide duty stamps for the Shareholders appointing proxies to facilitate the Shareholders. All Directors attended the Annual General Meeting of Shareholders of 2016.
6. The Company had arranged for an explanation on the regulation and method of voting to the Shareholders before the meeting. The meeting had considered all the issues as subsequently presented in the agenda without changing the sequence of agendas and without any proposal of issues outside of the agenda. During the meeting, the Chairman of the meeting provided an opportunity for the Shareholders to submit queries and comments on issues related to the company and the agenda. The Company also provided an independent Inspector to supervise the meeting and inspect the counting of votes in accordance to the law and the regulation of the company.
7. The Company shall hold the meeting in a transparent manner with systematic auditing. The Company also encourages its Directors, high-level Executives, and Certified Auditor to attend the meeting to answer and listen to the comments of the Shareholders. In addition, the Shareholder's Right Protection

Representatives Volunteers from the Thai Investor Association shall also attend the meeting as observers.

8. The Company utilizes the Barcode system in registration and votes counting to facilitate and accelerate the registration and votes counting process. The vote result for each agenda will be reported to the meeting after the vote of each agenda, if any vote take specifically long time to count, the Chairman of the meeting may call for the consideration of other issues for the time being for the smoothness of the meeting and if the staff finished counting the votes, the result shall be reported to the meeting immediately.
9. After the meeting, the Company shall disclose the resolutions and the voting results of each agenda of the Annual General Meeting of Shareholder of 2016 on 20th April 2016 and publicize the minute of meeting in details as well as questions, explanations, and comments of the shareholders in the meeting on 3rd May 2016.

9.1.2 Equal treatment of Shareholders

The Board of Directors realizes its duty in protecting the interests of all shareholders regardless of background; major or minor, normal or institution, Thai or foreign shareholders shall be treated fairly and equally for the utmost interest of the shareholders as follows;

Protection of internal information

The Company had put in place a measure and informed the Directors and Executives that the Directors, Executives, and employees at the rank of department chief and above and any personnel related to the internal information is prohibited from trading the Company's securities within 1 week before the disclosure of the financial balance and 48 hours after the crucial media information has been disclosed (Blackout Period) The Investor Relation Division shall inform the related person via postal mail in

advance. Furthermore, the Company's registration sets forth a set of punishment for violation of this undertaking and for seeking personal and non-personal gain out of the internal information, ranging from verbal warning to dismissal of the violating person.

The General Meetings of Shareholders

- The Company allows shareholders who are unable to attend the meeting personally to nominate an independent Director or any other person to attend and vote on his or her behalf.
- The Company shall provide a proxy appointment forms as specified by the Ministry of Commerce for the shareholder to determine the direction of their voting. The proxy appointment form has been sent to the shareholders along with the invitation letter. Furthermore, the Shareholders may download the forms via the company's website.
- The Company shall provide the opportunity to the shareholders to propose an agenda as well as nominating an individual to be elected as a Director in advance to be added to the agenda of the meeting and for consideration for the election on February 15, 2016. However, no shareholder propose any agenda or individual to be elected as a Director.
- The Company shall arrange for use of ballots on each agenda which requires voting. In the agenda for the election of the Directors, the company allows the shareholder to elect directors individually. The vote counting in each agenda shall be made transparently.
- The Chairman of the meeting conducted the meeting in agendas as subsequently presented in the invitation letter without adding any other agenda outside of the invitation letter.
- Each shareholder shall have the voting rights equal to the amount they hold. One share shall be accounted to one vote.

9.1.3 Roles of the stakeholders

The Company realized treatment of stakeholders and with the rights of internal and external stakeholders in mind. Stakeholders shall be treated by the Company based on their rights provided by the law. The Board of Directors shall promotes the cooperation between the Company and stakeholders in for prosperity, financial stability and sustainability of businesses. Various major stakeholders are involved in the corporate governance system such as customers, employees, trading partners, shareholders or investors, creditors, the communities where the Company is located in, societies and the state, and other stakeholders such as competitors, etc.

The Company shall disclose important information in a fair, timely, and transparent manner to all stakeholders for the equal treatment of stakeholders. Additionally, the Company also provides channels for accepting complaints, suggestions, or comments that shows effect or possible effect on the stakeholders by the Company's business operations or any action that is could be evidence of corruption, discrimination, or negligence. The Company will investigate procedures and record the investigation in writing and shall keep the identity of the whistle blowers, as well as all complaint under confidentiality in order to protect whistle blowers from any potential threat.

Shareholder

The Company prioritize on the shareholders as the owner of the Company and therefore instruct the Directors, as the representatives of the Shareholders to respect the right of the shareholders and bear in mind the equal treatment of all Shareholders both as stipulated in the Law or in the Company's regulation such as rights to attend Shareholders' meetings, right to propose meeting agenda in advance, right to elect Directors, right to fair dividend, etc.

The Company is committed to be responsible and create the highest satisfaction to shareholders with the sustainable growth of the Company and constant, appropriate returns in mind. The Company operates for constant gain and unceasingly develops its business operation, with transparent operation, reliable accounting, control, and internal audit system as well as maintaining

the Company's asset. The Company is committed toward a prospective operation and sustainable growth, increasing the value to the Shareholders in long term.

Employee

Employees are the most valuable resource of the organization; therefore, the Company is committed to building the fair human resources management and performance evaluation systems. The Company recruits and maintains skilled and experienced employees and also aims to develop and enhance their skills continuously as well as encouraging its employee to seek progress and stability in their career, as well as treating all employees equally.

Customers

The Company is committed constantly develop the quality of its products for the highest satisfaction of the Customers as well as being considerate and responsible to the Customer to its best effort to make sure that the Customer will receive good and fair products and services with reasonable prices.

Trading Partners, Competitors, and Creditors

The Company emphasizes on equality and fidelity in operating business and mutual benefits based on good ethics, strict compliance to the laws, rules and conditions agreed with contract counterparts, building trading alliances, as well as maintaining good relationship with all parties. Furthermore, the Company has a framework on faithful, transparent business competition by complying with the trade condition and terms of the contractual agreement as well as supporting trading partners to operate ethically and be responsible to the community and the environment. The Company shall not make transaction with any person, natural or juristic, who violates the law or potentially corrupted. The Company shall consider the pricing fairly and appropriately, taking into account the pricing, quality, and service responsibility as well as determining the regulation on procurement and other undertaking.

Community, society and environment

The Company realizes the integration to the society and community and emphasizes the responsibility to the communities, society and environment as a whole. The

Company encourage educating the employee to raise awareness the responsibility to the community, environment, and the society as a whole in all level of employee. Additionally, the Company also encourages its employee to participate in activities held by the Company to be socially engaged in supporting and promoting the activities that maintains the good Thai traditions as well as being a decent person of faiths in patronize religious activities regularly.

As for the community and society, the Company is aware of the participation with the community and society in a considerate manner in order to return the favor to the local community by generating jobs and opportunity to the community as well as providing scholarship and emphasizes on the community's health improvement. The Company participated in many community development projects and providing health checkup to the community as well as holding the activities for the enhancement of the community's living standard and donate for public benefits regularly.

In the aspect of the environment, the company emphasizes on creating the value and awareness of environment protection and efficient use of resources through various trainings, campaigns and creating of the value of using resources efficiently within the organization such as campaign on reduction of paper usage in the office, turning off lights during break time or when there is no usage as well as employing an internal water treatment system in the factory and conducting an environment and community-friendly manufacturing process.

9.1.4 Disclosure of information and Transparency

The company realizes the importance of disclosing significant information belonging to the company in accurate, complete, up-to-date, transparent, direct and accountable manner within an appropriate time to benefit investment and management decision-making as well as operations of all stakeholders. Therefore, the control over disclosure of accurate information, both financial and non-financial according to the law is necessary. The company shall provide information for all related parties with fairness, the information shall be appropriate, accurate, reliable, up-to-date and the Company shall provide equal access to

information for all stakeholder groups via various channels such as the Stock Exchange of Thailand, the company's website and other media as follows;

- Discloses of the information through SET Portal, Stock Exchange of Thailand
- Establishes an investor relation division as a window of communication with the investors
- Participates in Opportunity Day held every quarter by the Stock Exchange of Thailand
- Provides information for foreign investors through roadshow events abroad
- Holds Analyst / Fund Manager Meeting to provide information for the analysts and funds
- Provide information through various media such as news coverage, advertisement, and social media

The Directors and Executives shall report their ownership over the Company's securities upon taking their position (Form 59-1) to the Securities and Exchange Commission within 30 days after taking the position and report the change in their ownership of the Company's security upon sale, purchase, transfer or receipt of the securities (Form 59-2) within 3 days after the change occurs.

9.1.5 Responsibilities of the Board of Directors

The Board of Directors is responsible for the company's business operations, governance in accordance with the law, company objectives, regulations and shareholder meeting resolutions.

Structure of the Board of Directors

The Board of Directors consists of 8 Directors, including 3 Independent Directors. The Company's Directors are experts from various enterprises such as business, engineering and manufacturing, marketing and sales, accounting and finance, all of which relates and supports the operation of the Company. Furthermore, the Company had appointed the Company's secretary to provide advices on laws and regulations that requires the Directors acknowledgement and to overlook the activities of the Directors as well as coordinating the implementation of the Directors' resolution.

Scope of Authorities and Responsibilities of the Board of Directors

1. The Board of Directors is authorized to supervise and manage the company to ensure compliance with the laws and the company's objectives and regulations, as well as resolutions of Board of Director meetings and shareholders' meetings responsibly, honestly, and with caution to protect the company's interests based on the principle of good governance.
2. The Board of Directors is authorized to appoint Directors and/or the management of the company to perform operations as assigned by the Board of Directors. In addition, the Board of Directors shall be authorized to appoint the Chief Executive Officer (CEO) and other sub-committees such as the Management Committee and the Nomination and Remuneration Committee as appropriate and necessary and approval of scopes of power and duties of the sub-committees as well as cancellation, revocation or revisions thereof.
3. In order to encourage the Directors to dedicate their time for the performance of duties, the Directors shall only be allowed to take positions in no more than 5 other listed companies.
4. Designate or change the names of Directors who is authorized to sign and act on behalf of the company.
5. Determine Company goals, guidelines, policies, operation plans and Company budgets as well as controlling and supervising administration and management of the managing department or any assigned persons under the policies and work plans given by the Board of Directors
6. Consider approve crucial issues related to the company's operation such as visions, objectives, policies, business strategies, goals and operation plans, financial goals, large-scale investment projects and the company's budget.
7. Supervise the managing department to ensure compliance with approved policies, operation plans and budgets.

8. Organize a reliable accounting, financial statements, and auditing system as well as ensuring effective internal control and auditing systems.
9. Prepare the Company's annual reports and/or reports of the Board of Directors under the related laws or regulations.
10. Give policies related to corporate governance based on the principles of good corporate governance and effectively implement the aforementioned policies.
11. Request professional opinions from other organizations when necessary to accompany proper decision-making.
12. Review risk management processes and policy and monitoring its performance.
13. Appoint a secretary of the Company to assist the Board of Directors in its operations to ensure business operations of the company are in compliance with the laws and relevant regulations.
14. Fairly oversee the interests of major and minor shareholders based on their rights, as well as treating the shareholders and stakeholders equally.
15. Arrange for appropriate balancing of power of the management and/or major shareholders by focusing on the ratios and numbers of independent directors in the company's Board of Directors.
16. Arrange for a process of delivering information from the management to the Board sufficient for the complete operation under its authority, duties and responsibility.
17. Arrange for a clear and transparent process related to transactions between the company and subsidiaries with any related person in order to prevent conflicts of interest by disclosing the information sufficiently and accurately and report to the Board of Directors.
18. Ensure the accurate, complete, up-to-date, transparent and easily accessible disclosure of crucial information related to the company equally and reliably.
19. Arrange for at least 7 meetings of Board of Directors per year and require the Directors to attend the meeting at least three fourth (75%) of the meeting held each year.
20. Arrange for at least 1 meeting of Board of Directors without the attendance of Directors from the managing department each year.
21. The Board of Directors is authorized to approve any necessary issue related to or beneficial to the company's interest
The Board of Directors may perform the following issues only upon the approval from the General Meeting of Shareholders.
 - (a) Any issue required by law to obtain the approval from the General Meeting of Shareholders.
 - (b) Any issue in which directors are stakeholders of and fall under the scopes that require approval from the General Meeting of Shareholders under the law or notifications of the Stock Exchange of Thailand.
22. The Board of Directors shall evaluate its performance annually. The evaluation and reference of performance shall be made under the charter of the Board of Directors. The Board of Directors shall take the result from the evaluation to further enhance its performance. There shall also be the evaluation of the performance of the Company's Sub-Committees and the Chief Executive Officer annually and the result of which shall be disclosed in the overview of the annual report.
23. The Board of Directors has other powers, duties and responsibilities under the law, relevant regulations, company regulations and resolutions of the General Meeting of Shareholders.
The Board of Directors may assign a director, multiple directors, or other persons to perform any actions on behalf of the Board of Directors. The Board of Directors may cancel, withdraw, change or revise the aforementioned authority. Provided, however, that the aforementioned authorization does not include granting power or proxy enabling directors or persons authorized by directors to approve transactions in which the person or persons with potential disputes, stakes or benefits in any characteristics in conflict with the company or subsidiaries. Furthermore, the approval from the general shareholders' meeting is required for connected transactions and acquisitions or sale of significant assets belonging to the company

according to the notifications of the Capital Market Supervisory Board, notifications of the Securities and Exchange Commission and specifications of the Stock Exchange of Thailand and/or associated agencies in the aforementioned topic.

Recruitment of Directors

The company has the procedures for recruitment through the Nomination and Remuneration Committee, considering proper qualifications in the areas of knowledge, ability and work experience to nominate directors for further approval by the General Meeting of Shareholders. The Company shall comply with the Company's regulations on appointment of Directors, which can be summarized as follows:

1. The Board of Directors is composed of at least five directors. No less than half of all directors must have residence in Thailand. Furthermore, the company's directors must be persons with qualifications and none of the forbidden characteristics under the law.
2. Director election by the general shareholders' meeting requires a majority vote based on the following criteria and methods:
 - (a) A shareholder has votes equal to one share per vote.
 - (b) Shareholders are to vote on directors individually

The persons with the highest vote count in descending order will be elected as directors equal to the number of directors required. In of votes in tie, the Chairman shall cast the deciding vote.

Evaluation of Director's performance

The Company shall arrange for an evaluation and revision of performance of the Board of Directors and the Sub-Committees annually. There shall be two types of evaluations: the evaluation of the performance of the Board of Director as a whole, and the Self-Assessment of Directors. The result of the evaluation shall be analyzed and seek the conclusion for the revision of the performance of the Board of Director and devise the operation plan in the future.

The Company shall deliver the evaluation form to all Directors to evaluate the performance of the Board of Directors and the Sub-Committees they were assigned to.

Furthermore, in 2016, the evaluation of the performance of the Board of Directors and the Sub-Committees can be summarized as follows;

Evaluation of the Board of Directors as a whole

categorized into 6 topics as follows;

- (1) Structure and qualification of Directors
- (2) Roles, duties, and responsibilities of Directors
- (3) Meeting of Board of Directors
- (4) Performance of the duties of the Directors
- (5) Relationship with the managing departments
- (6) Development of the Directors and the Executives

The evaluation concluded that the Board of Directors performs its duties in accordance to the principle of corporate good governance with excellent performance result at the approximate score of 86.72.

Self-Assessment of individual Directors is categorized into 3 topics as follows;

- (1) Structure and qualification of the Board of Directors
- (2) Meeting of Board of Directors
- (3) Rules, duties and responsibilities of the Board of Directors

The evaluation concluded the score of 91.19 and therefore it shall be concluded that the directors performed excellently and according to the good governance of Directors

Chairman of the Board of Directors

To balance the power and responsibilities in determining the Company's policies and for the management of the Company, the Chairman of the Board of Directors shall have the following role and duties;

1. 1Call for a meeting of the Board of Director, be the chairman of the meeting of the Board of Directors and the General Meeting of Shareholders and determine the agendas of the Meeting.
2. Effectively supervise the meeting in accordance to the Company's Regulation and encourage the Directors to freely express their opinion.
3. Promote and encourage directors to perform their duties to the best of their abilities under the framework of responsibilities and the principle of good corporate governance.
4. Supervise and monitor the management of the Board of Directors to achieve the determined objective.

9.2 Sub-Committees

To ensure the effective performance of the duty of the Board of Directors, the Board of Directors organized sub-committees to assist in studying and screening performance as necessary. The Company has 3 sub-committees as of 31 December 2016, consisting of (1) the Audit Committee (2) the Nomination and Remuneration Committee, and (3) the Risk Management Committee. Each sub-committee shall have the following scope of duties.

9.2.1 Audit Committee

Scopes of Duties

1. Ensure the accurate financial reports and sufficient disclosure of information of the Company for the equal treatment of the Shareholders and coordinating with external auditors and executives responsible for preparing quarterly and annual financial reports.
2. Ensure the proper and effective internal control and internal audit systems and consider the independence of internal audit agency as well as approval the appointment, transfer or termination of the head of internal audit agencies or any other agencies with responsibilities involving internal audits.
3. Ensure the company compliance to the laws of securities and exchange, stock exchange regulation or laws related to the company's operation.
4. Consider the nomination of independent persons to function as the Company's auditors and proposing remuneration for the aforementioned persons and attending meetings with auditors without attendance of the management at least once a year.
5. Consider related transactions or transactions with potential conflict of interests in accordance with laws on securities and exchange and stock exchange specifications to ensure reasonable transactions with ultimate benefits for the company along with considering the disclosure of the company's complete and accurate information in the related transactions or transactions with potential conflicts of interest is present.
6. Should the company's auditor encounters suspicious incidents related to the Directors, Executives or any other persons with responsibilities in operations of the company and subsidiaries to be in violations of the laws and the auditor has reported the aforementioned incidents to the Audit Committee, the Audit Committee shall, without delay, carry out further audits and present preliminary auditing reports to the Office of the Securities and Exchange Commission and the auditor within 30 days from the date the reports are received from the auditor.
7. Prepare reports from the Audit Committee in the company's annual report. The aforementioned reports are required to be signed by the Chairman of the Audit Committee and shall at least contain the following information:
 - a. Opinions on the accuracy, completeness and reliability of financial reports of the company and subsidiaries.
 - b. Opinions related to the compliance with the laws on securities and exchange, regulations of the Stock Exchange, and the laws related to the business operation of the company and subsidiaries.
 - c. Opinion on the suitability of the auditors
 - d. Opinion on transaction with potential conflict of interests
 - e. The number of Audit Committee meetings and attendance by each member of the Audit Committee.
 - f. Overall opinions or notes that the Audit Committee received from performing duties according to the charter.
 - g. Any other transactions that the Audit Committee believes shareholders and investors should be aware of under the scope of duties and responsibilities assigned by the Board of Directors.
8. In performing its duties, if the Audit Committee found or suspects the following transactions or actions may have significant impact on the company's financial status or performance, the Audit Committee shall

report to the Board of Directors to resolve within the period of time considered appropriate by the Audit Committee;

- a. Transaction with conflicts of interests
- b. Corruption or significant abnormalities or errors in the internal control system.
- c. Violations of laws on securities and exchange, regulations of the Stock Exchange or laws related to the company's operation.

If the Board of Directors or executives fail to resolve the suspected transaction within the specified time, any member of the Audit Committee may report the aforementioned transactions or actions to the Office of the Securities and Exchange Commission or to the Stock Exchange of Thailand.

9. The Audit Committee may seek independent opinions from any other professional consultants as necessary at the expense of the company.
10. Perform any other duties assigned by the Board of Directors as appropriate.

In performing duties within its scope of duties and responsibilities, the Audit Committee has the authority to invite the management, executives or employees of the company or affiliated subsidiaries to reports, provide opinions, attend meetings or send documents considered to be related and necessary. The Board of Director shall be authorized to change the scope of authority of the Audit Committee as necessary or appropriate.

Office Terms

The Audit Committee shall have an office term three years except where directors resigned according to terms and regulations of the company, on which the directors may be reelected to the position.

9.2.2 Nomination and Remuneration Committee

Scope of Duties

Select individuals to be nominated as Directors and high-level executives, determine conditions and selection methods systematically and transparently to present to the meeting of the Board of Directors and/or the Meeting of the Shareholders to approve.

1. Consider the frame work of / determining the remuneration to be given to the Directors and high-level Executives in fair and reasonable forms, conditions, and methods to be present to the meeting of the Board of Directors and/or the Meeting of Shareholders to approve.
2. Perform any other duties assigned by the Board of Directors.
3. The managing divisions and other agencies shall report or provide information and documents relating to the Nomination and Remuneration Committee to support the operation of the Nomination and Remuneration Committee to achieve its assigned objectives.

Office Term

The Nomination and Remuneration Committee shall have an office term three years and may be reelected to the position if the Board of Directors deems appropriate.

9.2.3 The Risk Management Committee

Scope of Duties

1. Determine organization-level risk management policies, strategies and guidelines
2. Determine risk management plans of the managing departments, including the organization's overall risk management processes.
3. Ensure that the managing departments complies with organization-level risk management policies, strategies and guidelines as well as monitoring performance according to organization-level risk management frameworks and report to the Board of Directors regularly.
4. Review the systems or assess the efficiency of risk management policies, strategies and guidelines at least once each year and whenever the levels of risk are found to have changed.
5. Perform any other duties assigned by the Board of Directors.

Office Term

The Risk Management Committee shall have an office term three years and may be reelected to the position if the Board of Directors deems appropriate.

9.3 Chief Executive Officer

The Chief Executive Officer roled roled and control the company according to the company's objectives. The Chief Executive Officer shall personally perform the duties and responsibilities in the company's operations or assign managers from the next level to act on behalf of the Chief Executive Officer. The Chief Executive Officer's duties and responsibilities include but are not limited to the following duties and responsibilities:

1. Supervise and provide recommendations in the company's daily operations and management.
2. Carry out any business operation in accordance with objectives, policies, regulations, agreements and orders including resolutions of the Board of Directors' meeting and/or resolutions of the General Meeting of Shareholder.
3. Provide guidelines to help the company achieve results in the areas of the company's vision, obligations, strategies, goals, objectives and annual business results.
4. Delegate or assign any other persons deemed appropriate by the Chief Executive Officer to perform duties on behalf of the Chief Executive Officer in necessary and proper issues by primarily considering the benefits of the company while remaining under criteria of the law and the company's regulation
5. Order and provide recommendation on the operations according to projects and objectives set forth in the company's scope and directions for maximum benefits for the company.
6. Monitor and assess the company's daily performance to cope with the potential risks from external and internal factors.
7. Oversee communications with the public, shareholders, customers and employees to promote the company's good reputation.
8. Approve operations in various transactions such as purchases and sales of products, procurement of raw material, marketing, human resource management, procurement and general management for the company's normal transactions. The aforementioned

approval must be under conditions and limitations according to the company's notifications on the regulation on the approval authority.

9. Appoint purchase and sales representatives in the company's normal trade transactions.
10. Recruit employees, manage transfers employees in the same field or between divisions, between departments or terminate employments as well as set wage rates, salaries, remuneration, bonuses and welfare for the employees.
11. Appointing external consultants for the company's operations as appropriate.
12. Authorized to issue, revise, add and modify orders, regulations, notifications and memorandums of understanding to ensure the company's operations are in accordance with policies for the benefit of the company and maintain discipline within the organization.
13. Perform any other duties as periodically assigned by the Board of Directors
14. Perform tasks related to the company's general management
15. Exercise authority to sign any documents related to necessary operations for or related to normal trade transactions of the company as specified in item 1-14.

However, the authority to perform legal actions that (a) may cause conflicts of interest with the company or subsidiaries; (b) may cause conflicts of interest with the Chief Executive Officer or persons with potential disputes and stakeholders of the company or subsidiaries as specified by law and Securities and Exchange Commission Notifications or Capital Market Supervisory Board Notifications or Stock Exchange of Thailand Notifications are not in the scope of authority for the Chief of Executive Officer to consider the aforementioned legal actions personally or assigning others to act on behalf of the Chief Executive Officer. In such cases, the aforementioned legal actions must be presented for approval through the Audit Committee to the Board of Directors and/or the general shareholders' meeting (as the case may be) as specified in the company's regulations and the law, except for approval for transactions in accordance with normal business with clearly defined scopes.

The selection of Chief Executive Officer

In selecting the Chief Executive Officer, the Nomination and Remuneration Committee shall screen and recruit persons with complete and proper qualifications, knowledge, ability, skills and experience for the benefit of the company's performance with good understanding in the company's business and ability to achieve objectives and goals established by the Board of Directors. The Board of Directors shall approve the appointment of the Chief Executive Officer.

The Company's qualifications for selection and election for Directors and Chief Executive Officer

1. Chief Executive Officer is required to be a normal person who had achieved legal majority.
2. Must not be a bankrupt, incompetent, or quasi-incompetent person.
3. Never been convicted to imprisonment by final verdict for crimes involving corruption.
4. Never been discharged from government service, government organizations or agencies due to corruption.
5. Must not be under accusation from the Securities and Exchange Commission, or under prosecution based on the accusation from the Securities and Exchange Commission, or convicted in a final verdict to imprisonment regardless of whether the Court reached a verdict to await punishment for the duration of less than 3 years only for the following crimes according to the laws on securities and exchange or laws on futures contracts:
 1. Unfair actions related to purchase-sales of securities or futures contracts.
 2. Corruption or any action that cause damage to properties, creditors or the public.
 3. Gross negligence or unfaithful performance
 4. Deliberate disclosure of materially false content or concealment of material facts which should be disclosed.
 5. Operation in securities businesses or futures contract businesses without permission, fitting the scope of public fraudulence.
6. Not in the process of being accused by agencies governing financial institutes, whether domestic or overseas, or the process of being prosecuted due to the accusation from the aforementioned agencies or be in the period when the aforementioned agencies forbade the Chief Executive Officer from becoming directors or executives of financial institutes and never convicted by a final verdict for imprisonment whether the Court reached a verdict or pending sentencing and free from prison sentences or free from the pension period for more than three years only for the managements that are deceptive, fraudulent or corruption related to properties in nature, causing damage to the financial institute where that person is either a director or executive or its customers.
7. Never convicted by a final verdict for imprisonment regardless of whether or not the Court reached a verdict or pending sentencing or be free from prison sentences or free from the pension period for more than three years for public offences related to deceptive, fraudulent or corrupt management related to properties.
8. Must not be a person whose property is ordered by the Court to be confiscated to the state according to anti-corruption laws, anti-money laundering laws or other laws with similar characteristics and have not passed the period of three years from the date of confiscation.
9. Not engage in conduct involving the performance of dishonest actions or refraining from action, or severe negligence in transactions of the company or subsidiaries and cause damage to the company or shareholders, granting an unlawful gain to the Chief Executive Officer or other persons.
10. Must not involve in the disclosure or dissemination of false information or contents related to the company or subsidiaries which may cause misunderstandings or conceal crucial facts which should be disclosed with can impact the decision-making of Shareholders, investors or associated persons whether by ordering, involving or participating in preparations, disclosure or dissemination of that information or contents or by

performing or refrain from any actions unless the person can prove that the nature of his/her position, status or duties prevents the awareness of the aforementioned false information or contents or lack of facts which should be notified.

Furthermore, the following transactions of the company or subsidiaries whether ordering, approving, supporting, benefiting or significantly participating in any characteristics shall be considered a unfaithful behavior unless proven otherwise:

1. Transactions not conducted with the same nature as business entrepreneurs of ordinary prudence would perform to contractual parties under the same circumstance and not for the benefit of the company or subsidiaries, or for personal gain, or wrongfully benefiting others.
2. Transactions not compliant with the condition provided by laws on securities and exchange on connected transactions or significant transactions considered to be in the scope of acquisition or sale or properties
11. Must not engage in unfair actions or taking advantage of investors in the purchase-sales of securities or futures contracts or participated or supported the aforementioned actions.

9.4 Consideration of Remuneration for Directors and the Highest-Ranking Executives

Remuneration for the company's directors, members of the subcommittees, and the highest-ranking executives shall be considered according to the following guidelines:

1. The Nomination and Remuneration Committee shall consider the remuneration for the company's directors, members of the sub-committees, and the Chief Executive Officer appropriately, considering the duties, responsibility, performance, type/size of the company's business and expected benefits of each personnel. The aforementioned remuneration must be appropriate and sufficient for motivating and maintaining quality personnel when compared to companies in similar

businesses. Furthermore, the Nomination and Remuneration Committee shall also considers appropriate types, payment methods and amounts of remuneration.

2. Should there be proposals to adjust the remuneration for the Chief Executive Officer, the Board of Directors shall duly consider the aforementioned transaction for approval.
3. Considerations for the remuneration of company's directors and members of the sub-committees are to be presented to the general shareholders' meeting for approval on an annual basis.

9.5 Governance of Subsidiaries and Joint-Ventures

With regards to the control and supervision of subsidiaries and joint ventures, the company shall appoint directors or high-ranking employees to supervise the subsidiaries and joint ventures to give key policies and control business operations into the right direction and create maximum benefit for the group company as a whole. The company shall have the absolute right to reject the significant issue to be carried out by that subsidiary (Veto Right). Investment in the aforementioned companies shall require approval from the Board of Directors and, in cases of entry into connected transactions, approval by the Audit Committee is also required. Furthermore, subsidiaries are required to have regulations in carrying out connected transactions, acquisition or distribution of assets or any other crucial transactions of the aforementioned company with the standard for information disclosure, which shall require the approval from the Meeting of the Board of Directors if operations will have significant impacts on the company. In addition, the subsidiary company must present data preparation and account recording for the company to be able to check and collect to prepare financial statements in time.

9.6 Supervision of Insider Information

For equal access information and prevent the use of insider information for the personal benefit of directors, executives, employees and contractors including their spouses, dependent children. Board of Directors shall approve the policy governing use of the company's insider information as follows:

1. The company's directors, executives, employees and contractors are required to keep the secrets and/ or insider information belonging to the company under confidentiality.
2. The company's directors, executives, employees and contractors must not disclose secrets and/or insider information belonging to the company or seek direct or indirect personal gains or benefits for others, using the secrets and/or insider information regardless of whether there be response or not.
3. The company's directors, executives, employees and contractors must not purchase, sell, transfer or accept transfers of the Company's securities by using secrets and/or inside information belonging to the company and/or enter into any juristic act with the secrets and/ or inside information belonging to the company which may cause direct or indirect damage to the company. Persons in violation of this provision shall be considered to have committed severe offence.

4. The company has set forth guidelines to prevent insider trading by forbidding directors, executives, employees at the level of department chief and above and persons involved with inside information from purchasing the company's securities for one month before disclosure of quarterly financial statements and annual financial statements and for 48 hours after a crucial information has been disclosed.
5. Directors, executives and employees at the level of department chief and above are required to report the purchases or sales of the company's securities including every change in their holdings of securities to the company in addition to reporting holdings of securities to the Securities and Exchange Commission according to Article 59 of the Securities Act.

The company has set forth the disciplinary actions for persons seeking benefits from insider trading or disclosure of insider information that cause potential damage to the company by an array of punishments for each case as appropriate, the punishments are such as verbal warnings, written warnings, probation periods and termination of employment, depending on the case, etc. Furthermore, the company provides education to the executives for the awareness of his or her duties in reporting his or her holding of securities as well as those of his or her spouses and dependent child, including punishments for the violation thereof according to the Securities and Exchange Act of B.E. 2535 and its revisions (the Securities Act).

9.7 Auditor's Fees

For the accounting period ending as of 31 December 2016, the Company and its subsidiaries had paid the Auditor's Fees as detailed below:

Unit: Million Baht

Auditor's Fees	TKN	TKNRF	WMI	NCP
Auditor's Remuneration	1.68	0.49	0.08	0.36
Other service fees	0.33	0.03	-	0.02
Grand Total	2.01	0.52	0.08	0.38

Remarks: *Other service fees shall mean travel and document preparation expense

9.8 Other compliance with the principle of good governance

Preparation of succession plan

The company prepared succession plans to create consistency in management at the level of department chiefs and shall emphasize on executive-level employees to assist the Human Resources Department in to preparing

personnel to be ready to work systematically with proper competency and necessary experience for the crucial positions in the company.



10.1 Summary of the Board of Directors' opinion on the Company's internal control system.

The Board highly concern to internal control Therefore, the Board managed finance sector, management sector and operation sector to be effective and compatible with the related laws, regulations and the risk management has to be sufficient to manage the risk in acceptance level and suitable to environment if factory or activities of such department.

To concern the Auditor's report and questionnaire information of Executive including evidences report of Executive can be concluded the Company has efficient and suitable audit control systems.

10.2 The opinion of the Auditors of Internal Audit Control

In 2016, the EY Company Limited ("EY") has been finance auditors of the Company which did not have any issues with monitoring information systems.

10.3 Internal Audit Supervisor

The Audit committee appointed P&L Internal Audit Co.,Ltd (P&L) to be auditor since year 2011 to the present and P&L assigned Mr. Thanapat Wongwit, Assistant Internal Audit Manager, main auditor in Company. The Board of Auditor had concerned the qualification of P&L and Mr. Thanapat Wongwit that was qualified to operate this duty since he is independent and has experience in audit in similar filed of company for 6 years and he had passed the internal audit course, Certificate of The Institute of Internal Auditors of Thailand (CPIAT) no. 21.

The consideration and approval, appoint, demote an internal audit of company shall be get an approval from the Board of Auditor.

Significant risk factors impacts to the Company's groups as follows;

Business Risk

11.1 Risks from reliance on the major Suppliers of raw materials

The main raw material for production is seaweeds, which mainly purchased from Korea, because Korea is the world's leading producer and exporter of seaweeds. Over the past three years, the Company purchased more than 90% of the total seaweeds purchased volume per year. The proportion of seaweeds ordered from the producer of each raw material was huge amount. Therefore, Company's seaweed production was risk due to reliance on major raw material suppliers. In the case of suppliers cannot supply the seaweeds to the Company as price and quality requirements. It will be significantly affected to the operation of the Company.

The Company has manages the risk by setting guidelines for selecting experienced and well-known suppliers of raw materials in markets with having good financial position to reduce the risk of reliance on manufacturers and distributors of raw materials. There is also an annual production plan for pre-ordering contracts with Suppliers.

Risk of reliance on major customers

The Company sells products to major customers more than 10% of sales revenues for 4 distributors comprising a large retailer in domestic and a local distributor and two distributors in China therefore, in the event that the Company loss such partners, It may significantly effect to the sale revenue.

The Company has manages the risk by maintain good relationship with partners for 4 distributors since the beginning of business and the Company has policy to diversify the risk by increasing the proportion of sales to other trading partners.

Risk of reliance on seaweed-based products

At the present seaweeds are main product of Company which over 90% of the company revenue the Company is going to get risk if the customers trend of seaweed consumption change. It may significantly effect to the sale Company's revenue.

The Company has managed risk by developing issuing new products and also studying consumers' behavior and surveying. The Company also plans to expand the new business continuously.

Risk of unable to renew land lease agreement at Noppawong Office

Since factory located at Noppawong on several plots of land, if the Company cannot renew the land lease agreement, it may interrupt the Company's business operations and effect to the loss of revenue and reputation.

The Company has managed the risk by negotiating lease agreements major land and has pledged to renew the lease for a period of 9-12 years counting from the year 2020. In addition, the a second plant at Rojana Industrial Park is under construction. It can be operated by the first quarter of 2017 and can be expanded to accommodate future capacity. If there is a necessary to relocate the plant to the Rojana Industrial Park, the Company will be able to move the plant from Noppawong Plant to Rojana Plant. Moreover, the Company also has land at Lad Bua Luang if there is any necessary to relocate or expand the plant further, the company can develop in another area.

Risk from price fluctuation of raw materials used in production

Cost of production and distribution of processed seaweed mainly come from the cost of seaweeds. If the price of seaweeds is changed, it will effect to the operating costs of the Company. Therefore, the Company has risk of seaweed spricerising.

The Company has managed the risk by engagement to agreement of purchasing raw material with the supplies and distributors of seaweeds which having contract period for 1 year and having the details of price, quantity and quality of seaweeds. If the price of seaweeds market are higher than the price specified in the contract, the Company will gain advantage from the contract and the cost is lower than other competitors who buy seaweeds at market price at the time. Furthermore, the Company has always exchanged market information with suppliers and distributors therefore, the Company can manage and reduce the risk of the fluctuation of seaweed price.

Risks from competition

Currently,there are many manufacturers and distributors of processed seaweeds because of the cheap investment and uncomplicated technologies therefore, the new investors can easilyentry into the market with their own brand by selling products through convenience stores and department stores which are the direct competitors to the Company and in the case of non-brand distributors sell similar products and packaging to the Company which effect to the competition in the market.

The Company has advantage in the market because the Company was the first seaweed well-known brand in this industry so, make the customers can recognition compare to the competitors. It effect to the decision of customers. Furthermore, the Company has set a marketing budget to promote the company's brand and products through various medias such as TV, radio, and magazines, concert sponsorship to international band and establish retail shop namely "Taokaenoi Land" to reach to consumers. Moreover, there are many activities for consumers to promote and maintain domestic and oversea customers base. These management policies are acceptable.

Risk of business interrupt by force majeure

Company may be interrupted because the problems of manufacturing process or damage of property or natural disasters or other incidents such as political unrest, fatal accidents, terrorism, etc. The Company has set out guidelines to prevent and mitigate the impact of disruptions caused by force majeure by planning and analyzing the risks of both production and control of the occupational health of the factory premises and having Quality Management Representative (QMR) to advise and monitor the quality management process and control the quality system including inspect of factory buildings and electrical systems every year as well as having the Big Cleaning to reduce the risk. In addition, the Company has also built a new factory at Rojana Industrial Park to increase production capacity and diversification from Noppawong factory and having natural disaster prevention system at Rojana Industrial Park.

The aforementioned risk management may not be able to prevent all the effects of natural disasters or any other occurred events. Therefore, the Company has insurance with experienced and stable financial status such as the special asset liability insurance which covers the loss or damage to property due to robbery, natural disasters or other force majeure and any liability to third parties as a result of an accident related to the business operation of the Company and the Company can get the compensate due to the such force majeure. Therefore the risk of business interrupt by force majeure is lower.

11.2 Production Risk

Risk of Labor

The production stages have to use the labor such as frying process, roasting, baking and packing. All production processes have to use the labors to operate therefore, the number and quality of labors and costs are a major factors that directly effect to the Company's business. The major labors are foreign workers which do not have permanent residence in Thailand and have high rate turnover after training the such labors. The Company faced to lack of quality skilled labors, increased of labors cost problems and wasted the time to recruit the replacement and training and the government increased the labors rate thus, it effected to the cost.

The Company has managed the risk by using outsourced companies to supply to the labors to reduce the burden of the company. The outsource supplies the diary labors because of the high rate of turnover and the Company also hired the expertise to set up and managed the human resource in the organization and increase a competitive wage rate, has welfare and incentives to be able to recruit new workers to join the company. Furthermore, the Company maintain a skilled and experience labors and assert a new technologies to use in manufacturing such as packaging machinery, oven temperature control equipment or adjust the working environment in the production line. The risk management measures mentioned above can reduce the risk of labor.

Risk of inventory deterioration

Inventory of the Company consists of finished goods, raw materials and containers and packages which needs to maintenance and use within the timeframe otherwise, the inventory may be impaired. Most of the finished products are unprocessed or unprocessed seaweeds have limited time of shelf life approximately 1 - 2 years from the date of manufacture if the Company cannot sell or export the products within such period. The Company will loss the sale revenue and has the burden of destroying the products which increase costs. For seaweeds (raw material), the Company ordered from manufacturers and distributors which having contract together and having shelf life for 1 year, if it cannot be used, it will deteriorate and cannot generate business benefits for the Company. The seasoning powder has shelf life for 6 months. In addition, the container and the package have shelf life for 12 months with proper environment and temperature. Domestic finished goods have shelf life for 6 months. Oversea finished goods have shelf life for 12 months which is longer than domestic because of the distance and time of shipment. Therefore, the Company has faced to the risk of inventory deterioration. If the allowance is for impairment of inventories, It will have a negative impact to net profit.

The Company has managed risk by setting a systematic and concise inventory management policy to prevent and reduce risk. In the case of finished goods and raw materials, the Company has evaluate the market demand and material order in proper to use in production with non-inventory deterioration. These processes can manage the finished goods to meet the needs of consumers. For the packaging, the Company requires regular storage in a well ventilated warehouse to keep the temperature in the warehouse and careful management of inventory and control of the plan, it will help reduce the risk of inventory deterioration of the Company.

The production process is important to business succession therefore the Company has to use the labors in every sectors such as frying process, roasting, sprinkled process, saucing process and packing therefore there are the chances to loss depend on labors' skill. Thereby, the Company uses the technologies for the production process which using skilled person to prevent the loss and accident. If the labors or employees cannot response the duty, it will effect to the production and business.

The Company has managed risk by training the new employees to reduce the loss in the production and the Company specific a competitive wage rate to persuade the employee to work effectively and the Company also hired the expertise in technologies for efficient and quality work and the Company has maintenance such technologies by hiring the expertise to maintenance the machines including inspecting the instruments as the maintenance period to fluency work in production and as the measurement of the factory to control the risk of production to be lower.

11.3 Financial risk

Risk of fluctuation exchange foreign rate

The Company is faced to foreign exchange risk because of the ordered seaweeds as the raw materials from abroad and sell products both in domestic and abroad. Most of the purchase contracts of raw materials in foreign countries are in US dollars.

The Company manage the risk by setting the sale in US dollars and other currency. Therefore, if the Thai baht is strengthen, it will effect to a decrease of sales revenue. In the meanwhile, the cost of seaweeds used as raw

material for production of the Company will be reduced vice versa, in case that the Thai baht is weaken, sales revenue and cost of seaweeds will be increased in the same direction. The cost of raw materials of seaweeds and the sale price products of the Company are going to change in the same direction to maintain the gross profit margin to stable. In addition, the Company has managed risk by buying the future and option with the domestic financial institution for 1 year to reduce the fluctuations in foreign exchange rates and the risk can be acceptable.

11.4 Risks affecting the rights of holders of securities or investment

Risks of major shareholders hold more than 50%

On 31st Decamber 2016, Preeradechapan's group holds 1,020 million shares (63.41%) of total of sold shares so, the Peeradechapan group can almost control the resolution of the shareholders' meeting such as appointment of directors or the resolution of the other issues that require the majority of votes of shareholders' meeting except law or Company's Articles of Association implement that 3 out of 4 of voting in the shareholders meeting therefore, the other shareholders cannot collect votes to monitor and counterbalance the issues proposed by the major shareholders.

The Company manage the risk by appointing the 3 independent directors from total of 8 which are the Auditor Committee to audit the operation of the Company for balance checking, transparency management and available detection. Furthermore, the Company has the internal audit

12

Corporate Social Responsibility



Business Operation

Management and Corporate Governance

Financial Positions and Operating Results

12.1 Overview

The company has policy to operate its business with corporate social responsibility (CSR). The company is aware and gives importance to supporting activities for society and the surrounding community, including continual care for the environment with the intention to work with the persons involved by aiming to build and continue good relationships from mutual acceptance and trust with consideration of potential impacts on stakeholders such as shareholders, employees and communities where the company operates

Business, customers, trading partners and government agencies including society and the country in addition to building attitude and corporate culture with aim for employees to have responsibility for our shared society.

12.2 The sustainable practice of corporate social responsibility to society and environment (CSR-In-Process)

The company has responsible to environment and society as part of business management (CSR-In-Process) by having the policy and practice as follows;

Corporate Governance

The company is determined to become a good model by building reliability for investors and stakeholders in business operations, increasing value and promoting the organizations sustainable growth including management according to international good governance principles to benefit Thai society and achieve goals while maintaining moral excellence as a fundamental value of a leading organization.

Human Rights

The company gives importance to human rights basis by promoting the respecting to rights and freedom without discrimination, equality without gender (no child labor) and class division and support anti-corruption in every form. The intention of Company prohibits the violation human rights activities including perform to all employees equally by giving the welfare, safety in workplace, proving proper remuneration and prohibition child labor.

Labor Practices

The company maintains wages at suitable levels for Thailand's industry. Modifications, structural changes and organization regulation will be carried out with responsibility under the framework of Thai law including strict compliance with the law and regulations related to occupational health and safety to build a safe work environment for employees, contractors and visitors by attempting to keep everyone safe from accidents and any potential hazards. The company expands the occasion and work progression to all employees by supporting the knowledge and developing the individual potential to be an expertise.

Environment

The company has a clear environmental policy and has strict adherence by having measures to reduce environmental impacts from various activities of the organization to preserve and maintain ecological and environmental systems at communities where the company operates business in addition to building corporate culture by building conscientiousness among employees and persons working in the company to enter green culture and green networks with sustainability.

Fair Operations

The company is determined to operate its business with fairness, ethics, attention to compliance with the law, respect for social rules and being a politically neutral organization. The company is operation under the laws with transparency providing important information, verification and strictly following the code of conduct of operation. In addition, the Company has intentionally prohibit corruption inside and outside organization in all form by announcing intention of Collective Action Collective of Thai private sector to anti-corruption established by Thai Institute of Directors Association and 7 organizations for building a network to share benefits, experiences and aims to develop competency and country by reducing the corruption occur. After participation, the company has filed a request for certification from the Thai Private Sector Anti-Corruption Working Group on Anti-Corruption.

Customer and Procurer Relations

The company focuses on good service for maximum customer satisfaction and the company is sincere in customer complaint management including efforts to correct mistakes from production or service. At the same time, the company expects to receive goods and service with the same characteristics from procurement organizations and the company emphasizes on maintaining sustainable relationships with customers and procurers.

Community Participation and Development

The company will consider community requirement, promote personnel to become partners with persons involved in local areas around operating facilities in the area of education, cultural and social development while participating to improve quality of life in communities along with promoting and supporting employees participation in volunteer work and public benefit activities with communities.

Environmental Care

The company is a leader in seaweeds business. And aim to develop innovations to create social responsibility especially in the environment, such as

- Reduction in box packaging size for crispy seaweed “Big Sheet” is suitable for reducing trees cutting down for packaging purposes and reduce the amount of transportation to save oil and reduce emissions from transportation. In the past year, it has been possible to reduce paper consumption by more than 180 tons.
- The production oil has been use as the biodiesel to reduce oil consumption and support the recycle.

12.3 Operations and Report Preparation

Report Preparation Processes

To regulate compliance with the Corporate Social Responsibility Policy (CSR) and the Anti-Corruption Policy by the company and subsidiaries, the company has assigned the Human Resources Department the responsibility of organizing CSR activities by presenting work plans to the Executive Committee meeting for approval on an annual basis in addition to reports summarizing CSR activity performance during the past year for the Board of Directors to acknowledge via sending internal email and newsboards along with reporting to executives at monthly meetings of the Executive Committee.

For anti-corruption policy, the Company specified for employees with any form of complaint related to corruption by presenting the fact to internal audit to consideration and report to the audit committee for further action.

Operations under Policies Disclosed by the Company

Operations according to the Corporate Social Responsibility Policy had many processes specified in operation regulations according to ISO standard systems, departmental and individual key performance indicators (KPI) and in various processes with specification of guidelines and communications with employees in addition to visits to inspect operating processes of certified ISO institutes to ensure the company operates according to disclosed policies. Examples of operations consisted of the following example:

The Human Resource Department has been assigned to carry out this activity coordinated with every agency involved such as by setting practices or notifications in factories in Thai, English and Burmese including providing opportunities for every employee of every nationality to participate such as merit making on important religious days and celebrate on New Year parties, etc..

The purpose was to promote equality among employees in every class, modify the scenery around factories and the surrounding communities by planting trees along public rails in front of factories, provide training for employees at every level to review and support work knowledge.

The Procurement Department indicated Supplier regulations by requiring more than one supplier for a single raw material or packaging material, printing channels for complaints on every package and communicating directly to the Chief Executive Officer via electronic channels, etc.

12.4 Business Operations Impact to Corporate Social Responsibility

Business operations of the company and subsidiaries are not investigated, being investigated or are accused of having negative impacts on society and the environment with significantly potential impact to business operations, reputations or reliability of the company or subsidiaries.

12.5 Social and Environmental Benefit Activities (CSR after process)

The activities for environment

Taokaenoi aims to build economic and social growth in every community where the company operates business, reduce environmental impacts and use resources cost-effectively by building environment preservation consciousness in every level, developing every work process and selecting environmentally-friendly technologies. Furthermore, the company also carries on activities to build networks and provide the education for sustainable development to response the related persons.

Global warming problem is considered as an important problem which impact to society and every living creature on Earth, humans, animals or even the environment are threatened by these changes and growing more severity, climate and seasonal fluctuations, loss of ecological balance and extinction risks. As a result of these concerns, Taokaenoi is interested in the aforementioned issues by planting seaweed to reduce carbon dioxide which can also be used to produce algae biofuel and high-value chemicals.

In 2016, the main activities of the Company were;

Building a good relationship with the community

The Company encourages employees to participate in social development, to create a good relationships with both public and private organizations as well as community leaders in various levels by employees can take part in a program to support community activities such as community such as health check-ups to community around the factory including donations productsto support the activities.

Blood Donation Activity

The Company and PranungKlao hospital set up the blood donation activity in every quarter to donate to the nation and encourage the employees to share to others.

Education Activity

The Company grant the scholarships to children of employee in every year as welfare and to support the children to emphasize the education because the education is key to national development.

Others

- The company has developed a paper bag for sample distribution, souvenirs and using for Company's activities by using Recycle paper technology to reduce the pollution and using soy ink to reduce air pollution and can bring the paper to reuse by extracting process the ink from the publication and indicating the message "reuse" to reduce global warming and exceed the waste.
- The company has supported Thai farmers by purchasing rice to give employees a daily as a New Year gift during the low price of rice and encourage people to help farmers by buying rice as a gift by buying more than 5 tons of rice from farmers.
- The Company has provided employees with volunteer activities.by distributing the company's products, beverages and T-shirts to people who come to respect our King rama IX. At SanamLuang and transportation stations.



PART 3

Financial
Position
and
Operating
Performance



13 Report on the Board of Director's Responsibilities for Financial Statements

The Board of Directors are responsible for the financial statements of the Taokaenoi Food & Marketing Public Company Limited ("Company") and its subsidiaries which can be acceptable as accounting standard in Thailand which the Board of Directors use carefully the consideration and reasonably estimate in the preparation and sufficient disclosure of information of the financial statements which has been audited by the independent financial auditors for shareholders and investors.

The Board of Directors have the risk management systems and internal audit control in proper and efficiency to ensure the accuracy, completely and sufficiency of financial information and related transactions as specified in the annual report.

The Board of Directors opined that the internal control and internal audit can be trusted, corrected, standardized and legalized as international accounting of financial statement of Taokaenoi Food & Marketing Public Company Limited and its subsidiary on 31st December 2016.



Mr. Yuth Vorachattarn

Chairman of the Board of Directors



Mr. Itthipat Peeradechapan

Chief Executive Officer

14 Auditor's Report

To the Shareholders

In 2016, there were 3 independent directors of Taokaenoi Food and Marketing Public Company Limited qualified as the Securities and Exchange Commission of Thailand (SEC) and the Stock Exchange of Thailand (SET) as follows;

1. Mrs. Wanee Thasanamontien
Chairman of Audit Committee
2. Mr. Yuth Vorachattarn
Audit Committee
3. Mr. Chaoyong Ratanacharoensiri
Audit Committee

Audit Committees are qualified as indicated in Audit committee Charter which getting approval from the quarter meeting of Board Director in 2016 and Audit Committee meeting had been set in 4 times and all Audit Committees, executive, auditors and internal auditors were participated in the meeting and reported the meeting to Board Director.

In 2016, the Audit Committee has performed its duties and responsibilities as assigned;

1. Verification of finance The Audit Committee reviewed the key information of the quarterly and annual financial statements (2016) by inquiring and listening from executive and auditor to verify the financial statement and sufficiency of disclosure including to acknowledge the changing information of accounting standards (revised version) and financial statement in 2017, the Audit Committee agreed with audit that Company's financial statements was accurate and reliable in accordance with generally accepted accounting principle.

2. Verification of past performance and internal control

The Auditing committees had examined past performance and internal control to evaluate adequacy, appropriateness, and effectiveness of internal control in order to achieve business by verifying the report of internal control with auditor and internal auditor that they did not find any defect in the significant point, the Company was efficient maintaining the assets and the performance and internal control was accuracy reliable disclosed information.

The internal control are evaluated against procedures set by Securities and Exchange Commission, and the Stock Exchange of Thailand (SET). Auditors and internal auditors opined that Company's internal control was sufficient and appropriate.

3. Verification of internal audit The Auditing committees have examined mission, scope of operation, roles and responsibility, and independent entity of P&L Internal Audit Co., Ltd. which is internal audit of Company and getting approval from internal audit charter that the Company has sufficient, appropriate and efficient as indicate in internal standard.

4. Verification of risk management system The Auditing committees had examined risk factors, risk management and progress of risk management which The Auditing committees opined that the Company has suitable system of risk management, identifying objectives, progress of risk and Key Risk Indicator (KRI) identifying acceptable risk.

5. Verification of performance as indicate in SET ACT

The Auditing committees had examined the performances of the Company were evaluated against procedures set by Securities and Exchange Commission and related regulations in Thailand as well as obligate with the third parties that did not find any contrary to laws, regulation or rules.

6. Verification and comments about transactions or conflict of interest The Auditing committees had examined transactions or conflict of interest, as well as disclosure of such information in accordance with Securities and Exchange Commission and Stock Exchange of Thailand. The Auditing committee opined that significant trades or transactions of Company and related organization were reasonable and support utmost benefits of Company's business, and disclosure of information were accurate and complete.

7. Verification about fraud The Company has established system for obtaining complaints and feedbacks of external parties regarding fraud, via either verbal or written report. Besides, complainers can report through email address of recipient in charge, sealed letter, www.taokaenoi.co.th website or email (whistleblower@taokaenoi.co.th) to manager, Human Resource Director, CEO, or one of Board of Director. There is no report via system in 2016.

8. Appointment of auditors and audit compensation as of 2017 for getting approval the Appointment of auditors and audit compensation in 2017, Auditing committees have considered the performance, independent and appropriate of compensation that shall be appointed of Ms. Wissuta Jariyathanakorn (Certified Public Accountant ID 3853) and/or Mrs. Poonnart Paocharoen (Certified Public Accountant ID 5238), and/or Ms. Manee Rattanabankit (Certified Public Accountant ID 5313) of EY Office Co.,Ltd. as auditor of Company and affiliates in 2017, with compensation of 1,790,000 Baht. During previous year, auditor has performed by applying capabilities, knowledge, expertise and suggesting about internal control and risk management. Auditor is also independent to work for Company and affiliates.



Mrs. Wanee Thasanamontien
chairman Audit Committee consists

15 Related Transactions

In 2015, The Company, affiliate and the person whom may have conflicts of interest had related transaction together as information below;

The information of the person whom may have conflicts and relationships

the person whom may have conflicts	Relationships
Mr. Itthipat Peeradechapan	Board of Director, Chief Executive Officer And hold share in the Company 29.17% and 70% in Peeradechapan Holding Co.,Ltd
MissOrrapat Peeradechapan	Board of Director, Managing Director And hold share in the Company 6.25 % and 15.00% in Peeradechapan Holding Co.,Ltd
Mr. Nutchatpong Peeradechapan	Board of Director, Managing Director And hold share in the Company 6.25 % and 15.00% in Peeradechapan Holding Co.,Ltd
Gen C Inspire Corporation Company Limited ("GCI")	One Board of Director, Mr. Nutchatpong Peeradechapan
Tokyo Run Way Company Limited	One Board of Director, Mr. Itthipat Peeradechapan
Chub Cheeva Company Limited	One Board of Director, Mr. Itthipat Peeradechapan
Dr. Tobi Company Limited ("Dr. Tobi")	ThreeBoard of Directors, Mr. Itthipat Peeradechapan, MissOrrapat Peeradechapan and Mr. Nutchatpong Peeradechapan

Detail of Related Transactions

- **Products and services.**

Vendor / Service Provider	Purchaser / Client	Details/condition	Values (Million Baht)	Rationale and significance of transactions
Dr. Tobi	TKN	The Company purchased the products from Dr. Tobi for trading with the same price with Dr. Tobi to customers - Sale revenue	1,395	<p>Rationale of transaction Company purchased products from Dr. Tobi Company for trading.</p> <p>Rationale of price Apply the same standard price as other customers.</p> <p>Comments of auditing committees Auditing committees have verified and accepted details and rationale of transactions and price. For future transactions, pricing and sales conditions must be identified in compatible with common transactions with external parties (Arm's Length Basis).</p>
Dr. Tobi	TKN	The Company purchase Dr. Tobi's products for employees' welfare.	0,132	<p>Rationale of transaction The Company purchase Dr. Tobi's products for employees' welfare.</p> <p>Rationale of price Apply the same standard price as other customers.</p> <p>Comments of auditing committees Auditing committees have verified and accepted details and rationale of transactions and price. For future transactions, pricing and sales conditions must be identified in compatible with common transactions with external parties (Arm's Length Basis).</p>
Dr. Tobi	TKNRF	TKNRF purchased products from Dr. Tobi Company to sell in shops of TKNRF. Company is compatible with price range that Dr. Tobi Company sells to other customers. - Product purchase - Account receivable	0,477 0,075	<p>Rationale of transaction TKNRF purchased products from Dr. Tobi Company to sell in shops of TKNRF.</p> <p>Rationale of price Apply the same standard price as other customers</p> <p>Comments of auditing committees Auditing committees have verified and accepted details and rationale of transactions and price. For future transactions, pricing and sales conditions must be identified in compatible with common transactions with external parties (Arm's Length Basis).</p>

TKNRF	Dr. Tobi	TKNRF charged slotting allowance and promotion fee from Dr. Tobi Company, which is considered common for snack business Promotion fee		<p>Rationale of transaction</p> <p>TKNRF charged slotting allowance and promotion fee from Dr. Tobi Company, which is considered common for snack business.</p> <p>Rationale of price</p> <p>Apply the same slotting allowance and promotion fee as other vendors.</p> <p>Comments of auditing committees</p> <p>Auditing committees have verified and accepted details and rationale of transactions and price. For future transactions, pricing and sales conditions must be identified in compatible with common transactions with external parties (Arm's Length Basis).</p>
			0.012	
Chub Cheeva	TKNRF	TKNRF purchased products from Chub Cheeva Company to sell in shops of TKNRF. Price is compatible with price range that Dr. Tobi Company sells to other customers. - Product purchase - Account payable	0.131 0.016	<p>Rationale of transaction</p> <p>TKNRF purchased products from Chub Cheeva Company to sell in shops of TKNRF.</p> <p>Rationale of price</p> <p>Apply the same slotting allowance and promotion fee as other vendors.</p> <p>Comments of auditing committees</p> <p>Auditing committees have verified and accepted details and rationale of transactions and price. For future transactions, pricing and sales conditions must be identified in compatible with common transactions with external parties (Arm's Length Basis).</p>
GCI	TKN	Company has rented Cloud Server of Gen C Inspire Corporation Co., Ltd. ("GCI") for 150,000 Baht per month, with one time cost for initial installation of 100,000 Baht. Service starts from November 2015. - Service fees	1.80	<p>Rationale of transaction</p> <p>Company has rented Cloud Server of Gen C Inspire Corporation Co., Ltd. ("GCI").</p> <p>Rationale of price</p> <p>Company has benchmarked quality and price of server providers that offer Cloud Server, including CS Loxinfo, TRUE, and United Information Highway.</p> <p>Comments of auditing committees</p> <p>Auditing committees has approved transaction for renting Cloud Server of Gen C Inspire Corporation. Contract should be on year-by-year basis</p>

- Building rental

Vendor / Service Provider	Purchaser / Client	Details/condition	Values (Million Baht)	Rationale and significance of transactions
Ms. Orrapat	Company	Company has rented building, 93/6, Rattana Thibet Road, Bangraknoi, Muang, Nontaburi from Ms. Orrapat at the rate of 15,000 Baht per month for document storage. However, current contract was terminated and rental fee of new contract is 10,000 Baht per month, effective from April 1st, 2015 onward		<p>Rationale of transaction Company has rented building from Ms. Orrapat for document storage.</p> <p>Rationale of price Updated rental fee of 10,000 Baht per month is comparable to those of nearby buildings.</p> <p>Comments of auditing committees Auditing committees have verified and accepted details and rationale of transactions based on the fact that updated rental fee is comparable to those of nearby buildings.</p>
		- Rental fee	0.12	
Mr. Itthipat	Company	Company has rented building 93/7 Rattana Thibet Road, Bangraknoi, Muang, Nontaburi from Mr. Itthipat at the rate of 15,000 Baht per month for document storage. However, current contract was terminated and rental fee of new contract is 10,000 Baht per month, effective from April 1st, 2015 onward.		<p>Rationale of transaction Company has rented building from Mr. Itthipat for document storage.</p> <p>Rationale of price Updated rental fee of 10,000 Baht per month is comparable to those of nearby buildings.</p> <p>Comments of auditing committees Auditing committees have verified and accepted details and rationale of transactions based on the fact that updated rental fee is comparable to those of nearby buildings.</p>
		- Rental fee	0.12	

Vendor / Service Provider	Purchaser / Client	Details/condition	Values (Million Baht)	Rationale and significance of transactions
Mr. Nutchatpong	Company	Company has rented building 93/7 Rattathibet Road, Bangraknoi, Muang, Nontaburi from Mr. Nutchatpong at the rate of 15,000 Baht per month for document storage. However, current contract was terminated and rental fee of new contract is 10,000 Baht per month, effective from April 1st, 2015 onward		<p>Rationale of price Company has rented building from Mr. Nutchatpong for document storage.</p> <p>Rationale of price Updated rental fee of 10,000 Baht per month is comparable to those of nearby buildings</p> <p>Comments of auditing committees Auditing committees have verified and accepted details and rationale of transactions and price based on the fact that updated rental fee is comparable to those of nearby buildings.</p>
- Rental fee			0.12	
TKNRF	Dr. Tobi	TKNRF rented space in the building, 77, Bond Street Road from Dr. Tobi Company to located office. Monthly rate of 144,000 per month include rental fee and service fee		<p>Rationale of transaction TKNRF rented space in the building from Dr. Tobi Company for office.</p> <p>Rationale of price The rental fee and service fee calculate per utilized space.</p> <p>Comments of auditing committees Auditing committees have verified and accepted details and rationale of transactions and price.</p>
- Rental fee			1.56	

- the other expenses

Vendor / Service Provider	Purchaser / Client	Details/condition	Values (Million Baht)	Rationale and significance of transactions
Mr. Itthipat	TKN	The 64 trademarks ownership had been transferred to the Company on April 1, 2016 and The 7 trademarks ownership had been transferred to the Company from Mr. Itthipat. In 2016, all trademark ownership has been transferred to the Company. - Trademark	1.0	<p>Rationale of transaction</p> <p>All trademark ownership has been transferred to the Company for Business agility.</p> <p>Rationale of price</p> <p>The Company received the trademarks' expenses from the beginning. So, the expense had been record in the Company's expense. The transferred price was calculated in lum-sum fee(including filing fees, legal fees and disbursements)</p> <p>Comments of auditing committees</p> <p>Auditing committees have verified and accepted details and rationale of transactions and price.</p>
Tokyo Runway	TKNRF	TKNRF purchased the office equipment and equipment for 2 new branches. - Purchased asset - Account payable	0.01 0.01	<p>Rationale of transaction</p> <p>TKNRF purchased the office equipment and equipment for 2 new branches.</p> <p>Rationale of price</p> <p>There was price and quality comparison of equipment for 2 new branches from the others.</p> <p>Comments of auditing committees</p> <p>Auditing committees have verified and accepted details and rationale of transactions and price. For future transactions, pricing and sales conditions must be identified in compatible with common transactions with external parties (Arm's Length Basis).</p>

16 Operating Results and Financial Status

16.1 Business Overview

The Company manufactures and distributes processed seaweed and other snack food which is the main products of the Company under brand "Taokaenoi". There are 4 categories of processed seaweed products are crispy seaweed, grilled seaweed, Tempura seaweed and roasted seaweed.

The operating results and financial Status of Company is including 3 subsidiaries;

- Taokaenoi Restaurant & Franchise Company Limited ("TKNRF") has operated the snacked retail shops and souvenirs of the Company products.
- NCP Trading & Supply Company Limited ("NCP") has manufactured and distributed seasoning powder.
- Want More Industry Company Limited ("WMI") has distributed the snacks and souvenirs such as dried fruits.

In 2014-2016, the financial statement of the Company has shown income amount 2,694.96 million baht 3,499.75 million baht and 4,705.34 million baht respectively or 0.76% of 2014, 29.86% of 2015 and 34.45% of 2016. The decreasing rate of 2014 resulted from the political on the first half period, suspension of sales to one of modern trade account and decreasing export to Indonesia. The Total sales minor decreased in 2014 but the overview of export to China has increased, especially in 2015 was increased 168.7% and in 2016 was 108.8%. The Company began export the quality and premium products in China in the third quarter of 2014.

The ratio between the cost and sale revenue from 2014-2016 66.00%, 64.56% and 64.16% respectively resulted from the decreasing of the cost because the management of the raw material and packaging.

The ration between expense and sale revenue in 2015 was 15.09% and in 2016 was 9.99% resulted from the growth of export to foreign countries and the expense of export was lower than domestic. Thus, the expense was lower than sale revenue.

Selling and Administration Expenses from 2014-2016 was 6.78% of sales revenue, 6.16% of sales revenue and 5.42% of sales revenue respectively. The Administration Expenses was from the expense of employee which will increase the salary every year and the increase of the new headcount but it was lower than the sale revenue and the other controlled expense.

The profit of operation from 2015-2016 was 14.18% and 20.44% respectively. The increasing of the profit resulted from the lower cost, expense and administrative

16.2 The result of operation

Income

The company and subsidiaries have sales revenue for 2014-2016 amount 2,694.96 million baht, 3,499.75 million baht and 4,705.34 million baht respectively or increasing 29.9% in 2015 and 34.4% in 2016. The Total sales in 2016 was 1,017.8 million baht on the first quarter 119.8 million baht on the second quarter, 1,261 million baht on the third quarter and 1,306.8 million baht on the fourth quarter because brand recognition, expand the sale channel to Hyper Market and Taokaenoi Land, issued the new products such as roasted seaweed (Big Sheet) and crispy seafood seaweed (Seagle) which took the 62% to 66% of market share and increasing of Chinese tourists.

The growth rate of expart sale in 2016 was 52.2% of the previous year, especially in first quarter of China market (as resulted from more 2 distributors in China), Vietnamese market, USA market and Indonesia market (4th quarter).

Furthermore, the Company expand the production at Nopawong factory in the 3rd quarter before beginning the new factory at Rojana Industry Park in 1st quarter of 2017.

Income Table

Unit: Million Baht

Items	2014		2015		2016	
	amount	%	amount	%	amount	%
Sales revenue	2,694.96	98.85	3,499.75	99.56	4,705.34	99.49
Other income	31.34	1.15	15.52	0.44	24.05	0.51
total	2,726.30	100.00	3,515.27	100.00	4,729.39	100

Sales revenue accounted for almost all of the total revenues. For proportion of revenue from sales versus total revenue in 2014-2016 was 98.85%, and 99.56% respectively and the Company had the other income for 31.34 million baht 15.52 million baht and 24.05 million baht in 2014-2016 equivalent to 1.15%, 0.44%, and 0.51% of sales revenue from the statement.

In 2014-2016, the other main income was the tax rebate of export sale amount 13.36 million baht 2.61 million baht and 3.64 million baht because in 2012, the Company

requested the exportation of tax rebate from BOI so, the income in 2014 was higher than others.

The comparison of income in 2016 and 2015, the other income was increasing amount from 15.52 million baht to 24.05 million baht (55%) because the increasing of interest from 1.07 million baht in 2015 to 8.40 million baht in 2016 and the Company had income from short-term investments and profit of such investment amount 3.16 million baht in 2015.

Sales revenue structure table

Unit: Million Baht

Items	2014		2015		2016	
	amount	%	amount	%	amount	%
Crispy seaweed	1,759.18	65.28	2,060.60	58.88	2,497.86	53.09
Grilled seaweed	660.28	24.50	1,171.26	33.47	1,885.76	40.08
Tempura seaweed	81.25	3.01	81.30	2.32	88.5	1.88
Roasted seaweed	46.66	1.73	41.24	1.18	68.44	1.45
Others	72.97	3.30	58.90	1.68	164.77	3.5
Total	2,694.96	100.00	3,499.75	100.00	4,705.34	100.00

The table show the sales revenue from 2014-2016 which came from seaweed amount 2,547.37 million baht 3,354.40 million baht and 4,540.56 million baht, respectively or 94.52%, 95.85%, and 96.50% of sales revenue and the

growth of grilled seaweeds in 2015 and 2016 was 510.98 million baht and 714.5 million baht or 77.4% and 61.1% as the resulted from new product launch and the growth of oversea market in grilled seaweed.

Cost of Goods Sold

The statement of cost of goods sold in 2014-2016 was 1,778.61 million baht, 2,259.50 million baht and 3,018.76 million baht or 66.00% of sales revenue, 64.56% of sales revenue and 64.16 % of sales revenue because the improvement of cost of goods sold come from the raw material cost control, the productivity increment by imposing monthly KPI on the production line such as material loss control of crispy and grilled seaweed in production activities altogether with cost of packaging control, storage control, transportation control and palm oil control.

Consolidated Company of year 2016 showed that the cost of goods sold was 3,018.76 million baht or 64.16% of sales revenue which was lower than year 2015 amount 2,259.5 million baht 64.56% of sale revenue of year 2016. The regular seaweed market is increasing however, the Company has a good management this cost result in the reducing the loss of the cost. Furthermore, the Company has managed the cost by negotiation the packaging cost, maintenance the machines, developing the employees' skill, controlling the productions' expense and developing the production machines.

Selling and Administration Expenses

Selling expenses for year 2014-2016 was 490.7 million baht (18.21% of sale revenue) , 528.19 million baht (15.09% of sale revenue) and 469.94 million baht (9.99% of sale revenue) comprising promotion expenses, advertisement fee and transportation fee and it was lower than sales expense because the export sales was grower than domestic sales and the Company has adjusted the promotion mechanic to make the promotion cost is going to reduce from the previous year.

Consolidated Company of year 2014-2016 showed the administration expenses amount 182.66 million baht (6.78% of sales revenue), 215.67million baht (6.16% of sales revenue), and 215.67 million baht (5.42% of sales revenue) which administration expenses were employees expenses, remuneration of Director and Executive, depreciation and amortization etc. The administration expenses are going up because of increasing of salary in every year and new employees however, these costs are lower than sales revenue. The other expenses is under controlled and as the budget plan,

16.3 Financial Position

Assets

The company consolidate statement of financial position as of yearend 2014-2016 was 1,276.70 million baht, 2,814.86 million baht and 3,084.28 million baht. The increase of assets in year 2014 as the resulted from increasing of trade receivable, property & building. The increasing of trade receivables in fourth quarter in 2014 was amount 30.96% of sales revenue of year 2014 and increasing of property and building as resulted from the expanding the new factory at Rojana Industry Park.

In 2014, the trade receivable was 468.08 million baht or 36.66 % of total assets property and building asset amount 391.33 million baht or 30.65% of total asset and the Inventories was 228.00 million baht or 17.86 of total asset.

The increase of assets in year 2015 was 2,814.86 million baht which increasing 1,538.17 million baht of total asset of year 2014 or 120.48% cash and cash equivalent account as result from selling more common share and current assets as property, building and equipment and

non-current assets. Even if, lower of trade receivable of year 2015, the remain assets including cash and cash equivalent account was 1,475.57 million baht (52.42%), property building and equipment was 549.60 million baht (19.53%), trade receivable was 417.81 million baht (14.84%) and Inventories was 197.32 million baht (7.01%).

Consolidated Company of year 2016 was 3,084.28 million baht which increased 269.41 million baht from total asset of year 2015 (9.57%) because mainly increase in temporary investments. Trade and other receivables Inventories of raw materials current assets and property, plant and equipment, despite the decrease in cash and cash equivalents. In 2016, an important item of assets in the consolidated financial statements of the Company consisting of property, buildings and equipment was 882.05 million baht (28.60% of total assets), temporary investment amount 755.5 million baht (24.50% of total assets), trade and other accounts receivable was 490.97 million baht (15.92% of total assets) and Inventories was 445.45 million baht (14.44% of total assets).

Trade other receivables

In 2014-2016, the consolidated financial statements of the Company showed net trade receivables was 468.08 million baht (36.66%), 417.81 million baht (14.84%) and 490.97 million baht (15.92%). The net trade receivables at the end of 2015, down from the end of 2014, are due to an increase in the proportion of export sales in 2015 from 2014, on average, the payment terms of international customers are shorter than domestic customers and when considering the age of the accounts receivable from the table, the account receivable age. It was found that most of trade receivables at December 31, 2015 was undue receivables amount 83.0% of trade receivable. The over due 1-90 days was 16.34% of trade receivable and over than 90 days was 1.56% of trade receivable the allowance for doubtful accounts was set at Baht 3.76 million baht, 0.90 of total accounts receivable.

Net trade receivables in the consolidated financial statements of the Company as at the end of 2015 were Baht 480.01 million baht which increased 64.84 million baht or 15.62% from the end of year 2015. The fourth quarter of 2016 was increasing and, when considering the age of the accounts receivable, from the table of accounts receivable. It was found that trade receivables as of December 31, 2016. Was 480.1 million baht or increased 64.84 million baht 15.62% from the end of year 2015 as resulted from mainly due to the higher sales revenue in the fourth quarter of 2016 and the aging of the accounts receivable from the aging table. The majority of trade receivables as at 31 December 2016 were not due receivables. 78.38% of total accounts receivable. The over due date 1-90 days was 21.30% of trade receivable and the over due more than 90 days was 1.38% of trade receivable so, allowance for doubtful accounts amounted to 5.07 million baht or 1.06% of total trade receivable.

The due date of payment of trade receivable

Unit: Million Baht

Payment term of trade receivable	Consolidated financial statements		
	31December 2014	31December 2015	31December 2016
Not due date	351.68	344.61	376.21
Over due date 1-90 days	104.26	67.84	102.26
Over due date 91-180 days	0.46	3.70	2.67
Over due date 181-270 days	-	1.07	-
Over due date 271 up	3.52	3.94	3.94
Total	464.34	418.92	485.09
Deduction of allowance for doubtful accounts	(0.80)	(3.75)	(5.07)
Net	463.55	415.17	480.01

The Company has a policy to set aside allowance for doubtful accounts;

Aged on the basis of due date	Estimation of the Allowance for doubtful account
More than 3 months but not exceed 6 months	40% of outstanding debt
More than 6 months but not exceed 9 months	80% of outstanding debt
More than 9 months	100% of outstanding debt

The management estimated the loss from each trade receivable by considering the experience from the past, term

of outstanding debt and economic at that time for setting the allowance for doubtful accounts on December 31, 2015 and December 31, 2016 has been considered by the management as mentioned above to the possibility of requesting. The allowance for doubtful accounts the outstanding balances as of December 31, 2015 and December 31, 2016 was lower than the allowance for doubtful accounts date due to the on going installment negotiated. Management considered that no allowance for doubtful accounts is required.

In 2014-2016, the ratio turnover of trade receivables calculated from the consolidated financial statements of

the Company was 6.30 times, 7.89 times and 10.41 times, respectively. The average collection period was 57.12 days, 45.63 days and 34.58 days respectively. The increase in average collection period in 2015 compared to the previous year as resulted from sale revenue in the fourth quarter of 2015 which was a high level of trade receivables at the end of 2015. The Company's credit term and subsidiaries to customers was 30-60 days.

The ratio of turnover of trade account receivable of 2016 was at 10.41 times, which represents an average collection period of 34.58 days, decreased from the year 2015, as a result of the proportion of overseas sales revenue in 2016 was higher than in 2015 and overseas customers had a shorter credit term than domestic customers.

Inventories

In 2014-2016, the consolidated financial statements of the Company Inventories were 228.00 million baht, 197.32 million baht and 445.45 million baht, respectively or 17.86 %, 7.01 % and 14.44 % of total assets. Inventories can be divided into finished goods, goods in transit, work in process, raw materials, containers and packages Ingredients, spared parts and materials factory and raw

materials on the way. The end of 2015, the largest inventories were raw materials which amounted to 104.48 million baht or 52.94% of total inventories. At container and packaging material was 41.78 million baht, or 21.17% of total inventories. In addition, the major items of inventories were finished goods by the end of 2015 amounted 20.92 million baht or 11.20% of total inventories.

Unit: Million Baht

Inventories	Consolidated financial statements		
	31 st December 2014	31 st December 2015	31 st December 2016
Finished goods	45.01	34.02	52.16
Goods in transit	0.27	0.0	0.0
work in process	9.85	3.37	13.75
Material	60.37	114.26	328.62
Container and packaging	77.31	41.78	46.50
ingredient	10.46	0.0	0.0
spare parts	3.51	2.70	2.41
Raw material	21.23	1.19	2.01
Total	228.00	197.32	445.45

At the end of 2016, the consolidated financial statements of the Company showed amount of inventories were 445.45 million baht, or 14.44% of total assets, increased by 248.13 million baht or 125.75% from the end of 2015, as result from lower quantity of seaweed raw material which affects the yield of seaweed and raw materials prices. Therefore, it is necessary to stock raw materials to reduce the risk that raw materials will be in shorten supply.

The largest inventories were raw materials which amounted to 328.62 million baht or 73.77% of total inventories, the containers and packages of 46.50 million baht, 10.44% of total inventory And finished goods

amounting to 52.16 million baht or 11.71% of total inventories.

In 2014-2016, Inventory turnover ratio calculated from the consolidated financial statements of the Company trended to continue to improve from 41.02 times in 2014 to 57.18 times in 2015 and 70.05 times in 2016, respectively. The average selling time is 8.78 days, 6.30 days and 5.14 days, respectively. The average time to sell products that have declined steadily between 2014 and 2016 because of improvement of inventory management by planning and coordinating closely between the sales and production department and grouping products into sub groups and monitor the purchasing raw materials, packaging and production planning efficiently.

For the year 2016 Inventory turnover ratio, which was calculated from the consolidated financial statements of the Company was at 70.05 times, which was the duration of the average selling 5.14 a day decreased from period to sell goods on average in 2015, which was 6.30 days. 2016 sales were higher than 2015 to 34.0%.

There were allowance for impairment of inventories as follows;

- Seaweed and palm oil, allowance for impairment will be set at 100% over 12 months onwards
- Seasoning powder will set aside 100% impairment at age over 6 months onwards
- The packaging will set allowance for impairment of 100 per cent over the age of 6 months onwards
- Finished goods for domestic sales. The allowance for impairment is 100% at the age of over 6 months onwards
- Finished goods for export sales Allowance for impairment will be set at 100% over 12 months onwards

By setting other allowances for items If there is a risk of deterioration or cancel sales or packaging changed the format. The allowance for impairment of inventories as at 31 December 2015 and 31 December 2016 were in accordance with the policy on impairment. Inventory above

Property, plant and equipment

In 2014-2016, the consolidated financial statements of the Company showed the property, plant and equipment in the amount of 391.33 million baht, 549.60 million baht and 882.05 million baht, respectively, representing 30.65%, 19.53% and 28.60% respectively because of decline of price of the property Buildings and equipment at the end of 2015 from the end of the previous year which cash and cash equivalents were higher than net investments in property, plant and equipment as a result of securities

trading. The increase in land, plant and equipment at the end of 2014 from the end of the previous year was mainly due to the acquisition of land and the construction of a new factory at Rojana Industrial Park in the amount of 58.58 million baht. Despite the transfer of land at Ladbaulaung to investment property of 39.75 million baht, the details of the transfer of investment property were discussed further in the next section on December 31, 2014. The main items of property, plant and equipment were 110.66 million baht. 106.29 million baht, land and land improvements amounting to 75.74 million baht, assets under construction 44.91 million baht, and office furniture and equipment amounting 39.44 million baht .

In the end of 2016, the Company's consolidated financial statements show the property, plant and equipment amounting to 882.05 million baht, or 28.60% of total assets, compared with the total assets of 332.45 million baht by the end of 2015, 60.49% of the capacity will be expanded at Nopawong Plant and the new plant will be built at Rojana Industrial Park.

Investment property

At the end of 2014, the consolidated financial statements of the Company Investment property was 39.75 million baht, which was transferred from property, plant and equipment in the fourth quarter of 2014. This transaction is 33 rai, 1 ngan, 84 square wah of land at Lad Bua Luang for building a new factory in Rojana Industrial Park and there is no plan to develop the land at Lad Bua Luang to use in the business of the Company. Asset-to-property transactions have been transferred from property, plant and equipment to investment property.

The list of investment properties has not changed in 2016 and is worth 39.75 million baht at the end of 2016, as well as at the end of 2015 and 2014

Other current assets

In 2014-2016, the consolidated financial statements of the Company Showed other current assets in the amount of 17.60 million baht to 31.46 million baht and 107.36 million baht, respectively, representing 1.38% of total assets, compared to 1.12% and percentage. 3.48%, respectively, of the deposit is paid in advance for purchasing seaweeds and VAT refundable.

In 2015, the consolidated financial statements of the Company Other current assets represented a total of 31.46 million baht or a total of 1.12% of total assets. Other current assets increased by 13.87 million baht or 78.81% from the end of year 2015. It came from the prepaid advertising costs associated with hiring presenters and advertising including advance payment of rental fee area for exhibition amount 5.40 million baht of the end of 2015 which increased 5.24 million baht from the end of 2014 and a tax refund amount 21.97 million baht at the end of 2015, which was increased by the construction of a new plant at Rojana Industrial Park which increased from the end of 2014 by 16.06 million baht. Even at the end of year 2015, there was decrease of 6.08 million baht of the advance deposits for purchasing raw materials from the end of 2014. The major items of other current assets at the end of year 2015 was prepaid advertising expenses including prepaid rentals for sales at the trade fairs totaling 5.40 million baht and, VAT refunds for 21.46 million baht, and advance deposits of purchasing of raw materials amount 1.86 million baht.

At the end of 2016, the consolidated financial statements of the Company for other current assets represented 107.36 million baht or 3.48% of total assets. Other current assets increased 75.90 million baht or 241.22% from the end of year 2015. The amount of advance payment was Baht 61.17 million, an increase of 59.31 million baht from the end of the year 2015. Value Added

Tax (VAT) was an increase 11.67 million baht from the end of the year 2558 and prepaid advertising expenses was 12.31 million baht which increased from year 2015 amount 4.82 million baht.

Other non-current assets

In 2014-2016, the consolidated financial statements of the Company showed other non-current assets were 13.97 million baht, 46.63 million baht and 34.67 million baht, respectively or 1.09%, 1.55% and 1.12%. Non-current assets at the end of year 2014 were 19.63 million baht or 58.43% decreased from the end of the previous year because of the purchasing of Rojana land and machines as a result in, the advance payment for asset acquisition decreased from 23.24 million baht in 2013 to 6.41 million baht in 2014.

At the end of 2015, the consolidated financial statements of the Company showed non-current assets amount of 43.63 million baht, increased from the end of 2014 to 29.66 million baht or 212.35% due to advance payments for purchasing assets for 34.49 million baht for expansion production at Noppawong plant and building a new factory at Rojana Industrial Park. The list of assets at the end of 2015 were the advance payment of assets for 34.49 million baht and deposits for 6.26 million baht.

At the end of 2016, the consolidated financial statements of the Company of other non-current assets were 34.67 million baht, decreased from 2015 for 8.96 million baht or 20.54% as result of the advance payment for assets for the plant Nopawong and build a new factory at Rojana Industrial Park as the property buildings and equipment The major items of non-current assets at the end of 2016 were the advance payment for purchasing of assets amount 22.74 million baht and deposit and guarantee for 9.65 million.

16.4 Performance ratio

Assets

The Company and subsidiaries had a return rate on assets and return on assets equals to 16.78 % and 73.10% respectively in 2014. The rate of return on assets and fixed assets increased for 19.40% and 99.33% respectively in 2015 and increased by 26.51% and 118.77% respectively in the year 2016 by the increasing of the return rate on assets and fix asset in 2015 and the year 2016 from the previous year. Is mainly due to the net profit for the year because of a rising of net profit from the previous year.

In 2016, the Company and subsidiaries had a return on assets and a return on fixed assets for 26.51% and 118.77% respectively because the increasing the rate on fixed assets and assets in 2016 because of the increasing of net profit in 2016 from the previous year for 384.90 million baht or 96.96%.

In 2014-2016, the revolving rate of assets can be calculated from the consolidated financial statements of the Company were 2.30 times, 1.71 times and 1.60 times, respectively. The increase in the revolving rate of assets in 2014 from the previous year due to increasing of sales revenue and decreasing in asset turnover in 2015 and 2016. The main reason was the increase in total assets at the end of 2015 and 2016 from the end of the previous year as a result of the increase in accounts receivable and property, plant and equipment, the increase of accounts receivable was the result of sales revenue in the fourth quarter of 2015 and 2016 were 28.36% and 35.15% of total sales revenue for the years 2015 and 2016. The increasing in property, plant and equipment was the investment to build a new factory at Rojana Industrial Park.

In the year 2016, the revolving rate of assets were calculated from the consolidated financial statements of the Company were 1.60 times. The increase in the revolving rate of assets was caused by the increase of the total sales revenue in 2016 for 1,230 million baht or 35.15%.

Liabilities

In 2014-2016, The consolidated financial statements of the Company had total liabilities for 924.12 million baht, 970.99 million baht and 862.69 million baht respectively due to an increase in short-term loans from banks and accrued expenses The increase of liabilities in 2014 was an increase in accrued expenses.

In 2015, the main liability of the consolidated financial statements of the Company was account payable and other payables for 475.92 million baht or 49.01 % of total liabilities.

The total liabilities at the end of 2016, the Company's consolidated financial statements was 862.69 million baht, decreased for 108.30 million baht or 11.15% from the end of year 2015 because of the reduction of short-term loans amount 152.33 million baht. And long term loans was 98.39 million baht, liabilities under financial lease of 13.34 million baht.

At the end of 2016, the main items of liabilities in the consolidated financial statements of the Company was accounts payable and other payables for 559.06 million baht or 64.80% of total liabilities of short-term loans from banks amount 112.37 million baht or 13.03% of total liabilities.

Short-term loans from banks And other short-term loans

In 2014-2016, the consolidated financial statements of the Company showed short-term loans from banks and other short-term loans were 290.16 million baht, 264.70 million baht and 112.37 million baht, respectively, or 31.40%, 27.26% and 13.03% of total liabilities, respectively. Other short-term loan was loan in the form of bill of exchange, which the company had decreased the overdraft, short-term loans and other short-term loans from the end of 2014 to the end of 2015. The reason was the company has received more cash from operations. Therefore, the borrowing was decreased.

At the end of 2016, the consolidated financial statements of the Company showed short-term loans from banks Other short-term loans were 112.37 million baht or 13.03% of total liabilities which the short-term loan overview was reduced at the end of 2015 at 264.70 million baht because the company received more cash from operations so, the payment was proceed.

Accounts payable and other payables

In 2014-2016, the consolidated financial statements of the Company showed trade accounts payable and other payables amount 450.79 million baht, 475.92 million baht and 559.06 million baht respectively, or 48.78%, 49.01% and 64.80% of total liabilities, respectively. The increase in accounts payable and other payables in 2014 and 2015 were an increase in accrued expenses which were 143.14 million baht at the end of 2013 to 181.79 million baht at the end of 2014 because the increasing of the overdue shipping costs of the fourth quarter of 2013, the Company had sold its products to foreign countries in CIF trading conditions as result in increasing in accounts trade payables and other payables of year 2015 because of increasing in accrued expenses such as promotion cost. These was higher of sales revenue in the fourth quarter of 2015 and resolved political in the third and fourth quarters of 2015, the company had re-launched its promotion campaign.

In 2016, the consolidated financial statements of the Company showed trade accounts payable and other payables amount 559.06 million baht or 64.80% of total liabilities. The increase of trade accounts payable and other payables at the end of 2016 was 83.14 million baht, or 17.47% from the end of 2015, due to the construction of a new factory at Rojana Industrial Park, the expansion of production at Nopawong plant and increasing in accrued expenses because of the increasing of bonuses and accrued promotion expenses.

In 2014-2016, the turnover ratio of creditors can be calculated from the consolidated financial statements of

the Company. It had continuously increased from 7.32 times in 2014 to 8.96 times in 2015 and 10.30 times in 2016, which was the repayment period of 49.19 days, 40.18 days and 34.94 days, respectively. The lower repayment period in 2014 from the previous year effected faster payouts too get a lower cost price as the promotion of raw material suppliers in 2013. The increase payment term in 2015 from the previous year was the due payment in the end of 2014 with no discount promotions rate as same as the previous years.

The creditors' turnover ratio was calculated from the consolidated financial statements of the Company in the year 2016, was 10.30 times, which has the payment term 34.94 days. So, the credit term of the Company and subsidiaries was 30-60 days.

Other current liabilities

In 2014-2016, the consolidated financial statements of the Company of other current liabilities were 13.10 million baht, 25.57 million baht and 27.23 million baht, respectively, or 1.42%, 2.63% and 3.16%, respectively which was the important liabilities such as Revenue Department and the compensation for lawsuit.

At the end of 2016, the consolidated financial statements of the Company of other current liabilities were 27.23 million baht or 3.16% of total liabilities. Other current liabilities increased by 1.66 million baht or 6.49% from the end of 2015.

Shareholder

In 2014, the consolidated financial statements of the Company showed shareholders equity were 352.58 million baht, increasing to 95.69 million baht from the end of 2013, which shareholders' equity were 256.89 million baht because of the issuance new ordinary shares amount 95.00 million baht (1 baht per share).

In 2015, the consolidated financial statements of the Company showed shareholders' equity were 1,843.87 million baht, increasing 1,491.29 million baht or 422.96% from the end of 2014, as a result of the ordinary sales of 360 million shares at price 4 baht per share to the public, which was a premium on ordinary shares of 1,315.44 million baht and a comprehensive loss for the period of 396.95 million baht.

The total paid dividend was 311.10 million baht which came from the dividend of year 2014 approved by the Board of Directors' meeting on March 24, 2015 was 96.90 million baht and interim dividend of year 2015 approved by the Board of Directors' meeting on August 7, 2015, was

127.50 million baht and the interim dividend for the year 2015 approved by the Board of Directors' meeting on November 6, 2015 was 86.70 million baht.

At the end of year 2016, the consolidated financial statements of the Company showed shareholders' equity were 2,221.59 million baht, increasing for 377.72 million baht or 20.49% from the end of 2015, as a result of the comprehensive income for the period amount 784.82 million baht and dividend for 407.1 million baht comprising from the approved dividend on April 19, 2016 amount 144.9million baht and approved interim dividend for the year 2016 on August 9, 2016 amount 262.20 million baht.

16.5 Liquidity and Funding Source of Company

Cash flow

Cash flowtable

Unit: Million Baht

Items	Consolidated financial statements		
	2014	2015	2016
Net cash from (used in) operation activity	286.16	596.05	622.83
Net cash from (used in) investment activity	(116.96)	(230.95)	(1,137.74)
Net cash from (used in) financing activities	(143.34)	1,042.41	(652.71)
Net Total	25.86	1,407.51	(1,167.62)

Cash flow from operations in 2014-2015 showed that the Company and subsidiaries had net cash flow from operations for baht 286.16 million baht, 596.05 million baht and 623.83 million baht, respectively. For the year 2014, the Company and subsidiaries had cash flow from operations was 268.16 million baht. The main item was profit before corporate income tax of 254.72 million baht which adjusted depreciation profit from operations before changes in operating assets and liabilities at 336.27 million baht.

Furthermore, the increasing accounts receivable and other receivables were 77.72 million baht resulting from higher sales revenue. The decreasing of inventories were 2.52 million baht and the increase in account payable and other accounts payable were 72.25 million baht, resulting from the purchasing of raw materials and packaging materials others to support sales increase.

In 2015, the Company and its subsidiaries had a net cash flow from operating activities for 596.05 million baht which developed with other cost and expense such as profit before corporate income tax of 495.20 million baht when adjusted by items such as depreciation, operating profit before changes in operating assets and liabilities was 606.24 million baht. In addition, the major items were the decrease of trade receivables and other receivables for 47.48 million baht as result of higher export sales in 2015 and the decrease of trade and other payables was 47.48 million baht because the Company has to pay advance more raw materials to secure price of raw materials.

For the year 2016, the Company and its subsidiaries had a net cash flow from operating activities for 622.83 million baht. The major items were the pre-tax profit for Baht 979.11 million baht, which were adjusted other items such as depreciation, operating profit before changes in operating assets and liabilities were 1,054.43 million baht. There were increasing in accounts receivable and other accounts receivable for 74.56 million baht resulted from the sales budget of year 2016 was higher than that of domestic customers in 2015 and domestic customer and export customers were credited group and increasing in inventories for 240.23 million baht resulting from purchasing of raw material increasing containers, and increasing in other current assets for 71.22 million baht resulted from the advance expenses of advertisements including advance rental of exhibition space and the increase in other current liabilities for 6.16 million baht.

Using cash flow in investing activities in 2014-2016 amounted to 116.96 million baht, 230.95 million baht and 1,137.74 million baht, respectively. For the year 2014, there were significant portion of cash flow from investing in properties, plant and equipment for 149.96 million baht to buy office building, land at Muang Thong Thani and renovated plant at Noppawong. In 2015, there were an important item of cash flow from investing in properties,

plant and equipment amounting for 96.93 million baht to purchase machine and office building at Rojana. The advance payment for asset acquisition was 81.97 million baht.

For the year 2016, the Company and its subsidiaries had net cash flow used in investing activities for 1,137.74 million baht. The main items of cash flow used in investing were advance payment for purchasing additional assets for 79.22 million baht. The plant and equipment amounted 348.65 million baht to expand production capacity at Noppawong factory and to build a new factory at Rojana Industrial Park.

Using cash flow on financing activities in 2014-2015 was 143.34 million baht, 1,042.41 million baht and 652.71 million baht, respectively. In 2014, the Company and its subsidiaries had cash flow from financing activities in negative accounting amounting 143.34 million baht. The main item was dividend amount 199.20 million baht. The long-term loans and financial lease liabilities payment was 15.10 million baht. In 2015, the Company and its subsidiaries had positive cash flow from financing activities amount 1,042.41 million baht which was capital increasing amount 1,440 million baht and cash received from long-term loans amount 112.45 million baht.

In 2016, the Company and its subsidiaries had net cash flow used in financing activities amount 652.71 million baht which was dividend amount 406.97 million baht.

Liquidity ratio

At the end of year 2014-2015, the liquidity ratio calculated from the consolidated financial statements of the Company at the same level was 0.91 times, 2.49 times and 2.47 times, respectively. The quick ratio, calculated from the consolidated financial statements of the Company, was 0.62 times, 2.22 times and 1.82 times, respectively. The quick ratio at the end of 2015 from the end of the

previous year. The main reason is the increase in accounts receivable. As a result of the company. There are a lot of sales of the year 2015.

As of the end of 2016, the liquidity ratio was calculated from the consolidated financial statement of the Company at 2.47 times. The swift liquidity ratio was calculated from the consolidated financial statement was 1.82 times by the increase of the ratio of liquidity and ratio. The fast turnover from the end of 2015 to the end of 2016 was main factor of decreasing in cash and cash equivalents amount 1,167.62 million baht. The liquidity ratio and swift liquidity were calculated from the consolidated financial statements of the Company in 2014 lower 1.00 because of the nature of the business of the Company has high proportion loaned in short-term loans but the Company has never faced to liquidity problems as information on 31 December 2015, the Company has short-term credit facilities under unutilized loan agreements amounting to 2,274.95 million baht and USD 17.8 million.

Capital structure

The ratio of shareholders' equity equaled 2.62 times, 0.53 times and 0.39 times, respectively, at the end of 2014-2016 as resulted from the reduction of the debt to equity ratio from the end of 2014 to the end of 2015 were decrease cause of the Company sold the common shares of 1,315.44 million baht.

As of the end of 2016, the debt to equity ratio, calculated from the consolidated financial statements of the Company was 0.39 times, down from the end of year 2015.

Interest Capability Ratio

The interest capability ratios in 2013-2016 were 14.0 times, 30.62 times and 150.64 times, respectively increasing from interest capability ratios from 2013 to 2014.

The interest coverage ratio in 2016 was 150.64 times which decreasing the interest expenses in 2016 amount 6.54 million baht from 2015 amount 16.72 million baht or 60.89% as resulted from negotiating with Financial institutions in terms to limit and interest rates. The interest coverage ratio in 2016 from 2015 was increasing of net cash flow from operating activities in 2016 which came from increasing in net profit.

Capability ratio

Capability ratio of obligation payment in year 2014-2016 were 0.77 times, 1.03 times and 0.74 times, respectively. The increase in the coverage ratio in 2015 from 2013 was the increase in net cash provided by operating activities in 2014 because the increase in net profit.

For coverage obligation in the year 2016 stood at 0.74 times adjusted by the decline of the coverage obligations in 2015 compared to the previous year as resulted from the repayment short-term loans.

16.6 Critical factors that could affect the operations or financial position for the future

16.6.1 Business Risk

Risks arising from reliance on the producers and distributors of major raw materials

The main raw material for production and distribution of processed seaweeds is seaweeds, which mainly purchased from overseas, Korea because Korea is the leading producer and exporter of seaweeds in the world. Over the past three years, the Company purchased more than 90% of the total seaweeds purchased volume per year. The proportion of seaweeds orders from the manufacturers and distributors of each raw material was huge amount. So, Company's production of processed

seaweed was risk due to reliance on major raw material suppliers and distributors. In the case of suppliers and distributor can not supply the seaweeds to the Company as price and quality requirements. It will significantly affect to the operation of the Company.

The Company has set guidelines for selecting experienced and well-known suppliers and distributors of raw materials in markets and having good financial position to reduce the risk of reliance on manufacturers and distributors of raw materials. There is also an annual consumption plan for pre-ordering contracts with manufacturers and distributors of major raw materials.

Risk of reliance on major customers

The Company sells products to major customers more than 10% of sales revenues for 4 distributors comprising a large retailer in domestic and a local distributor and 2 distributors in China. So if the company loss of such partners, It may affect the sale revenue of the company. The Company has good relationship with partners for 4 distributors since the start of business and the Company has policy to diversify the risk by increasing the proportion of sales to other trading partners.

The risk of reliance on seaweed-based products

Company's main products are seaweeds. Sales Revenues from seaweed products was 90% so, the Company will get risk if the customers change the taste, consumption of seaweeds. This may cause the Company loss of sale revenue significantly.

Company has managed risk developing new products, issuing new products and studying consumer behavior. The Company also plans to expand the new business.

The risk of unable to renew land lease agreement at Noppawong Office

Since factory located at Noppawong on several plots of land if the Company cannot renew the land lease agreement, This may interrupted the Company's business operations which may cause the Company will lost sale revenue and reputation

The Company has managed the risk by renegotiated lease agreements major land and has pledged to renew the lease for a period of 9-12 years from the year 2020. In addition, The a second plant at Rojana Industrial Park are under constructor. It can be operated by the first quarter of 2017 and can be expanded to accommodate future capacity. If there is a need to relocate the plant to the Rojana Industrial Park, the Company will be able to move the plant from Noppawong Plant to Rojana Plant. In addition, the Company also has land at Lat Bua Luang if there is any need to relocate or expand the plant further, the company can develop the land into another factory.

Risk from price volatility of raw materials used in production

Cost of production and distribution of processed seaweed comes from the cost of seaweeds. If the price of seaweeds are changed, it will affect to the operating costs of the Company. So, the Company has risk of rising prices of seaweeds.

The Company has managed the risk by engagement to agreement of purchase raw material purchase with the supplies and distributors of seaweeds which have contract period for 1 year having the details of price, quantity and quality of seaweeds. If the price of seaweeds market are higher than the price specified in the contract, the Company will gain advantage from entering into the contract and the cost is lower than other competitors who buy seaweeds at market price at the time. In addition, the Company has exchanged market information with suppliers and distributors. So, the Company can manage and reduce the risk of the fluctuation of seaweed price.

Risks from competition

There are many manufacturers and distributors of processed seaweeds currently snack food market because technology for production of processing seaweeds is not complicated. The new comers can entry into the market easily with their own brand by selling products through

convenience stores and department stores. The direct competitor to the Company was infringers who sell similar products and packaging to the Company which effect to the Company.

The Company has advantage in the market because the Company was the first seaweed well-known brand so make the customer recognition compare to the competitors. In addition, the company has set a marketing budget to promote the company's brand and products through various medias such as TV, radio, and magazines, concert sponsorship and establish retail shop namely "Taokaenoi Land" to reach to consumers. Furthermore, there are many activities for consumers to promote and maintain domestic and export customer base customers base. These management policies are acceptable.

Risk of business interrupt by force majeure

Company may be interrupted because the manufacturing process or damage of property or natural disasters or other incidents such as political unrest, fatal accidents, terrorism, etc. The Company has set out guidelines to prevent and mitigate the impact of disruptions caused by force majeure by planning and analyzing the risks of both production and control of the occupational health of the factory premises and having Quality Management Representative (QMR) to advise and monitor the quality management process and control the quality system including inspect of factory buildings and electrical systems every year as well as having the Big Cleaning to reduce the risk. In addition, the Company has also built a new factory at Rojana Industrial Park to increase production capacity and diversification from Noppawong factory and having natural disaster prevention system at Rojana Industrial Park.

Therefor ementioned risk management may not be able to prevent any the effects of natural disasters or any other occurred events. Therefore, the Company has insurance with experienced and stable financial status such

as the special asset liability insurance which covers the loss or damage to property insured due to robbery,natural disasters or other force majeure and any liability to third parties as a result of an accident related to the business operation of the Company and the insurance compensation due to the force majeure.

16.6.2 Production risk

The risk of Labor

There are many production stages such as frying process, roasting, baking and packing. All production processes have to use the labors to operate therefore, the number and quality of labors and costs are a major factor that directly affects the Company's business. Foreign workers do not have permanent residence in Thailand have more turnover, lack of quality skilled labors and increase of labors cost.

The Company has managed the risk by using outsourced companies labor supply to reduce the burden of the company. The Company also hired the expertise to set up and manage the human resource in the organization and increase a competitive wage rate and incentives to be able to recruit new workers to join the company. Furthermore, the Company maintain a skilled and experience labors andasserta new technologies to use in manufacturing such as packaging machinery, oven temperature control equipment or adjust the working environment in the production line. The risk management measures mentioned above can reduce the risk of labor.

Risk of inventory deterioration

Inventory of the Company consists of finished goods, raw materials and containers and packages which needs to maintenance otherwise, the inventory may be impaired. Most of the finished products are unprocessed or unprocessed seaweeds have limited timeof shelf life approximately 1-2 years from the date of manufacture if the company cannot sell or ship the products within that

period. The company will lose the sale revenue and has the burden of destroying the products which increase costs. For seaweeds (raw material), the company order from manufacturers and distributors having shelf life for 1 year, if it cannot be used, it will deteriorate and cannot generate business benefits for the company. The seasoning powder has shelf life for 6 months. In addition, the container and the package have shelf life for 12 months with proper temperature. Domestic finished goods have shelf life for 6 months. Export finished goods have shelf life for 12 months which is longer than domestic because of the distance and time of shipment. Therefore, the Company has faced to the risk of inventory deterioration. If the allowance is for impairment of inventories, It will have a negative impact to net profit.

The Company has managed risk by setting a systematic and concise inventory management policy to prevent and reduce risk. In the case of finished goods and raw materials, the Company has assessed the market demand and plan production to set the time and quantity of raw material orders and efficiently use in the production process and no over supplies. These process can manage the finished goods to meet the needs of consumers. The Company requires regular storage in a well ventilated warehouse to keep the temperature in the warehouse and careful management of inventory and control of the plan, it will help reduce the risk of inventory deterioration of the Company.

Risk of productivity

Processes are important step of the success of a business. It is necessary to use the labors all stages, such as frying, grilling, seasoning, seasoning, sticking and packing. In addition, the company has adopted the technology of the machinery used in the conveying and packaging process. This must be skilled labors to avoid mistakes or accidents. If a labour or employee is not able to take responsibility for his or her usual work, It may affect the production process and business operation of the Company.

The Company has managed risk by providing training to employees to be able to operate the work and to reduce the possibility of waste in the production line. And set up an individual performance fee for motivating employees to work effectively. Furthermore, The Company hired skilled technicians to take accountable to the technology for continuous and efficient operating the products with desired quantity quality.

In addition, the maintenance of the machine is always ready to use is a factor that directly affects the efficiency of production, so the Company has hired skilled staff to be responsible for the operation. There are the maintenance schedule periods to maintenance, repair or inspection the production equipment to ensure that the operations of each department of the production department can achieve the goal.

16.6.3 Financial risk

Risk of Fluctuation Exchange Rate

The Company is faced to foreign exchange risk because of the ordered seaweeds as the raw materials from abroad and sell products both in domestic and abroad. Most of the purchase contracts of raw materials in foreign countries are in US dollars.

Risk management by setting the sale in US dollars and other currency. Therefore, if the baht strengthens, it will result in a decrease in part of sales revenue. In the meanwhile, the cost of seaweeds used as raw material for production of the Company will be reduced vice versa, In case that the baht weakens, sales revenue and cost of seaweeds will increase in the same direction.

The cost of raw materials of seaweeds and the price of the company's products are going to change in the same direction to maintain the gross profit margin to stable. In addition, the Company has managed risk by buying the future and option with the domestic financial institution for 1 year to reduce the fluctuations in foreign exchange rates.

17 Consolidated financial statements

Independent Auditor's Report

To the Shareholders of Taokaenoi Food & Marketing Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Taokaenoi Food & Marketing Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries and of Taokaenoi Food & Marketing Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond are described below.

Recognition of revenue from sales of goods

The Group has sales to a large number of customers, both domestic and export, under a variety of commercial terms or arrangements, pertaining to matters such as sales promotions, volume discounts and other discounts. I have therefore addressed the recognition of revenue from sales as a key audit matter and focused on the audit of amount and timing of the recognition of revenue from sales.

My audit procedures included assessment and tests of the Group's information technology systems and controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I selected commercial arrangements to evaluate whether the recognition of revenue from sales was consistent with the conditions of the relevant arrangements, and in compliance with the Group's policy. On a sampling basis, I examined supporting documents for actual sales transactions occurring during the year and near the end of the year. In addition, I reviewed credit notes that the Group issued after the year end and also performed analytical procedures on disaggregated data of revenue from sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's

report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Vissuta Jariyathanakorn.



Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

EY Office Limited

Bangkok: 27 February 2017

Statement of financial position

As at 31 December 2016

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	6	307,945,806	1,475,572,154	253,834,945	1,439,244,109
Current investments	7	755,506,198	-	755,506,198	-
Trade and other receivables	8, 9	490,969,890	417,806,408	502,257,089	454,248,133
Inventories	10	445,445,005	197,319,086	433,480,780	187,824,401
Other current assets	11	107,359,765	31,463,952	106,375,033	30,794,020
Total current assets		2,107,226,664	2,122,161,600	2,051,454,045	2,112,110,663
Non-current assets					
Restricted bank deposits	12	358,818	36,657,410	358,818	36,657,410
Investments in subsidiaries	13	-	-	40,034,073	40,034,073
Investment property	14	39,745,095	39,745,095	39,745,095	39,745,095
Property, plant and equipment	15	882,050,283	549,604,696	872,499,682	535,914,177
Intangible assets	16	9,946,826	10,622,957	9,798,994	10,331,536
Deferred tax assets	27	10,283,841	12,443,005	8,711,193	8,284,342
Other non-current assets	17	34,666,620	43,629,844	26,255,813	39,098,423
Total non-current assets		977,051,483	692,703,007	997,403,668	710,065,056
Total assets		3,084,278,147	2,814,864,607	3,048,857,713	2,822,175,719

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

Statement of financial position (continued)

As at 31 December 2016

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	18	112,366,923	264,701,479	112,366,923	264,701,479
Trade and other payables	9, 19	559,064,691	475,915,783	532,367,578	459,002,817
Current portion of long-term loans	20	45,320,000	14,055,991	45,320,000	14,055,991
Current portion of liabilities under finance lease agreements	21	1,358,529	4,984,816	-	3,635,955
Income tax payable		108,670,347	66,745,493	105,631,460	65,847,114
Other current liabilities	22	27,230,788	25,565,477	26,645,025	24,876,792
Total current liabilities		854,011,278	851,969,039	822,330,986	832,120,148
Non-current liabilities					
Long-term loans	20	-	98,391,937	-	98,391,937
Liabilities under finance lease agreements	21	-	13,343,118	-	11,984,589
Provision for long-term employee benefits	23	8,614,774	6,323,370	8,326,429	6,121,275
Other non-current liabilities		64,268	965,927	-	-
Total non-current liabilities		8,679,042	119,024,352	8,326,429	116,497,801
Total liabilities		862,690,320	970,993,391	830,657,415	948,617,949
Shareholders' equity					
Share capital					
Registered					
1,380,000,000 ordinary shares of Baht 0.25 each		345,000,000	345,000,000	345,000,000	345,000,000
Issued and paid-up					
1,380,000,000 ordinary shares of Baht 0.25 each	24	345,000,000	345,000,000	345,000,000	345,000,000
Premium on ordinary shares	24	1,315,440,000	1,315,440,000	1,315,440,000	1,315,440,000
Retained earnings					
Appropriated					
Statutory reserve - the Company	25	34,500,000	34,500,000	34,500,000	34,500,000
Statutory reserve - subsidiary		282,249	282,249	-	-
Unappropriated		523,396,920	148,648,967	520,291,640	178,617,770
Other components of shareholders' equity		2,968,658	-	2,968,658	-
Total shareholders' equity		2,221,587,827	1,843,871,216	2,218,200,298	1,873,557,770
Total liabilities and shareholders' equity		3,084,278,147	2,814,864,607	3,048,857,713	2,822,175,719

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

Statement of comprehensive income

For the year ended 31 December 2016

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales		4,705,338,515	3,499,748,289	4,573,950,546	3,430,272,098
Other income		24,046,504	15,525,279	27,190,080	19,972,501
Total revenues		4,729,385,019	3,515,273,568	4,601,140,626	3,450,244,599
Expenses					
Cost of sales		3,018,758,152	2,259,497,264	2,968,953,507	2,236,443,896
Selling expenses		469,940,417	528,187,969	446,426,028	506,618,176
Administrative expenses		255,031,579	215,672,456	242,408,586	199,642,719
Total expenses		3,743,730,148	3,003,357,689	3,657,788,121	2,942,704,791
Profit before finance cost and income tax expenses		985,654,871	511,915,879	943,352,505	507,539,808
Finance cost		(6,543,228)	(16,718,614)	(5,845,059)	(16,322,717)
Profit before income tax expenses		979,111,643	495,197,265	937,507,446	491,217,091
Income tax expenses	27	(197,263,962)	(98,249,068)	(188,733,848)	(101,135,385)
Profit for the year		781,847,681	396,948,197	748,773,598	390,081,706
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Unrealised gains on revaluation of available-for-sale investments, net of income tax	7	2,968,658	-	2,968,658	-
Other comprehensive income for the year		2,968,658	-	2,968,658	-
Total comprehensive income for the year		784,816,339	396,948,197	751,742,256	390,081,706
Earnings per share	29				
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.57	0.38	0.54	0.37
Weighted average number of ordinary shares (share)		1,380,000,000	1,051,561,644	1,380,000,000	1,051,561,644

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

Statement of cash flows

For the year ended 31 December 2016

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	979,111,643	495,197,265	937,507,446	491,217,091
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	70,294,471	72,244,666	65,812,690	66,144,776
Write-off equipment	114,545	5,078,084	114,545	812,534
Amortisation of premium (discount) from forward exchange contracts	153,484	(172,765)	153,484	(172,765)
Allowance for doubtful accounts	1,248,156	2,921,343	275,224	2,921,343
Reduction of cost of inventories to net realisable value (reversal)	(7,892,802)	13,654,891	(6,765,452)	12,757,728
Loss (gain) on sales of equipment	421,752	(587,789)	507,442	(1,066,263)
Loss on impairment of assets	19,303,450	-	14,062,832	-
Reversal of allowance for impairment of deposit	(680,000)	-	(680,000)	-
Unrealised loss on exchange rate	91,411	710,882	91,411	710,882
Gain on sales of available-for-sale investments	(1,912,261)	-	(1,912,261)	-
Provision for long-term employee benefits	2,291,404	2,732,501	2,205,154	2,655,843
Reversal of provision for litigation	(4,370,274)	-	(4,370,274)	-
Interest income	(8,396,024)	(1,068,463)	(8,186,704)	(957,101)
Interest expense	4,653,896	15,527,806	4,552,755	15,363,204
Profit from operating activities before changes in operating assets and liabilities	1,054,432,851	606,238,421	1,003,368,292	590,387,272
Operating assets (increase) decrease				
Trade and other receivables	(74,560,683)	47,484,361	(48,433,225)	50,897,287
Inventories	(240,233,117)	17,025,445	(238,890,927)	14,386,355
Other current assets	(71,222,866)	(13,862,881)	(70,908,066)	(14,132,192)
Other non-current assets	(2,083,301)	(1,634,541)	1,368,385	(3,205,540)
Operating liabilities increase (decrease)				
Trade and other payables	105,188,134	(5,185,711)	95,486,196	(11,118,625)
Other current liabilities	6,162,086	12,354,903	6,265,008	12,104,818
Other non-current liabilities	(815,969)	-	-	-
Cash flows from operating activities	776,867,135	662,419,997	748,255,663	639,319,375
Cash paid for long-term employee benefits	-	(273,600)	-	(273,600)
Cash paid for income tax	(154,033,666)	(66,099,913)	(150,230,075)	(65,657,943)
Net cash from operating activities	622,833,469	596,046,484	598,025,588	573,387,832

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

Statement of cash flows (continued)

For the year ended 31 December 2016

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	36,298,592	(374,437)	36,298,592	(374,437)
Increase in advance payments for purchases of assets	(79,224,996)	(81,970,951)	(78,697,296)	(81,346,037)
Acquisitions of property, plant and equipment	(348,645,339)	(149,960,718)	(343,465,554)	(148,697,652)
Acquisitions of intangible assets	(248,169)	(3,226,200)	(171,271)	(3,226,200)
Proceeds from sales of equipment	5,162	3,429,228	5,162	3,358,308
Acquisitions of available-for-sale and held-to-maturity investments	(1,260,000,000)	-	(1,260,000,000)	-
Proceeds from sales of available-for-sale investments	330,000,000	-	330,000,000	-
Proceeds from redemption of held-to-maturity investments	180,000,000	-	180,000,000	-
Interest received	4,066,885	1,157,732	3,857,565	1,046,370
Net cash used in investing activities	(1,137,747,865)	(230,945,346)	(1,132,172,802)	(229,239,648)
Cash flows from financing activities				
Decrease in short-term loans from banks	(152,557,981)	(25,005,776)	(152,557,981)	(25,005,776)
Decrease in other short-term loans	-	(50,000,000)	-	(50,000,000)
Cash receipt from long-term loans	-	112,447,928	-	112,447,928
Repayment of long-term loans	(67,127,928)	(41,903,459)	(67,127,928)	(41,903,459)
Repayment of liabilities under finance lease agreements	(18,195,271)	(23,941,912)	(16,745,269)	(22,491,910)
Proceeds from increase in share capital	-	1,440,000,000	-	1,440,000,000
Cash paid for direct costs related to the share offering	-	(43,200,000)	-	(43,200,000)
Dividend paid	(406,968,905)	(311,100,000)	(406,968,905)	(311,100,000)
Interest paid	(7,861,867)	(14,889,162)	(7,861,867)	(14,889,162)
Net cash from (used in) financing activities	(652,711,952)	1,042,407,619	(651,261,950)	1,043,857,621
Net increase (decrease) in cash and cash equivalents	(1,167,626,348)	1,407,508,757	(1,185,409,164)	1,388,005,805
Cash and cash equivalents at beginning of year	1,475,572,154	68,063,397	1,439,244,109	51,238,304
Cash and cash equivalents at end of year	307,945,806	1,475,572,154	253,834,945	1,439,244,109
Supplemental cash flows information				
Non-cash transactions				
Acquisitions of equipment under finance lease agreements	-	2,000,000	-	2,000,000
Increase (decrease) in other payables for purchases of assets	(24,057,628)	29,225,431	(24,139,837)	28,686,965
Transfer advance payments for purchases of assets to equipment	90,443,890	53,891,688	90,343,890	53,366,774
Interest expense capitalised as cost of assets	4,207,125	1,655,592	4,207,125	1,655,592
Unrealised gain on revaluation of available-for-sale investments	3,710,823	-	3,710,823	-
Dividend payables	130,823	-	130,823	-

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

Statement of changes in shareholders' equity

For the year ended 31 December 2016

Taakaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

Consolidated financial statements									
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity		Total shareholders' equity	
				Appropriated - statutory reserve	Subsidiary	Unappropriated	Surplus on revaluation of available-for-sale investments		
Balance as at 1 January 2015			-	30,000,000	282,249	67,300,770	-	352,583,019	
Profit for the year		-	-	-	-	396,948,197	-	396,948,197	
Other comprehensive income for the year		-	-	-	-	-	-	-	
Total comprehensive income for the year		-	-	-	-	396,948,197	-	396,948,197	
Increase share capital	24	90,000,000	1,315,440,000	-	-	-	-	1,405,440,000	
Dividend paid	32	-	-	-	-	(311,100,000)	-	(311,100,000)	
Transferred unappropriated retained earnings to statutory reserve	25	-	-	4,500,000	-	(4,500,000)	-	-	
Balance as at 31 December 2015			1,315,440,000	34,500,000	282,249	148,648,967	-	1,843,871,216	
Balance as at 1 January 2016			1,315,440,000	34,500,000	282,249	148,648,967	-	1,843,871,216	
Profit for the year		-	-	-	-	781,847,681	-	781,847,681	
Other comprehensive income for the year		-	-	-	-	-	2,968,658	2,968,658	
Total comprehensive income for the year		-	-	-	-	781,847,681	2,968,658	784,816,339	
Dividend paid	32	-	-	-	-	(407,099,728)	-	(407,099,728)	
Balance as at 31 December 2016			1,315,440,000	34,500,000	282,249	523,396,920	2,968,658	2,221,587,827	

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

Taakaenoi Food & Marketing Public Company Limited and its subsidiaries

Separate financial statements								(Unit: Baht)
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Surplus on revaluation of available-for-sale investments	Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2015		255,000,000	-	30,000,000	104,136,064	-	389,136,064	
Profit for the year		-	-	-	390,081,706	-	390,081,706	
Other comprehensive income for the year		-	-	-	-	-	-	
Total comprehensive income for the year		-	-	-	390,081,706	-	390,081,706	
Increase share capital	24	90,000,000	1,315,440,000	-	-	-	1,405,440,000	
Dividend paid	32	-	-	-	(311,100,000)	-	(311,100,000)	
Transferred unappropriated retained earnings to statutory reserve	25	-	-	4,500,000	(4,500,000)	-	-	
Balance as at 31 December 2015		345,000,000	1,315,440,000	34,500,000	178,617,770	-	1,873,557,770	
Balance as at 1 January 2016		345,000,000	1,315,440,000	34,500,000	178,617,770	-	1,873,557,770	
Profit for the year		-	-	-	748,773,598	-	748,773,598	
Other comprehensive income for the year		-	-	-	-	2,968,658	2,968,658	
Total comprehensive income for the year		-	-	-	748,773,598	2,968,658	751,742,256	
Dividend paid	32	-	-	-	(407,099,728)	-	(407,099,728)	
Balance as at 31 December 2016		345,000,000	1,315,440,000	34,500,000	520,291,640	2,968,658	2,218,200,298	

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

Notes to consolidated financial statements

For the year ended 31 December 2016

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

1. General information

Taokaenoi Food & Marketing Public Company Limited is a public limited company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of fried, grilled, baked and snack seaweed. The registered office of the Company, which is its head office, is at 12/1 Moo 4, Tambon Na Mai, Amphur Lad Lum Kaew, Pathumthani.

As at 31 December 2016, the Group has 15 branches (2015: 12 branches) (the Company only: 6 branches (2015: 6 branches)).

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Taokaenoi Food & Marketing Public Company Limited (“the Company”) and the following subsidiaries incorporated in Thailand (hereinafter called as “the Group”).

Company's name	Nature of business	Percentage of Shareholding	
		2016	2015
Taokaenoi Restaurant & Franchise Company Limited	Distribution of snacks and souvenirs	100	100
Want More Industry Company Limited	Distribution of snacks	100	100
NCP Trading & Supply Company Limited	Manufacture and distribution of seasoning powder	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same accounting period and significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial

Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Group believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting goods returned, discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividend

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost and net realisable value. The cost of inventories is measured using the standards cost method, which approximates actual cost under the first-in, first-out method and includes raw material costs, labour cost and attributable factory overheads.

Merchandise inventories, raw materials, ingredient, packing materials and spare parts and supplies are valued at the lower of cost under the first-in, first-out method and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- (a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- (b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. Debt securities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity.
- (c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of debt securities is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less allowance for loss on impairment (if any).

On disposal of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment / Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives.

Land improvement	9 years
Buildings and building improvement	20 years and based on remaining period of land leases for those acquired since 2015
Machinery and equipment	5 years and 10 years
Furniture and office equipment	3 years and 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The

amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite useful lives consist of computer software applications, which have useful lives of 5 years and 10 years.

The Group does not amortise intangible assets with indefinite useful lives, which consist of trademarks. However, they are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance lease is depreciated over the useful life of the asset.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease period.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Group elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over up to five years from the date of adoption.

4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

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

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealised gains and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

4.18 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows.

Leases

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

Reduce inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and

estimates the expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property, plant and equipment / Depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and records impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Cash	1,421	830	175	150
Current and savings accounts	306,525	1,474,043	253,660	1,438,395
Fixed deposits	-	699	-	699
Total	307,946	1,475,572	253,835	1,439,244

As at 31 December 2016, bank deposits in savings accounts and fixed deposits of the Group are carrying interests between 0.1% and 1.0% per annum (2015: between 0.125% and 0.9% per annum). The Company only: between 0.1% and 1.0% per annum (2015: between 0.125% and 0.9% per annum).

7. Current investments

As at 31 December 2016, the balances of current investments are as follows.

(Unit: Thousand Baht)

	Consolidated/ financial statements
	2016
Investments in available-for-sale securities	
Unit trusts (fixed income fund) - cost	451,912
Add: Change in value of investments	3,711
Investment in available-for-sale securities - fair value	455,623
Held-to-maturity investments	
Private debt instruments - bills of exchange	49,883
12-month fixed deposits	250,000
Total held-to-maturity investments	299,883
Total current investments	755,506

For the year ended 31 December 2016, the Company has unrealised gain on revaluation of available-for-sale securities net of tax that recognise in other comprehensive income, amounting to Baht 3 million.

As at 31 December 2016, fixed deposits of the Company carry interest at a rate of 2.0% per annum.

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	-	17	7,023	16,989
Past due				
1 - 90 days	-	-	8,510	25,057
Total trade receivables - related parties	-	17	15,533	42,046

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	376,212	344,612	374,409	340,793
Past due				
1 - 90 days	102,263	67,835	101,063	65,612
91 - 180 days	2,671	3,703	239	3,703
181 - 270 days	-	1,073	-	1,073
Over 271 days	3,942	1,689	3,715	1,463
Total trade receivables - unrelated parties	485,088	418,912	479,426	412,644
Total trade receivables	485,088	418,929	494,959	454,690
Less: Allowance for doubtful accounts	(5,074)	(3,755)	(3,875)	(3,529)
Trade receivables - net	480,014	415,174	491,084	451,161
Other receivables				
Interest receivables - unrelated parties	4,589	144	4,589	143
Accrued income - unrelated parties	4,108	-	4,108	-
Other receivables - related parties	-	7	432	864
Other receivables - unrelated parties	2,259	2,481	2,044	2,080
Total other receivables - net	10,956	2,632	11,173	3,087
Trade and other receivables - net	490,970	417,806	502,257	454,248

9. Related party transactions

The relationship between the Company and related parties are summarised below.

Name	Relationship
Taokaenoi Restaurant & Franchise Company Limited	Subsidiary
Want More Industry Company Limited	Subsidiary
NCP Trading & Supply Company Limited	Subsidiary
Dr. Tobi Company Limited	Common shareholder / directors
Gen C Inspire Corporation Company Limited	Common shareholder / directors
Chubcheeva Company Limited	Common shareholder / director
Tokyo Runway Marketing Company Limited	Common shareholder / director

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	<u>financial statements</u>		<u>financial statements</u>		
	2016	2015	2016	2015	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Sales	-	-	90.7	85.7	Cost plus margin at 15% - 45% depending on purchase volume and product types
Accounting and financing service income	-	-	3.3	3.3	Actual cost plus margin
Service and utilities charge income	-	-	1.5	1.5	Rate stipulated in agreement
Purchases of goods	-	-	173.0	123.7	Cost plus margin at 5% - 15% depending on product types
Sale promotion expenses	-	-	0.2	6.6	Rate stipulated in agreement
Transactions with related parties					
Sales	-	0.1	-	0.1	Cost plus margin averaging around 50%
Accounting and financing service income	-	0.2	-	0.2	Actual cost plus margin
Purchases of goods	2.1	0.5	1.5	0.5	Cost plus margin at 35% - 70% depending on product types
Purchases of assets	1.0	2.2	1.0	2.2	Price stipulated in agreement/ Close to market price
Rental expense	1.9	2.0	0.4	0.4	Rate stipulated in agreement
Other expenses	1.8	0.4	1.8	0.4	Cost plus margin

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade and other receivables - related parties (Note 8)				
<i>Trade receivables - related parties</i>				
Subsidiaries	-	-	15,533	42,046
Related company	-	17	-	-
Total	-	17	15,533	42,046
<i>Other receivables - related parties</i>				
Subsidiaries	-	-	432	864
Related company	-	7	-	-
Total	-	7	432	864
Trade and other payables - related parties (Note 19)				
<i>Trade payables - related parties</i>				
Subsidiaries	-	-	14,086	13,085
Related company	90	9	-	-
Total	90	9	14,086	13,085
<i>Accrued expenses - related parties</i>				
Subsidiaries	-	-	144	241
Related company and persons	17	511	-	511
Total	17	511	144	752
<i>Other payables for purchases of assets - related party</i>				
Related person	1,000	-	1,000	-
Total	1,000	-	1,000	-

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	34.6	30.0	32.6	28.3
Post-employment benefits	2.1	2.0	2.1	2.0
Total	36.7	32.0	34.7	30.3

Guarantee obligation by directors

As at 31 December 2015, the Company's directors had guaranteed the Company's short-term loans from banks without charging guarantee fee (2016: none).

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
Reduce cost to net						
	<u>Cost</u>		<u>realisable value</u>		<u>Inventories - net</u>	
	2016	2015	2016	2015	2016	2015
Finished goods	53,102	35,447	(939)	(1,424)	52,163	34,023
Work in process	13,749	5,880	-	(2,512)	13,749	3,368
Raw materials and ingredient	329,152	116,213	(535)	(1,958)	328,617	114,255
Packing material	55,094	53,844	(8,592)	(12,064)	46,502	41,780
Spare parts and supplies	2,408	2,700	-	-	2,408	2,700
Raw materials in transit	2,006	1,193	-	-	2,006	1,193
Total	455,511	215,277	(10,066)	(17,958)	445,445	197,319

(Unit: Thousand Baht)

Separate financial statements						
Reduce cost to net						
	<u>Cost</u>		<u>realisable value</u>		<u>Inventories - net</u>	
	2016	2015	2016	2015	2016	2015
Finished goods	45,620	30,575	(874)	(1,304)	44,746	29,271
Work in process	13,749	5,880	-	(2,513)	13,749	3,367
Raw materials and ingredient	325,745	111,658	(503)	(1,379)	325,242	110,279
Packing material	54,468	53,216	(8,592)	(11,539)	45,876	41,677
Spare parts and supplies	1,862	2,037	-	-	1,862	2,037
Raw materials in transit	2,006	1,193	-	-	2,006	1,193
Total	443,450	204,559	(9,969)	(16,735)	433,481	187,824

Movements in the allowance to reduce cost of inventories to net realisable value account for the years ended 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Balance at beginning of year	17,958	4,303	16,735	3,977
Add: Reduction of cost of inventories to net realisable value	8,173	35,216	8,092	34,319
Less: Reversal due to destruction during the year	(16,065)	(21,516)	(14,858)	(21,561)
Balance at the end of year	10,066	17,958	9,969	16,735

Movements in the allowance to reduce cost of inventories to net realisable value account were included in cost of sales.

11. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Value added tax refundable	33,634	21,974	33,137	21,465
Advances for purchases of raw materials	61,167	1,860	61,167	1,859
Prepaid expenses	12,311	7,494	11,823	7,334
Others	248	136	248	136
Total	107,360	31,464	106,375	30,794

12. Restricted bank deposits

Balance as at 31 December 2016 represents a fixed deposit pledged with a bank to guarantee electricity use.

Balance as at 31 December 2015 represented savings and fixed deposits pledged with banks to secure credit facilities.

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows.

(Unit: Thousand Baht)

Company's name	<u>Paid-up capital</u>		<u>Shareholding percentage</u>		<u>Cost</u>	
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
Taokaenoi Restaurant & Franchise						
Company Limited	35,000	35,000	100	100	35,000	35,000
Want More Industry Company Limited	5,000	5,000	100	100	4,543	4,543
NCP Trading & Supply Company Limited	1,000	1,000	100	100	491	491
Total					40,034	40,034

For the years ended 31 December 2016 and 2015, no dividend income was received from the above subsidiaries.

14. Investment property

In 2015, the Company assessed the fair value of the investment property, which consisted of land, by reference to appraisal report from an accredited independent valuer. The fair value of the land was Baht 42.1 million on the basis of market price.

The Company had pledged the investment property with net book values as at 31 December 2015 amounting to Baht 36.2 million as collateral to secure long-term loan received from a bank. The Company redeemed the pledged asset on 15 March 2016.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and improvement	Buildings and improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost							
1 January 2015	76,504	124,226	296,571	78,684	24,132	44,912	645,029
Additions	5,400	65	5,615	7,988	9,115	206,894	235,077
Disposals/write-off	-	-	(21,464)	(14,834)	(6,225)	-	(42,523)
Capitalised interest	-	-	-	-	-	1,656	1,656
Transfer in (out)	-	44,615	33,600	6,269	-	(84,484)	-
31 December 2015	81,904	168,906	314,322	78,107	27,022	168,978	839,239
Additions	12,410	-	1,216	10,231	5,092	387,081	416,030
Disposals/write-off	-	-	(411)	(856)	-	-	(1,267)
Capitalised interest	-	-	-	-	-	4,207	4,207
Transfer in (out)	-	31,869	20,928	3,374	-	(56,171)	-
31 December 2016	94,314	200,775	336,055	90,856	32,114	504,095	1,258,209
Accumulated depreciation							
1 January 2015	762	13,565	190,283	39,242	9,851	-	253,703
Depreciation for the year	223	8,890	41,404	14,970	4,865	-	70,352
Depreciation on disposals/write-off	-	-	(20,902)	(9,602)	(3,917)	-	(34,421)
31 December 2015	985	22,455	210,785	44,610	10,799	-	289,634
Depreciation for the year	223	17,034	31,422	14,075	5,616	-	68,370
Depreciation on disposals/write-off	-	-	(389)	(759)	-	-	(1,148)
31 December 2016	1,208	39,489	241,818	57,926	16,415	-	356,856
Allowance for impairment loss							
1 January 2015	-	-	-	-	-	-	-
31 December 2015	-	-	-	-	-	-	-
Increase during the year	-	-	19,142	161	-	-	19,303
31 December 2016	-	-	19,142	161	-	-	19,303
Net book value							
31 December 2015	80,919	146,451	103,537	33,497	16,223	168,978	549,605
31 December 2016	93,106	161,286	75,095	32,769	15,699	504,095	882,050
Depreciation for the years							
2015 (Baht 48.4 million included in manufacturing cost, and the balance in selling and administrative expenses)							70,352
2016 (Baht 46.8 million included in manufacturing cost, and the balance in selling and administrative expenses)							68,370

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	
Cost							
1 January 2015	76,504	123,112	286,495	56,233	23,783	44,912	611,039
Additions	5,400	65	5,160	6,117	9,115	206,894	232,751
Disposals/write-off	-	-	(21,464)	(3,756)	(6,225)	-	(31,445)
Capitalised interest	-	-	-	-	-	1,656	1,656
Transfer in (out)	-	44,615	33,600	6,269	-	(84,484)	-
31 December 2015	81,904	167,792	303,791	64,863	26,673	168,978	814,001
Additions	12,410	-	516	5,570	5,093	387,081	410,670
Disposals/write-off	-	-	(411)	(856)	-	-	(1,267)
Capitalised interest	-	-	-	-	-	4,207	4,207
Transfer in (out)	-	31,869	20,928	3,374	-	(56,171)	-
31 December 2016	94,314	199,661	324,824	72,951	31,766	504,095	1,227,611
Accumulated depreciation							
1 January 2015	762	13,334	188,981	28,867	9,796	-	241,740
Depreciation for the year	223	8,790	39,397	11,384	4,795	-	64,589
Depreciation on disposals/write-off	-	-	(20,902)	(3,423)	(3,917)	-	(28,242)
31 December 2015	985	22,124	207,476	36,828	10,674	-	278,087
Depreciation for the year	223	16,939	29,794	11,606	5,547	-	64,109
Depreciation on disposals/write-off	-	-	(389)	(759)	-	-	(1,148)
31 December 2016	1,208	39,063	236,881	47,675	16,221	-	341,048
Allowance for impairment loss							
1 January 2015	-	-	-	-	-	-	-
31 December 2015	-	-	-	-	-	-	-
Increase during the year	-	-	14,063	-	-	-	14,063
31 December 2016	-	-	14,063	-	-	-	14,063
Net book value							
31 December 2015	80,919	145,668	96,315	28,035	15,999	168,978	535,914
31 December 2016	93,106	160,598	73,880	25,276	15,545	504,095	872,500
Depreciation for the years							
2015 (Baht 48.1 million included in manufacturing cost, and the balance in selling and administrative expenses)							64,589
2016 (Baht 46.4 million included in manufacturing cost, and the balance in selling and administrative expenses)							64,109

As at 31 December 2016, the Company had an outstanding balance of factory under construction amounting to Baht 402.9 million (2015: Baht 129.4 million). The construction has been financed with

long-term loans from banks. Borrowing costs amounting to Baht 4.2 million were capitalised as cost of assets during the year ended 31 December 2016 (2015: Baht 1.6 million). The weighted average rate of 3.89% has been used to determine the amount of borrowing costs eligible for capitalisation (2015: 4.10%).

As at 31 December 2016, the Group had machineries and vehicles under finance lease agreements with net book values amounting to Baht 2.4 million (2015: Baht 23.9 million) (the Company only: none (2015: Baht 20.7 million)).

As at 31 December 2016, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 173.8 million (2015: Baht 118.5 million) (the Company only: Baht 167.5 million (2015: Baht 115.3 million)).

As at 31 December 2016, the Company had buildings and structures located on leased land with net book values amounting to Baht 97.0 million (2015: Baht 78.8 million). Under the land lease agreements, the Company has to transfer ownership of the buildings and structures to the lessors when the agreements are terminated.

The Company has pledged land with structures with net book values as at 31 December 2016 amounting to Baht 494.6 million (2015: Baht 259.1 million) as collateral against long-term loans received from a bank.

16. Intangible assets

The net book values of intangible assets as at 31 December 2016 and 2015 are presented below.

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		
	Computer software	Trademarks	Total
31 December 2016			
Cost	18,683	1,000	19,683
Less: Accumulated amortisation	(9,736)	-	(9,736)
Net book value	8,947	1,000	9,947
31 December 2015			
Cost	18,435	-	18,435
Less: Accumulated amortisation	(7,812)	-	(7,812)
Net book value	10,623	-	10,623

(Unit: Thousand Baht)

	<u>Separate financial statements</u>		
	Computer software	Trademarks	Total
31 December 2016			
Cost	16,521	1,000	17,521
Less: Accumulated amortisation	(7,722)	-	(7,722)
Net book value	8,799	1,000	9,799
31 December 2015			
Cost	16,350	-	16,350
Less: Accumulated amortisation	(6,018)	-	(6,018)
Net book value	10,332	-	10,332

A reconciliation of the net book values of intangible assets for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	2016	2015	2016	2015
Net book value at beginning of year	10,623	9,290	10,332	8,661
Acquisitions of computer software	248	3,226	171	3,226
Acquisitions of trademarks	1,000	-	1,000	-
Amortisation	(1,924)	(1,893)	(1,704)	(1,555)
Net book value at end of year	9,947	10,623	9,799	10,332

The trademarks have been granted for a minimum of 10 years with option to renew at the end of the period at no cost to the Company. The Company therefore determined that these assets have an indefinite useful life.

17. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Deposits and guarantees	9,646	6,262	1,808	1,861
Advances for purchases of assets	23,269	34,488	22,741	34,388
Others	1,752	2,880	1,707	2,849
Total	34,667	43,630	26,256	39,098

18. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated/Separate	
			<u>financial statements</u>	
	2016	2015	2016	2015
Promissory notes	-	3.00 - 3.10	-	152,475
Trust receipts	1.95 - 2.58	2.00 - 3.30	112,367	112,226
Total			112,367	264,701

As at 31 December 2015, short-term loans from banks were secured by the Company's directors, savings and fixed deposits and land with structures of the Company's directors (2016: none).

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Trade payables - related parties	90	9	14,086	13,085
Trade payables - unrelated parties	340,125	245,818	302,910	220,257
Accrued expenses - related parties	17	511	144	752
Accrued expenses - unrelated parties	201,223	189,910	198,274	185,816
Other payables for purchases of assets - related party	1,000	-	1,000	-
Other payables for purchases of assets - unrelated parties	16,610	39,668	15,953	39,093
Total	559,065	475,916	532,367	459,003

20. Long-term loans

(Unit: Thousand Baht)

			Consolidated/Separate financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	2016	2015
Secured loan	MLR-2.75	2016: monthly with installments of Baht 4.7 million commencing from November 2016 to September 2017 and last repayment Baht 3.2 million (2015: monthly with installments of Baht 4.7 million commencing from October 2016 to September 2017)	45,320	112,448
Total			45,320	112,448
Less: Portion due within one year			(45,320)	(14,056)
Portion due more than one year			-	98,392

In November 2016, the Company made early repayment of Baht 62.4 million prior to the due dates stipulated in the agreement and entered into a memorandum amending the repayment schedule for the remaining loan.

The loan agreement contains covenants pertaining to matters including the maintenance of the shareholding of the major shareholders and certain financial ratios stipulated in the agreement, such as debt to equity and debt service coverage ratios.

As at 31 December 2016, the Company has undrawn credit facility granted under the secured long-term loan agreement amounting to Baht 287.6 million (2015: Baht 287.6 million).

21. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	1,392	19,587	-	16,745
Less: Deferred interest expenses	(34)	(1,259)	-	(1,124)
Total	1,358	18,328	-	15,621
Less: Portion due within one year	(1,358)	(4,985)	-	(3,636)
Portion due more than one year	-	13,343	-	11,985

The Group entered into finance lease agreements with leasing companies for rental of machineries and vehicles for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

During 2016 and 2015, the Company fully settled liabilities under a number of finance lease agreements prior to the due dates stipulated in the agreements, together with the related finance fees charged by lessors for such repayments.

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Payables to the Revenue Department	3,720	5,203	3,255	4,848
Provision for litigation cases	-	6,231	-	6,231
Advances received from customers	5,235	7,123	5,235	6,866
Retention payable	17,350	6,111	17,350	6,111
Others	926	897	805	821
Total	27,231	25,565	26,645	24,877

23. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2016 and 2015, which represents compensation payable to employees after they retire, was as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Provision for long-term employee benefits at end of year	6,323	4,611	6,121	4,476
Current service cost	2,083	1,843	2,003	1,780
Interest cost	209	143	202	139
Benefits paid during the year	-	(274)	-	(274)
Provision for long-term employee benefits at end of year	8,615	6,323	8,326	6,121

Long-term employee benefit expenses included in the profit or loss consist of the following.

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Current service cost	2,083	1,843	2,003	1,780
Interest cost	209	143	202	139
Transitional liability recognised during the year	-	747	-	737
Total	2,292	2,733	2,205	2,656
Line items in profit or loss under which such expenses are included				
Cost of sales	1,393	1,788	1,346	1,738
Selling and administrative expenses	889	945	859	918
Total	2,292	2,733	2,205	2,656

As at 31 December 2016, the Group expects to pay Baht 119 thousand of long-term employee benefits during the next year (2015: Baht 50 thousand) (the Company only: Baht 119 thousand (2015: Baht 50 thousand)).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 27.2 years (2015: 27.2 years) (the Company only: 26.9 years (2015: 26.9 years)).

Significant actuarial assumptions are summarised below.

	Consolidated/Separate	
	<u>financial statements</u>	
	2016	2015
	<i>(% per annum)</i>	<i>(% per annum)</i>
Discount rate	3.3	3.3
Salary increase rate	3.5 and 6.0	3.5 and 6.0
Staff turnover rate		
Daily employee	0 to 40	0 to 40
Monthly employee	0 to 30	0 to 30

The result of sensitivity analysis for significant assumptions that affect to increase (decrease) in the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statement</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Discount rate				
Increase by 1%	(757)	(615)	(727)	(593)
Decrease by 1%	876	716	839	689
Salary increase rate				
Increase by 1%	1,022	759	980	730
Decrease by 1%	(893)	(662)	(859)	(638)
Staff turnover rate				
Increase by 20% of base in each age	(1,757)	(1,338)	(1,690)	(1,290)
Decrease by 20% of base in each age	2,683	2,056	2,562	1,969

24. Share capital

- a) In July 2015, the Company registered the decrease and the increase of its registered share capital with the Ministry of Commerce in accordance with the resolutions approved by the Extraordinary General Meeting of the Company's shareholders held on 30 June 2015, as detailed below.
 - A decrease in the Company's registered share capital from Baht 300 million (300 million ordinary shares of Baht 1 each) to Baht 255 million (255 million ordinary shares of Baht 1 each).
 - An increase in the Company's registered share capital from Baht 255 million (255 million ordinary shares of Baht 1 each) to Baht 345 million (345 million ordinary shares of Baht 1 each) through the issue of 90 million ordinary shares, with a par value of Baht 1 each.
- b) In September 2015, the Company registered a change in the par value of its ordinary shares with the Ministry of Commerce, in accordance with the resolution passed by the Extraordinary General Meeting of the Company's shareholders held on 3 September 2015 to approve a change in the par value from Baht 1 per share to Baht 0.25 per share, such that the Company's registered share capital of Baht 345 million would comprise 1,380 million ordinary shares with a par value of Baht 0.25 each and the Company's issued and paid-up share capital of Baht 255 million would comprise 1,020 million ordinary shares at par value of Baht 0.25 each.
- c) During 25 to 27 November 2015, the Company made an initial public offering of 360 million additional ordinary shares at a price of Baht 4 per share, received full settlement of the additional

share capital on 30 November 2015. Direct costs attributable to the share offering net of income tax, amounting to Baht 34.6 million, are presented as a deduction from the premium on ordinary shares. The Company registered the increase in its paid-up capital with the Ministry of Commerce on 30 November 2015.

The Stock Exchange of Thailand (SET) has approved the listing of the ordinary shares of the Company as securities on the SET, to be traded from 3 December 2015.

25. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

Pursuant to Section 1202 of the Thai Civil and Commercial Code, the subsidiaries are required to set aside a statutory reserve at least 5% of their profit each time the subsidiaries pay out a dividend, until the reserve reaches 10% of their registered share capital. The statutory reserve is not available for dividend distribution.

26. Expenses by nature

Significant expenses by nature are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
Salary, wages and other employee benefits	694,797	585,613	671,742	562,350
Depreciation and amortisation	70,924	72,245	65,813	66,145
Rental expenses from operating lease agreements	36,565	24,715	24,927	21,317
Transportation expenses	75,248	64,832	75,134	64,713
Utilities and energy expenses	43,863	37,410	43,329	36,731
Sale promotion and marketing expenses	293,587	352,057	293,473	357,513
Raw materials and consumables used	2,356,343	1,681,431	2,354,867	1,680,787
Purchases of merchandise goods	72,359	27,331	-	-
Changes in inventories of finished goods and work in process	(25,524)	15,855	(22,914)	12,340

27. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current income tax				
Current income tax charge	195,847	106,345	189,903	105,145
Deferred tax				
Relating to origination and reversal of temporary differences	1,417	(8,096)	(1,169)	(4,010)
Income tax expenses reported in the statements				
of comprehensive income	197,264	98,249	188,734	101,135

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax relating to unrealised gain on revaluation of				
available-for-sale investments	742	-	742	-

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	979,112	495,197	937,507	491,217
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	195,822	99,039	187,501	98,243
Deferred tax assets initially recognised during the year	-	(4,027)	-	-
Effects of:				
Non-deductible expenses	2,805	4,365	2,797	3,292
Additional expense deductions allowed	(2,074)	(398)	(2,069)	(398)
Others	711	(730)	505	(2)
Total	1,442	3,237	1,233	2,892
Income tax expenses reported in the statements				
of comprehensive income	197,264	98,249	188,734	101,135

The components of deferred tax assets and liability are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	1,032	918	792	873
Allowance for diminution in value of inventories	2,013	3,592	1,993	3,347
Allowance for loss on impairment of assets	3,861	-	2,813	-
Temporary differences of finance lease agreements	1,322	1,298	1,115	1,211
Provision for litigation cases	-	1,246	-	1,246
Provision for long-term employee benefits	1,723	1,265	1,665	1,224
Unused tax losses	-	3,741	-	-
Others	1,075	383	1,075	383
Total	11,026	12,443	9,453	8,284
Deferred tax liability				
Unrealised gain on revaluation of available-for-sale investments	742	-	742	-
Total	742	-	742	-
Deferred tax asset - net	10,284	12,443	8,711	8,284

As at 31 December 2016, a subsidiary has unused tax losses totaling Baht 2.0 million (2015: Baht 1.9 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses. The unused tax losses will gradually expire within the year 2021 (2015: year 2020).

28. Promotional privileges

The Company has received promotional privilege from the Board of Investment for the manufacture of seaweed products and snacks made from flour, under certain significant conditions. Significant privileges of the Company are as follows.

Promotional privileges for No.	Certificate no.			
	1433/2553	1514(2)/2554	2155(2)/2554	2103(2)/2557
1. Exemption from import duty on machinery as approved by the Board of Investment.	Granted (expired)	Granted (expired)	Granted (Not yet exercised)	Granted (expired)
2. Exemption from corporate income tax on net profit from the promoted operations.	-	8 years (Not yet exercised)	7 years (Not yet exercised)	8 years (Not yet exercised)

Promotional privileges for No.	Certificate no.			
	1433/2553	1514(2)/2554	2155(2)/2554	2103(2)/2557
3. Exemption from import duty on imported and essential raw materials used in manufacturing for export sales for a period of 1 year commencing as from the first importation date. However, the promotion period was extended.	Granted	Granted (Not yet exercised)	Granted (Not yet exercised)	Granted (Not yet exercised)
4. Exemption from import duty on items imported for re-export, for a period of 1 year commencing as from the first importation date. However, the promotion period was extended.	Granted	Granted (Not yet exercised)	Granted (Not yet exercised)	Granted (Not yet exercised)

29. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The Company adjusted the number of ordinary shares for the year ended 31 December 2015, in proportion to the change in the number of ordinary shares as a result of the change in par value from Baht 1 each to Baht 0.25 each, which was approved on 3 September 2015 by the Extraordinary General Meeting of the Company's shareholders, as described in Note 24 b) to financial statements, as if the share split had occurred at the beginning of the earliest period reported.

30. Segment information

Operating segment information is reported in a manner consistent with the internal reports of the Group that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and has 3 reportable segments as follows.

- 1) Snacks segment represents as a manufacture and distribution of fired, grilled, baked and snack seaweed in both domestic and export markets.
- 2) Retailer segment represents as a retailer of snack, food and beverage and franchises.
- 3) Seasoning powder segment represents as a manufacture and distribution of seasoning powder used for seaweed snack, whereby the Company is main target customer.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenues, profit, total assets and liabilities information regarding the Group's operating segments.

(Unit: Million Baht)

	2016					
	Snack segment	Retailer segment	Seasoning powder segment	Total segments	Eliminations	Consolidated
For the year ended 31 December 2016						
Revenues from external customers	4,483	222	-	4,705	-	4,705
Inter-segment revenues	91	2	171	264	(264)	-
Interest income	8	-	-	8	-	8
Interest expense	(5)	-	-	(5)	-	(5)
Depreciation and amortisation	(65)	(4)	(1)	(70)	-	(70)
Income tax expenses	(189)	(5)	(3)	(197)	-	(197)
Segment profit	749	22	11	782	-	782
As at 31 December 2016						
Segment total assets	3,051	62	43	3,156	(72)	3,084
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	323	(2)	2	323	-	323
Segment total liabilities	831	38	24	893	(30)	863

(Unit: Million Baht)

	2015					
	Seasoning					
	Snack segment	Retailer segment	powder segment	Total segments	Eliminations	Consolidated
For the year ended 31 December 2015						
Revenues from external customers	3,344	156	-	3,500	-	3,500
Inter-segment revenues	86	1	123	210	(210)	-
Interest income	1	-	-	1	-	1
Interest expense	(15)	-	-	(15)	-	(15)
Depreciation and amortisation	(66)	(5)	(1)	(72)	-	(72)
Income tax expenses	(101)	4	(1)	(98)	-	(98)
Segment profit	390	2	4	396	1	397
As at 31 December 2015						
Segment total assets	2,825	60	27	2,912	(97)	2,815
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	199	(10)	-	189	-	189
Segment total liabilities	949	58	20	1,027	(56)	971

The Group operates in Thailand only. As a result, all of the revenues, assets and liabilities as reflected in these consolidated financial statements pertain exclusively to this geographical reportable segment.

Revenues from external customers based on locations of the customers for the years ended 31 December 2016 and 2015 are as follows.

(Unit: Million Baht)

Country	2016	2015
Thailand	1,920	1,669
China	1,761	838
Indonesia	153	206
Malaysia	158	149
Hong Kong	120	110
Singapore	100	103
Taiwan	80	77
Others	413	348
Total	4,705	3,500

For the year 2016, the Company has revenues from 4 major customers in amount of Baht 2,811 million (2015: Baht 1,499 million derived from 3 major customers), arising from sales by the snack segment.

31. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its employees contribute to the fund monthly at the rate of 3% - 7% of basic salary. The fund, which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to Baht 6.9 million were recognised as expenses (2015: Baht 5.6 million).

32. Dividends

Dividends	Approved by	Shares (Thousand shares)	Dividend per share (Baht)	Total dividends (Thousand Baht)
Final dividend for the year 2015	Annual General Meeting of the Shareholders on 19 April 2016	1,380,000	0.105	144,900
Interim dividend for the year 2016	Board of Directors' meeting on 9 August 2016	1,380,000	0.19	262,200
Total for 2016				407,100
Final dividend for the year 2014	Annual General Meeting of the Shareholders on 24 March 2015	255,000	0.38	96,900
Interim dividend for the year 2015	Board of Directors' meeting on 7 August 2015	255,000	0.50	127,500
Interim dividend for the year 2015	Board of Directors' meeting on 6 November 2015	1,020,000	0.085	86,700
Total for 2015				311,100

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2016, the Group had capital commitments of Baht 35.0 million, USD 0.2 million and EUR 0.6 million (2015: Baht 134.1 million), relating to purchases of machinery and equipment and construction of factory buildings.

33.2 Commitments under operating lease and service agreements

The Group entered into several lease agreements in respect of the lease of land, building space and office, and several service agreements including marketing agreements. The terms of the agreements are generally between 1 and 18 years.

As at 31 December 2016 and 2015, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

Payable	Consolidated		Separate	
	<u>financial statements</u>		<u>financial statements</u>	
	2016	2015	2016	2015
In up to 1 year	52.8	28.1	43.3	21.0
In over 1 and up to 5 years	21.0	31.5	18.4	24.9
In over 5 years	14.9	18.0	14.9	18.0

33.3 Commitments under purchase of raw material agreement

The Company entered into the agreements to purchase raw materials from overseas suppliers, for period of delivery within 1 year, in quantities and at prices stipulated in the agreements. As at 31 December 2016, the Company had the commitment under these agreements of USD 2.6 million (2015: none).

33.4 Guarantees

As at 31 December 2016, there were outstanding bank guarantees of Baht 2.4 million (2015: Baht 3.2 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company. These included letters of guarantee to guarantee electricity use and others.

33.5 Litigations

- a) On 30 August 2013, a company filed a civil lawsuit against the Company for breach of factory lease agreements, claiming compensation for damages amounting to Baht 6.5 million, plus interest at a rate of 7.5% per annum from the date the lawsuit was filed until the payment is made, and additional damages at a monthly rate of Baht 50,000 per leased unit from the date the lawsuit was filed until the earliest of the date repair of the factories is completed or the aforementioned payment is made. On 8 May 2014, the Court set an appointment for compromise negotiations, and the Company offered to pay compensation amounting to Baht 1.5 million. However, the plaintiff requested the Company pay compensation of Baht 5.0 million in return for it withdrawing the lawsuit. As a result the lawsuit could not be finalised. The Company's management has assessed the circumstances and believes that the Company will incur losses not exceeding the amount requested by the plaintiff. The Company therefore recorded provision for compensation claim of Baht 5.0 million in the financial statements for the year 2014. On 30 September 2014, the Court ordered the Company to pay compensation totaling Baht 4.5 million to the plaintiff, plus interest at a rate of 7.5% per annum from the date the lawsuit was filed until the payment is made. However, on 17 December 2014, the

Company submitted a petition to appeal the verdict of the Appeals Court. In this regard, the Appeals Court ordered the Company to pay compensation totaling Baht 0.9 million to the plaintiff, plus interest at a rate of 7.5% per annum from the date the lawsuit was filed until compensation is paid. On 14 August 2015, the Company appealed the verdicts of the Civil Court and the Appeals Court to the Supreme Court. On 11 October 2016, the Supreme Court upheld the decision of the Appeals Court. The Company therefore paid the compensation of Baht 1.1 million on 25 October 2016.

- b) On 9 February 2016, a Japanese company filed a civil lawsuit against the Company with the Central Intellectual Property and International Trade Court for breach of a technical assistance agreement, claiming damages amounting to USD 150,000 plus interest at a rate of 7.5% per annum from the date the lawsuit was filed (or approximately Baht 5.5 million). On 2 May 2016, the Court dismissed the case since the plaintiff and the Company were bound by the rules of the arbitration clause stipulated in the agreement. As the plaintiff and the Company were bound to settle the dispute through the arbitration process at Singapore International Arbitration Centre, the case was ended. The Company's management believes that the plaintiff will appeal the Court's order to dismiss the case. However, the Company's management has assessed the circumstances and believes that the Company would not incur material losses. The Company therefore did not record any provision for compensation claims in the financial statements for the current year.
- c) On 17 February 2016, the Company and its three directors were sued by a company for breach of a website maintenance service agreement, claiming damages amounting to Baht 1.1 million plus interest at a rate of 15% per annum from the date the lawsuit was filed, totaling Baht 1.4 million. On 10 October 2016, the plaintiff submitted a petition to the Court to withdraw the case since the Company and its directors had already paid acceptable compensation to the plaintiff. The Court therefore dismissed the case.

34. Fair value hierarchy

As at 31 December 2016 and 2015, the Company had the assets that were measured or disclosed at fair value using different levels of inputs as follow.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	2016			
	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value				
Available-for-sale investment				
Unit trusts - fixed income fund	-	455,623	-	455,623
Financial asset which fair value is disclosed				
Investment property	-	42,110	-	42,110

	Consolidated/Separate financial statements			
	2015			
	Level 1	Level 2	Level 3	Total
Financial asset which fair value is disclosed				
Investment property	-	42,110	-	42,110

During the current year, there were no transfers within the fair value hierarchy.

35. Financial instruments

35.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, accounts receivable, accounts and loan payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to accounts receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of accounts receivable and loans as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks and interest-bearing loans. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the tables below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
2016						
	Fixed interest rates		Floating			
	Within	More than	interest	Non-interest		
	<u>1 year</u>	<u>1 - 5 years</u>	<u>rate</u>	<u>bearing</u>	<u>Total</u>	<u>Interest rate</u>
						(% per annum)
Financial assets						
Cash and cash equivalents	1	-	226	81	308	0.10 - 1.00
Current investments	300	-	-	456	756	2.00 - 2.20
Trade and other receivables	-	-	-	491	491	-
	301	-	226	1,028	1,555	
Financial liabilities						
Short-term loans from banks	112	-	-	-	112	1.95 - 2.58
Trade and other payables	-	-	-	559	559	-
Long-term loans	-	-	45	-	45	MLR-2.75
Liabilities under finance lease agreements	1	-	-	-	1	5.85
	113	-	45	559	717	

Consolidated financial statements						
2015						
	Fixed interest rates		Floating			
	Within	More than	interest	Non-interest		
	<u>1 year</u>	<u>1 - 5 years</u>	<u>rate</u>	<u>bearing</u>	<u>Total</u>	<u>Interest rate</u>
						(% per annum)
Financial assets						
Cash and cash equivalents	1	-	1,437	38	1,476	0.125 - 0.90
Trade and other receivables	-	-	-	418	418	-
Restricted bank deposits	37	-	-	-	37	0.25 - 1.30
	38	-	1,437	456	1,931	
Financial liabilities						
Short-term loans from banks	265	-	-	-	265	2.00 - 3.30
Trade and other payables	-	-	-	476	476	-
Long-term loans	-	-	112	-	112	MLR-2.75
Liabilities under finance lease agreements	5	13	-	-	18	4.47 - 5.85
	270	13	112	476	871	

(Unit: Million Baht)

Separate financial statements						
2016						
	Fixed interest rates		Floating		Total	Interest rate (% per annum)
	Within 1 year	More than 1 - 5 years	interest rate	Non-interest bearing		
Financial assets						
Cash and cash equivalents	1	-	173	80	254	0.10 - 1.00
Current investments	300	-	-	456	756	2.00 - 2.20
Trade and other receivables	-	-	-	502	502	-
	301	-	173	1,038	1,513	
Financial liabilities						
Short-term loans from banks	112	-	-	-	112	1.95 - 2.58
Trade and other payables	-	-	-	532	532	-
Long-term loans	-	-	45	-	45	MLR-2.75
	112	-	45	532	689	

Separate financial statements						
2015						
	Fixed interest rates		Floating		Total	Interest rate (% per annum)
	Within 1 year	More than 1 - 5 years	interest rate	Non-interest bearing		
Financial assets						
Cash and cash equivalents	1	-	1,401	37	1,439	0.125 - 0.90
Trade and other receivables	-	-	-	454	454	-
Restricted bank deposits	37	-	-	-	37	0.25 - 1.30
	38	-	1,401	491	1,930	
Financial liabilities						
Short-term loans from banks	265	-	-	-	265	2.00 - 3.30
Trade and other payables	-	-	-	459	459	-
Long-term loans	-	-	112	-	112	MLR-2.75
Liabilities under finance lease agreements	4	12	-	-	16	4.47 - 5.85
	269	12	112	459	852	

Foreign currency risk

The Group's exposures to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	<u>Consolidated/Separate financial statements</u>					
	<u>Financial assets</u>		<u>Financial liabilities</u>		<u>Average exchange rate</u>	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.3	1.2	6.3	2.4	35.83	36.09
Singapore dollar	1.7	1.5	0.6	0.9	24.80	25.52
Japanese yen	-	-	0.2	0.2	30.80	30.28

As at 31 December 2016 and 2015, the Company has forward exchange contracts outstanding are summarised below.

Foreign currency	<u>2016</u>		
	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.8	34.68 - 35.81	February - June 2017
Singapore dollar	0.9	24.77 - 25.10	March - June 2017

Foreign currency	<u>2015</u>		
	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.2	34.85 - 36.38	January - May 2016
Singapore dollar	0.8	25.29 - 25.41	April - June 2016

Foreign currency			
	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.6	35.62 - 36.14	January - April 2016

35.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature, loan payable bear interest rates which are close to the market rate, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

36. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.4:1 (2015: 0.5:1) (the Company only: 0.4:1 (2015: 0.5:1)).

37. Events after the reporting period

On 27 February 2017, a meeting of the Company's Board of Directors passed a resolution approving to propose that the Annual General Meeting of Shareholders to be held in April 2017 adopt a resolution to pay a dividend of Baht 0.30 per share, or a total of Baht 414.0 million, to the shareholders in respect of the 2016 profit. The dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.



NO.1 Seaweed Snack

Export to over 40 countries

Taokaenoi, the Crispy Seaweed is manufactured with the most state of the art technology and finest quality machinery. Our process can ensure the highest standard of hygiene and freshness, whilst preserve crispiness and natural taste. Packed full of goodness, you can have our seaweed anywhere, anytime, whether at play, at work, at movie or even you are traveling.

Taokaenoi, Crispy Seaweed can be consumed as a snack or as a supplement to your meals, with rice, in sandwiches, with soup, or on its own. It is simply irresistible. Let's enjoy our crispy seaweed together!



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