

TAO KAE NOI

Step into

15th

anniversary



2018 Annual Report

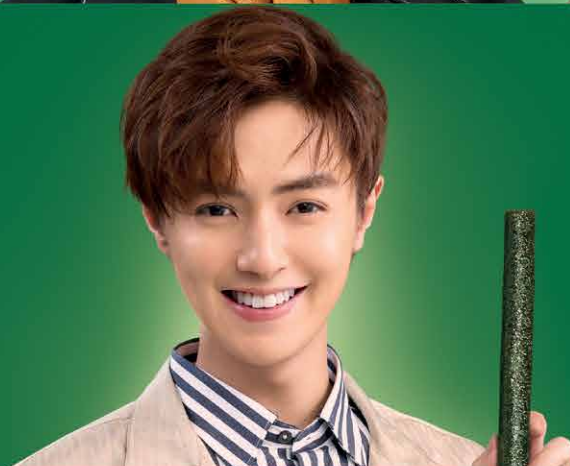
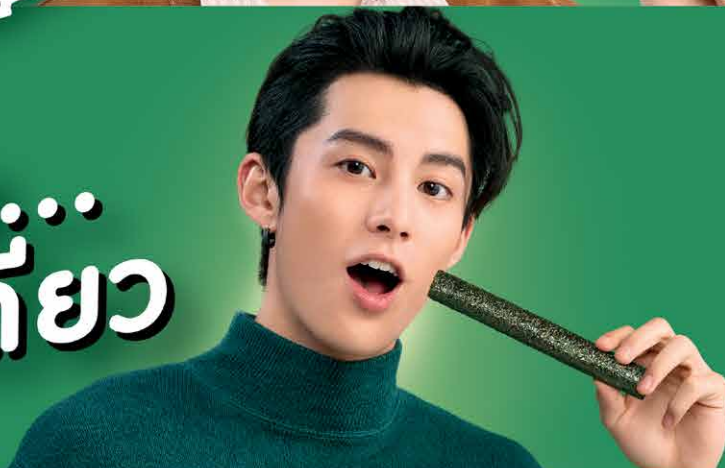
Taokaenoi Food & Marketing Public Company Limited



BIG ROLL



อร่อย...
มันดีมาก
ไม่จบ



บริษัท แก้มน้อย และออกทำฉลากเมื่อสุภาพ

Big Roll สำหรับช่างรอบซอสซิมซ่าน มันวนพอดิคำ



หมึก เต็มแผ่น ไข่เค็ม เต็มคำ

ปลาหมึกแผ่นปรุงรสไข่เค็ม
รสออริจินัล ตราถั่วถั่วน้อย กินเก็บ
Seasoned Squid with
Salted Egg Original Flavour
Taokaenoi Tinten Brand



TIN TEN

SEASONED SQUID

มีโปรตีน



รสออริจินัล Original Flavour
"Salted Egg"

คุณค่าทางโภชนาการ

พลังงาน	ไขมัน
120 กิโลแคลอรี	5 กรัม
*16%	*8%

*คิดเป็นร้อยละของปริมาณ

เพียงเลือกให้รสของปลาหมึก

กิน
เห็น

หมึกแผ่นเคลือบซอสไข่เค็ม

2004

Company Establishment

2008

Moved to current factory
Nopawong, Phatumthani

2006

Production line moved to
Bang Bua Thong, Nonthaburi

2010

Opened 1st shop of
“Taokaenoi Land”



2011

“The Billionaire”
Movie based on true story

2017

Start operation of 2nd factory
in Rojana, Ayutthaya

2015

Listed in the Stock
Exchange of Thailand (SET)

2018

Launched Nora Brand
in US Market





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Look What's
at 7-Eleven!
New Choices - Better Sol



Section 1

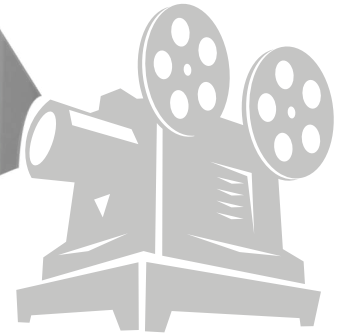
Business Operations

01

2004

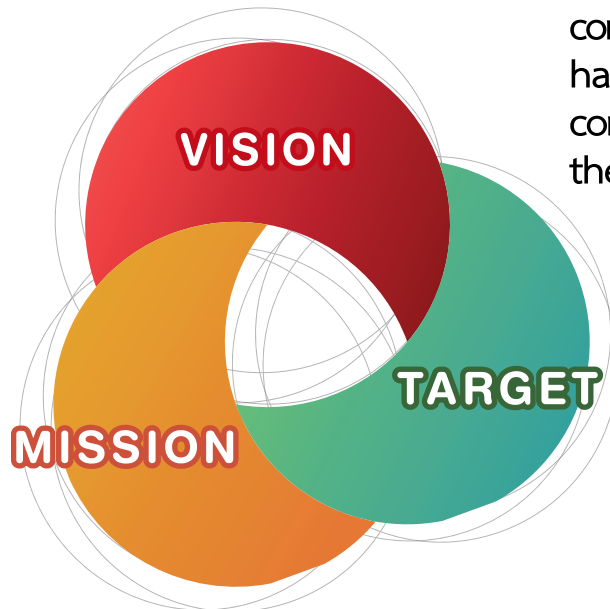
Company Establishment

Policy and Business Overview



The company's vision, mission and operational goals

- 1** Develop innovative products without any border limitations.
- 2** Become a production that is recognized and approved by international standard and also being environmentally friendly.
- 3** Create happiness and healthy relationships and bonds with the organization.
- 4** The ability to become adaptive to the constant changes of the world and the continuous development for sustainable growth.
- 5** A trustworthy organization due to good governance and sustainable development.



Become an innovative food company and bring happiness to our consumers around the world.

Strive to make the company a Thailand Quality Award (TQA) standard within 2026 and generating more than 1 billion dollars in sales by 2028.

Backgrounds and Milestones



Backgrounds

Taokaenoi Food & Marketing Public Company Limited registered its incorporation as a legal entity in the limited company category with the Ministry of Commerce on September 21, 2004, with its initial registered capital of Baht 1 Million, to operate the business of manufacturing and distributing processed seaweed under “Taokaenoi” brand. Over the past periods, the Company has been investing in its processed seaweed business and as such, at present, the Company has the “Nopawong Factory” is located in Pathumthani Province and the “Rojana Factory” in Phra Nakhon Si Ayuthaya Province, and another “USA Factory” in the State of California, USA, under Taokaenoi USA Inc., in order to accommodate demands of both local and international consumers which are likely to grow in the future. In addition, the Company has also invested in other related businesses in

support of its core business operations, such as, snack and souvenir retail shops, seasoning powder production, etc., whereby these businesses help increase the channels to generate revenues, reduce operating costs, and publicize the Company and Taokaenoi brand to be more widely recognized in markets.

Furthermore, the Company has increased its capital from time to time to accommodate its business expansion and market competition which tentatively intensifies. In this regard, on May 10, 2013, the Company registered its conversion into a public limited company, and thereafter on November 30, 2015, registered the change of its paid-up capital (increase) to Baht 345 Million by way of public offering of 360 million newly ordinary shares at the par value of Baht 0.25 per share to raise funds for machinery improvement and increase its working capital.

Milestones

The Company's milestones in business operations since its incorporation are as follows:



2004

Company Establishment

2008

Moved to current factory
Nopawong, Phatumthani

2010

Opened 1st shop of
"Taokaenoi Land"



2006

Production line moved to
Bang Bua Thong, Nonthaburi

2004

- The Company registered its incorporation to operate the business of manufacturing and distributing processed seaweed under "Taokaenoi" brand, with its initial registered capital of Baht 1 Million, and opened its factories at Tha It Office and Nirawan Village, and in the early stage, its products were available at 7 Eleven shops, which represented the start of its commercial production since then.

2005

- The Company was given the halal food certification to prove that the food production process satisfies the Islamic laws and as such, this food is edible by Muslim consumers.
- The Company was awarded the CODEX GMP standards from the Global Certification Service Limited which would be given to factories that pass the quality standard certification from the Food and Drug Administration, Ministry of Public Health.
- The Company started distributing its products to other countries through Thai exporters, and the first country where the Company started marketing its products was Singapore.

2006

- The Company relocated its production factory from Tha It to a new factory at Bang Bua Thong on a third party leasehold land located at 48/124-134 Moo 6, Bangkruai-Sainoi Road, Tambon Bangrak Yai, Amphoe

Bang Bua Thong, Nonthaburi (Bang Bua Thong Office). In this regard, the Company increased its registered capital from Baht 1 Million to be Baht 3 Million by issuing 20,000 newly issued ordinary shares at the par value of Baht 100 per share.

2007

- The Company was awarded a Thailand's Brand to certify the quality of exported products and ensure the product quality among consumers worldwide towards Thailand's products.

2008

- The Company was awarded an ISO 9001:2008 standard (formerly ISO9001:2000) for quality management system by the International Organization for Standardization.
- The Company was awarded a certification of Hazard Analysis and Critical Control Points (HACCP Codex Alimentarius) TAS 9024 - 2007 and General Principles of Food Hygiene (GMP Codex Alimentarius) TAS 9023 - 2007, which is focused of consumers' safety from food production.
- The Company expanded its production capacity in response to consumers' increasing demands and to support new customers in the future, by opening its second production factory at Nopawong where the factory building was constructed on a third party leasehold land at 12/1 Moo 4 Tambon Na Mai, Amphoe Lat Lum Kaew, Pathumthani Province (Nopawong Office).
- The Company increased its registered

capital from Baht 3 Million to be Baht 5 Million by issuing 20,000 newly issued ordinary shares at the par value of Baht 100 per share.

- The Company was given the Bai Po Business Awards from Sasin Graduate Institute of Business Administration in collaboration with Siam Commercial Bank Public Company Limited, which marked an award for outstanding performance for small and medium enterprises.
- The Company generated revenue from sales in the amount of more than Baht 1,000 Million per year.

2009

- The Company established Taokaenoi Restaurant & Franchise Company Limited ("TKNRF"), 99.99 percent of its paid-up capital was held by the Company, to operate the business of snack and souvenir retail shops under the name "Taokaenoi Land", and to date (2018), there are a total of 19 shops.

2010

- The Company acquired ordinary shares of Want More Industry Company Limited from the Company's shareholders, representing 99.99 percent of its paid-up capital, and this company has currently changed its name to Taokaenoi Care Company Limited ("TKNC").
 - The Company increased its registered capital from Baht 5 Million to be Baht 35 Million and Baht 160 Million, respectively,

2015

Listed in the Stock
Exchange of Thailand (SET)



2018

Launched Nora Brand
in US Market



2011

“The Billionaire”
Movie based on true story



2017

Start operation of 2nd factory
in Rojana, Ayutthaya



by issuing 1,550,000 newly issued ordinary shares at the par value of Baht 100 per share.

2011

- The Company acquired ordinary shares of NCP Trading & Supply Company Limited (“NCP”) from third parties, who were not connected persons, representing 99.99 percent of its paid-up capital, to operate the business of manufacturing and distribution of seasoning powders.
- The Company generated revenue from sales in the amount of more than Baht 2,000 Million per year.

2013

- The Company converted into a public limited company under the name “Taokaenoi Food & Marketing Public Company Limited”, and resolved to change the par value of the Company’s ordinary shares from Baht 100 per share to be Baht 1 per share, and also resolved to increase its registered capital from Baht 160 Million to be Baht 300 Million by issuing 140 million newly issued ordinary shares at the par value of Baht 1 per share, 60 million shares of which were offered to the existing shareholders and 80 million shares of which were issued for initial public offering.
- The Company changed its head office from 93/5-7 Moo 5, Rattana Thibet Road, Tambon Bangrak Noi, Amphoe Mueang Nonthaburi, Nonthaburi Province to 12/1 Moo 4, Tambon Na Mai, Amphoe Lat Lum Kaew, Pathumthani Province 12140.

2014

- The Company resolved to change its allocation of newly issued ordinary shares representing Baht 140 Million to be offered to the existing shareholders in the amount of Baht 95 Million, and to be issued for initial public offering in the amount of Baht 45 Million, and registered such change of its registered capital to be Baht 300 Million, Baht 255 Million of which was paid-up.

2015

- The Company started its construction of a new factory at Rojana Industrial Park.
- The Company resolved to change its registered capital, and registered such change with the Ministry of Commerce, to be Baht 345 Million for initial public offering of shares in the amount of Baht 90 Million.
- The Company resolved to change the par value of its ordinary shares, and registered such change with the Ministry of Commerce on September 3, 2015, from Baht 1.00 per share to be Baht 0.25 per share, thereby causing the Company’s registered capital to be represented by 1,380 million shares.
- The Company made a public offering of 360 million newly issued ordinary shares at the price of Baht 4 per share, and the Company received the proceeds from such newly issued shares in the total amount of Baht 1,440 Million, subject to direct costs relating to such offering in the amount of Baht 34.6 Million, which was deducted from the ordinary share premium in the statement of financial position. The Company registered such paid-up capital

increase with the Ministry of Commerce on November 30, 2015.

- The Company’s securities first started being traded on the Stock Exchange of Thailand on December 3, 2015.
- The Company generated revenue from sales in the amount of more than Baht 3,000 Million per year.

2016

- The Company’s second factory at Rojana Industrial Park started its operation to increase the production capacity in response to the expansion in both local and international markets.
- The Company generated revenue from sales in the amount of more than Baht 4,000 Million per year.

2017

- The Company acquired the business of GIM Factory Inc. (which has currently changed its name to Taokaenoi USA Inc.) as a roasted seaweed production factory in the State of California, USA, which is the Company’s third, but first factory abroad.
- The Company generated revenue from sales in the amount of more than Baht 5,000 Million per year.

2018

- The Company opened its representative office in Shanghai, People’s Republic of China, to promote its sales and marketing activities in China.

Business Overview

The Company manufactures and distributes snack products in two categories as follows:

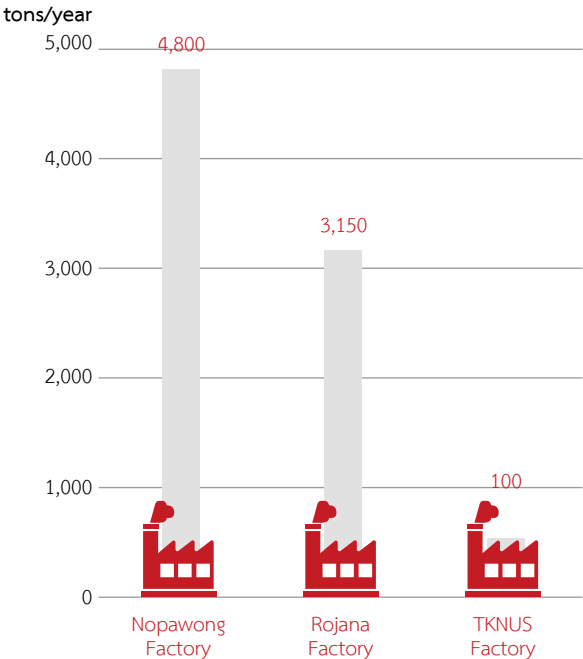
- 1. **Processed seaweed** products under “Taokaenoi” brand are classified by their respective manufacturing process into 4 categories, namely, crispy seaweed, grilled seaweed, roasted seaweed and Tempura seaweed, with a variety of flavors such as classic flavor, spicy flavor, wasabi flavor, grilled squid flavor, etc.
- 2. **Non-seaweed products** include whey protein products under “My Whey” brand, flavored fish and squid products under “TinTen” brand, potato wrapped by seaweed products under “Z-Roll Farm” brand, corn snack products under “Want More” brand, flavored seaweed chip products under “Seagle” brand and processed fruit product under “Marvel” brand.

The Company has developed both seaweed and non-seaweed products in response to consumers’ demands and intended to produce innovative products to become a global snack brand.

Production Base

In 2018, the Company has two seaweed production factories, namely, “Nopawong Factory” in Pathumthani Province, and “Rojana Factory” in Phra Nakhon Si Ayuthaya Province, and another factory in USA under its affiliated company to accommodate the markets in such region.

Production capacity



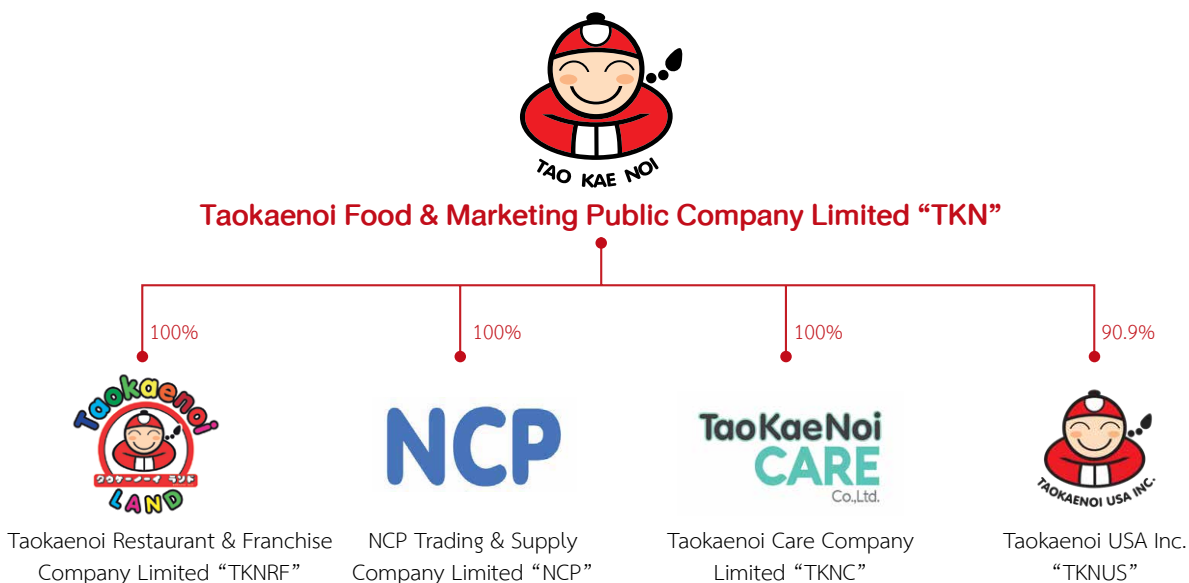
Distribution

In 2018, the Company has two seaweed production factories, namely, “Nopawong Factory” in Pathumthani Province and “Rojana Factory” in Phra Nakhon Si Ayuthaya Province, and another factory in USA under its affiliated company to accommodate the markets in such region.

With regard to the distribution percentage in 2018, the Company’s exports accounted for 60 percent and domestic sales accounted for 40 percent, divided into 3 major channels, i.e., traditional trade, modern trade and online channels.

Subsidiaries

At present, the Company is holding shares in a total of 4 subsidiaries as follows:



1. Taokaenoi Restaurant & Franchise Company Limited ("TKNRF")



Taokaenoi Restaurant & Franchise Company Limited primarily operates its business of "Taokaenoi Land" retail shops for distribution to tourists, comprising such products as seaweed and snack foods of Taokaenoi Food & Marketing Public Company Limited, house brand products specifically developed by TKNRF for sale to such target customers, and consigned products.

In 2018, the Company focused on expanding its new prototype shop on a larger scale in the name "Taokaenoi Land Plus" as a one stop service shop for tourists, covering an area of approximately 150-400 square meters, and more of other

Registration No.:	0125552015842
Head Office:	469 Bond Street, Tambon Bang Phut, Amphoe Pak Kret, Nonthaburi Province
Telephone:	0 2960 1477
Facsimile:	0 2960 1486
Registered Capital:	Baht 35,000,000
Issued and Paid-up Capital:	Baht 35,000,000
Shareholding:	100 percent

products, representing 50 percent of food products and 50 percent of non-food products, e.g., healthcare products, cosmetics, inhalers, herbs and other souvenirs. At present, there are 2 of these shops available at Centerpoint of Siam Square (Bangkok) and Jung Ceylon (Phuket) for Chinese, Russian and Malaysian tourists, etc.

The Company focuses on "Taokaenoi Land" and "Taokaenoi Land Plus" shops as its distribution channels of goods for tourists, and its public relations channels to ensure consumers' recognition of Taokaenoi brand. At the moment, the Company plans to launch other products than seaweed products, and new shops in potential

provinces as tourists' attractions in line with the increasing growth of tourism business. As at the end of 2018, there are a total of 19 Taokaenoi Land shops, namely:

11 shops in Bangkok

1. Terminal 21
2. Platinum Pratunam 1
3. Platinum Pratunam 2
4. Asiatique The Riverfront
5. Yaowarat
6. Mahboonkrong 1
7. Mahboonkrong 2
8. Mahboonkrong 3
9. Siam Square
10. Centerpoint Siam (Taokaenoi Land Plus)
11. Icon Siam

5 shops in Chiang Mai

12. Maya Lifestyle Shopping Center
13. Central Festival Chiang Mai
14. Think Park
15. Tha Phae Road
16. Talltique Nimmanhaemin Road

2 shops in Pattaya

17. Talad Nam 4 Pak
18. Terminal 21 Pattaya

1 shop in Phuket

19. Jung Ceylon Phuket (Taokaenoi Land Plus)

Over the past 3 years, the Company has been expanding its shops to support the increasing number of tourists through a more variety of business models.

Change (number of shops)	2016	2017	2018
Beginning of year	5	8	11
Increase/ Decrease	3	3	8
End of year	8	11	19

2. NCP Trading & Supply Company Limited (“NCP”)



Registration No.:	0125549009489
Head Office:	469 Bond Street, Tambon Bang Phut, Amphoe Pak Kret, Nonthaburi Province
Telephone:	0 2960 1999
Facsimile:	0 2960 1501
Registered Capital:	Baht 1,000,000
Issued and Paid-up Capital:	Baht 1,000,000
Shareholding:	100 percent

NCP Trading & Supply Company Limited operates the business of manufacturing and distributing seasoning powders to the group companies for use as raw materials in the production of seaweed snack products, and other

goods under its original recipe, and as such, the Company is able to control the production quality from the upstream process and rapidly develop a variety of new flavors.

3. Taokaenoi Care Company Limited (“TKNC”)



Taokaenoi Car Company Limited operates the business of selling commodity goods, and currently distributes such healthcare products as whey protein “My Whey”.

Registration No.:	0125551000787
Head Office:	469 Bond Street, Tambon Bang Phut, Amphoe Pak Kret, Nonthaburi Province
Telephone:	0 2960 1999
Facsimile:	0 2960 1501
Registered Capital:	Baht 5,000,000
Issued and Paid-up Capital:	Baht 5,000,000
Shareholding:	100 percent

*The Company has registered its name change from Want More Industry Company Limited with the Ministry of Commerce on February 6, 2018.

4. Taokaenoi USA Inc. (“TKNUS”)



Taokaenoi USA Inc. operates the business of manufacturing and distributing roasted seaweed products and other seaweed snack products from Taokaenoi Food & Marketing Public Company Limited for distribution in

Head Office:	13767 Milroy Place Santa Fe Springs, California United States
Telephone:	+1 562 404 9888
Registered Capital:	USD 4,070,000
Issued and Paid-up Capital:	USD 4,070,000
Shareholding:	90.91 percent

USA, and also organizes promotional and marketing activities for products under “Nora” trademark in such country. At present, its factory and office are located in the State of California, USA.

02

2005

Export sales to Singapore

Message from the Chairman

To the shareholders



Yuth Worrachattarn
Board Chairman



Itthipat Peeradechapan
Chief Executive Officer

In 2018, Taokaenoi Food & Marketing Public Company Limited (the “Company”) has reached an important milestone of Baht 5,663 Million in its revenue from sales, representing an increase from Baht 5,264 Million in 2017 by 7.6 percent, thanks to its launch of new products to the market, both seaweed and non-seaweed products, e.g., Tempura Seaweed Salted Egg and “Taokaenoi Tinten” Seasoned Squid Salted Egg, to promote consumption in both domestic and international markets. Moreover, the Company has invested in continued improvement of the efficiency and production capacity at our second factory at Rojana Industrial Park to support its growth in the future. Given that this factory enjoys tax privilege from the Board of Investment (BOI), the seaweed products manufactured from such factory are exempted from corporate income tax for such period and subject to the conditions as indicated in the promotional certificate, and in September 2018, the Company has passed an audit and been granted approval for operation commencement.

However, in the same year, extra expenses have been incurred and affected the Company’s profit, and as such, the net profit relative to revenue from sales has reduced from 11.6 percent in 2017 to 8.1 percent in 2018. The major reason for such reduction is due to imitation products by one of the Company’s distributors in China, which consequently resulted in the Company’s termination of its distributorship agreement, and incurred costs for handling such change. Moreover, the Company has been penalized by the Ministry of Industry from its engagement of a contractor for waste disposal, which failed to properly comply with the law.

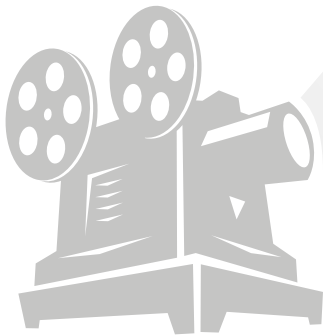
In 2019, the Company will focus on quality control to minimize production costs, encourage staff to enhance their skills and responsibility in order to improve efficiency and reduce production loss. In this regard, the Board of Directors is committed to manage the Company’s business operations in compliance with corporate governance and take into account the expectations of all stakeholders, including the shareholders.

The Company would like to thank all shareholders, customers, counterparts, and financial institutions, for your trust and support to the Company all along. On behalf of the Company, you can rest assured that the Board of Directors will manage the Company’s business to bring about value added and sustainable growth in the best interests of all stakeholders.

03

2006

Production line moved to
Bang Bua Thong, Nonthaburi

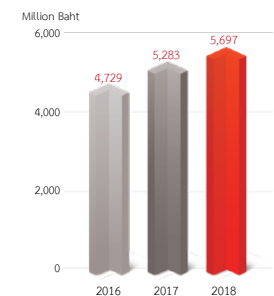


Financial result

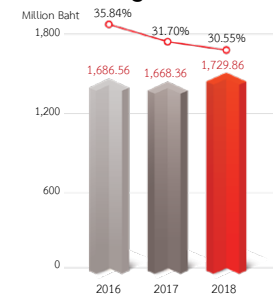
Financial result

items	Consolidated financial statements					
	2016		2017 (Restated)		2018	
	Amount	%	Amount	%	Amount	%
Revenues						
Revenue from sales	4,705.34	100.00	5,263.61	100.00	5,662.73	100.00
Other income	24.05	0.51	19.53	0.37	34.69	0.61
Total revenues	4,729.39	100.51	5,283.13	100.37	5,697.41	100.61
Expenses						
Cost of sales	3,018.76	64.16	3,595.25	68.30	3,932.87	69.45
Selling and distribution expenses	469.94	9.99	646.57	12.28	907.32	16.02
Administrative expenses	248.19	5.27	215.07	4.09	311.45	5.50
Loss on exchange rate	6.84	0.15	18.49	0.35	2.09	0.04
Total expenses	3,743.73	79.56	4,475.38	85.03	5,153.72	91.01
Profit before share of loss from investment in joint venture	985.65	20.95	807.75	15.35	543.69	9.60
Share of loss from investment in joint venture					0.17	0.00
Profit before finance cost and income tax expenses					543.53	9.60
Finance cost	6.54	0.14	15.92	0.30	20.37	0.36
Profit before income tax expenses	979.11	20.81	791.83	15.04	523.15	9.24
Income tax expenses	197.26	4.19	183.41	3.48	66.80	1.18
Profit for the year	781.85	16.62	608.42	11.56	456.36	8.06

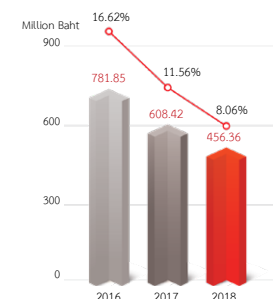
Revenues



Gross Margin



Net Profit

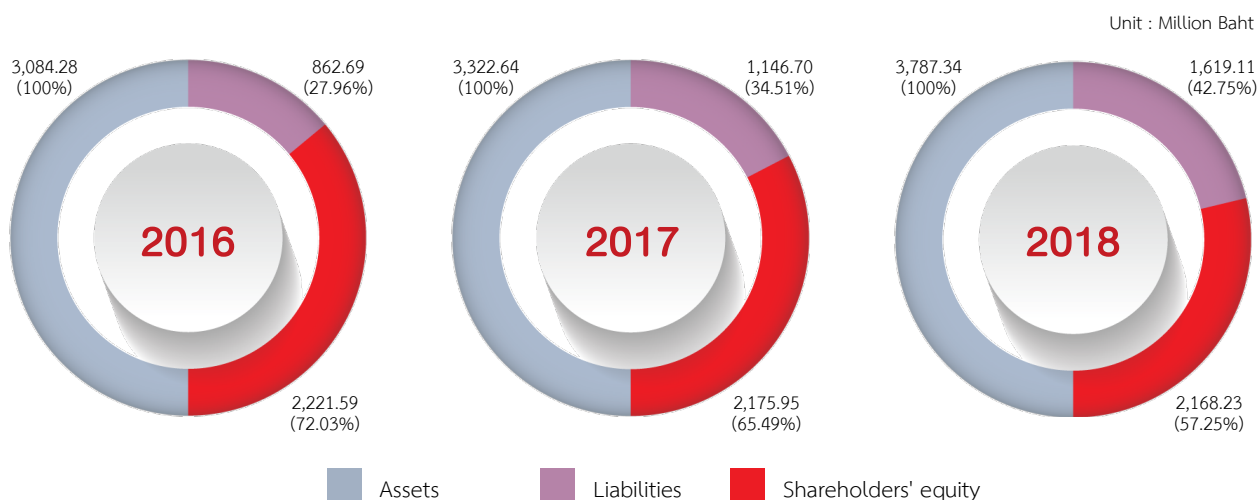


Financial Ratio

Profitability Ratio	Unit	2016	2017 (Restated)	2018
Gross Profit Margin	%	35.84	31.70	30.55
Operating Income Margin	%	20.44	14.97	8.99
Net Profit Margin	%	16.62	11.56	8.06

Financial status

items	Consolidated financial statements					
	2016		2017 (Restated)		2018	
	Amount	%	Amount	%	Amount	%
Assets						
Total current assets	2,107.23	68.32	2,071.25	62.34	2,463.40	65.04
Total non-current assets	977.05	31.68	1,251.40	37.66	1,323.94	34.96
Total assets	3,084.28	100.00	3,322.64	100.00	3,787.34	100.00
Liabilities						
Total current liabilities	854.01	27.68	1,117.82	33.64	1,582.57	41.79
Total non-current liabilities	8.68	0.28	28.88	0.87	36.54	0.96
Total liabilities	862.69	27.96	1,146.70	34.51	1,619.11	42.75
Shareholders' equity						
Total shareholders' equity	2,221.59	72.03	2,175.95	65.49	2,168.23	57.25
Total liabilities and shareholders' equity	3,084.28	100.00	3,322.64	100.00	3,787.34	100



Financial Ratio

Liquidity Ratio : times	Unit	2016	2017 (Restated)	2018
Current Ratio	times	2.47	1.85	1.56
Receivable Day	Day	35	39	43
Inventory Day	Day	5	8	11
Payable Day	Day	35	33	29
Cash Cycle	Day	5	14	26

Financial Analysis Ratio	Unit	2016	2017 (Restated)	2018
Debt to Equity Ratio	times	0.39	0.53	0.75
Dividend Yield ¹	%	86	77	103

¹ Dividend Yield Calculated from dividends per consolidated net profit

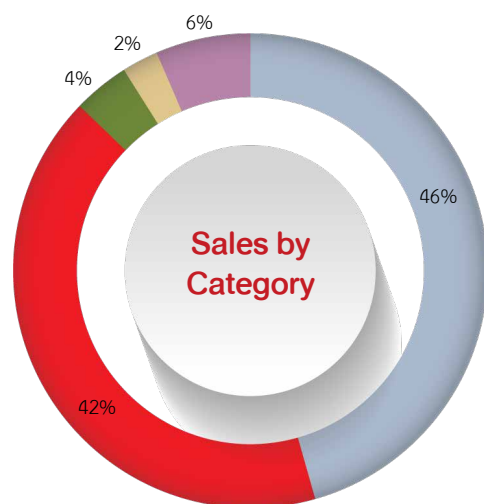
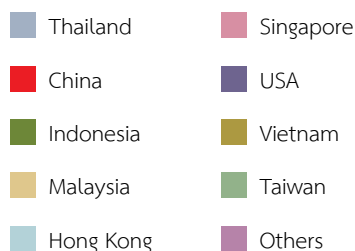
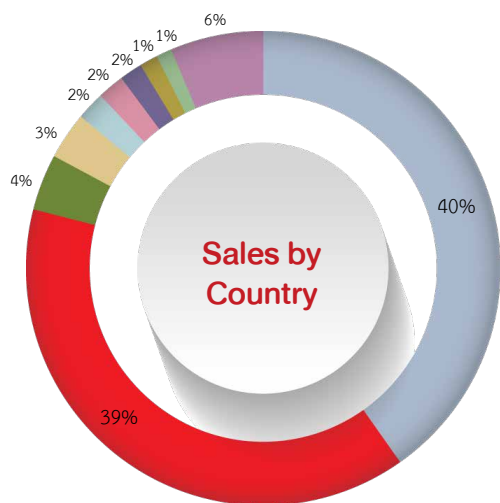
04

2007

Expand distribution channel
via local distributor

Operating overview

The Company's revenue from sales in 2018 amounted to a total of Baht 5,663 Million, representing an increase by 7.6 from that of the previous year due to marketing activities and launch of new products, including increase sales in other countries, such as, USA, Indonesia, Malaysia and CLMV countries (Cambodia, Laos, Myanmar and Vietnam), with top three sales in Thailand, China and Indonesia, representing 40 percent, 39 percent and 4 percent, respectively, of the revenue from sales.



The Company's revenue from sales may be classified into 3 major sectors, as follows:

1 Revenue from sales of seaweed products

may be classified into four categories:

a. **Crispy Seaweed** is the Company's original product which accounts for approximately 42 percent of total sales.

b. **Grilled Seaweed** is produced by grilling seaweed with the Company's authentic sauce, and available in sheets under the name "Taokaenoi Big Bag" and shaped in rolls under the name "Taokaenoi Big Roll." Taokaenoi Big Roll is a product hugely popular among Chinese customers, with the highest sales, representing approximately 46 percent of total sales.

c. **Roasted Seaweed** is an originally processed seaweed product popular among healthy food consumers.

d. **Tempura Seaweed** is a Japanese-style batter-fried seaweed, whereby in 2018, the Company launched a new Tempura seaweed product, namely Tempura Seaweed Salted Egg.



2 Revenue from sales of non-seaweed product

The Company launched other products than seaweed products as alternative products to consumers, currently available are whey protein product under "My Whey" brand, flavored fish product under "TinTen" brand, Taokaenoi Milk Tablet, etc.



3 Revenue from sales of goods at Taokaenoi Land and Taokaenoi Land Plus shops.



Domestic Markets

The Company's revenue from domestic sales in 2018 amounted to Baht 2,220.8 Million, representing an increase from Baht 2,063.4 Million in 2017 by 7.6 percent, through the following 4 major distribution channels:

1) Traditional Trade:

This channel distributes goods through distributors/wholesalers to retail stores in communities, and some distributors also distribute goods through their delivery trucks more conveniently to retail stores.

2) Modern Trade:

The Company directly sells goods to customers via the Company's sales teams, classified into Supermarket, Hypermarket, Convenience Store (CVS), whereby the Company delivers the goods to the distribution center (D.C.) for further delivery to various branches.

3) Taokaenoi Land:

In 2018, there are a total of 19 shops available in various tourists' attractions for distribution to tourists as souvenirs, and introduction of new products to local customers, and the Company plans to increase the shops in the future.

4) Online:

This is a new distribution channel focused on social media, e.g., Line Application via Communication Commerce chat platform.

Industrial Climate and Local Competition

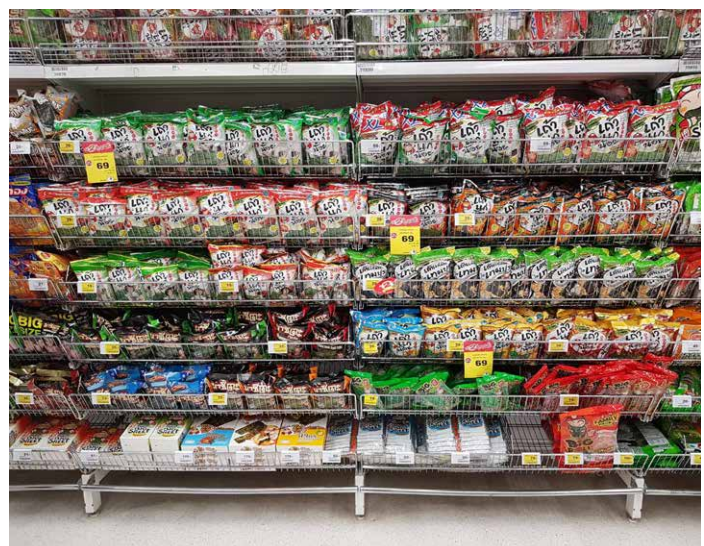
Snack Market: The snack market in Thailand in 2019 accounted for a total value of Baht 37,236 Million, representing an increase by 5.8 percent from that of 2018, primarily due to goods in the categories of potato and fish snacks, which were increased from the previous year in the respective categories by 13 percent due to new product launch and increase in package sizes.

Seaweed Snack Market: This market accounted for a total value of Baht 3,032 Million, representing 8.1 percent of total snack market, which was increased from that of the previous year by 5.2 percent. The Company owned the highest share in seaweed snack market at 67 percent, which was increased from that of the previous year by 11 percent, and higher than such increase in total seaweed market.

Taokaenoi's products hold the highest share in seaweed snack market and higher than such increase in total seaweed market due to the fact that the Company has been developing new flavors for its products and organizing marketing activities on a regular and full-cycle basis and accessible to consumers. It can be seen that the launch of new products and marketing activities in the past were well received by consumers, thereby ensuring the popularity of Taokaenoi seaweed products at all time.

Another important factor behind the growth in seaweed market is due to the healthy product trend, whereby snack consumers are likely looking for more healthy snacks than general snacks, and as such, seaweed is one of the healthy options.





International Markets

The Company's revenue from international sales in 2018 amounted to Baht 3,441.9 Million, representing an increase from Baht 3,200.2 Million in 2017 by 7.6 percent, whereby China remains the country which accounted for the Company's highest export at 65 percent of total international sales, followed by Indonesia at 6 percent, and Malaysia at 6 percent, respectively. In 2018, the Company started its marketing activities abroad by way of, among others, promotional activities, opening of its representative office in Shanghai, China, and opening of flagship stores on various online websites, such as, Taobao, T-mall, Amazon, Walmart, etc.

China Market

In 2018, China is the Company's top export market worth 40 percent of total revenue from sales, with an increase by approximately 4.6 percent from that of 2017, through overseas distributors in China for distribution of its products to various channels, such as, modern trade, traditional trade and online channels.

China has the world's second largest buying power and economic size thanks to its vast territory with the largest population in the world, including an ever-increasing rate of Chinese population per capita income each year. As the Company foresaw the significance of China market in order to comprehend and appreciate its in-depth marketing philosophy, it has decided to set up a representative office in Shanghai in the third quarter of 2018 to facilitate its dealings and coordination with counterparts and distributors in order to build up confidence to Chinese consumers.

In order to support and increase its sales extensively, the Company has promoted its products more by means of digital marketing via such online channels as Weibo, Wechat, Douyin, etc., all of these applications are popularly recognized and widely used in China. In addition, the Company plans to open its flagship store in China's major online channels, namely, Tmall and JD, so as to provide Chinese customers with accurate and complete information regarding products, prices and product standards.

USA Market

The Company has a factory located in USA, 90.91 percent of its shares is held by the Company, which is used as its base for expansion of USA market. Given that USA is a country with a wide variety of ethnic backgrounds, in the interest of the Company's brand recognition, the Company has introduced its 2 brands to increasingly reach different groups of customers, namely, seaweed product under "Taokaenoi" brand for American-Asian market, and seaweed product under "NORA" brand for American-American market. In this regard, the Company's business operations in USA have been operated in 3 manners:

1. Production service of roasted seaweed product (OEM);
2. Distribution of Taokaenoi products from factories in Thailand;
3. Ongoing promotion of Nora brand.



Markets in Other Countries

The Company remains focused on the significance and its plan for expansion of distribution channels to other countries. To date, the Company has exported its products to over 40 countries worldwide, comprising Indonesia, Malaysia, Hong Kong, and CLMV countries (Cambodia, Laos, Myanmar and Vietnam). The promotional marketing activities are conducted both online and offline to ensure its recognition in the target countries. In 2018, the Company engaged SB5 boy band as its product presenter in various countries.



05

2008

Moved to current factory
Nopawong, Pathumthani

Investor Information

Taokaenoi Food & Marketing Public Company Limited



Symbol:	TKN
Type of Business:	Manufacturing and distribution of seaweed snack
Registered Number:	0107556000337
Website:	www.taokaenoi.co.th
Registered Capital:	345,000,000 Baht
Paid-up Capital:	345,000,000 Baht
Stock Value:	Common stock, 0.25 Baht per stock
Preferred stock:	- None -
Major Shareholders:	On December 28, 2018 Peeradechapan group holds 61.28% of shares while the remaining shares are held by other institutional and individual shareholders
Other information:	- None -

Factory/ Office

1. Muanthong Thani Office

📍 337 Bond Street Rd., Bangpood, Pakkret,
Nonthaburi 11120
☎ 0 2984 0666
📠 0 2984 0118

2. Noppawong Factory

📍 12/1 Moo 4, Namai, Ladlumkaew,
Patumthani 12140
☎ 0 2108 6888
📠 0 2108 8704

3. Rojana Factory

📍 55/5 Moo 5, Sarm-Bandit, Uthai,
Phra Nakorn Sri Ayutthaya 13210

4. Taokaenoi USA Inc.

📍 13767 Milroy Place Santa Fe Springs,
California United States
☎ +1 562 404 9888



Reference

Securities Registrar:

Thailand Securities Depository Company Limited

📍 93 Ratchadaphisek Rd., Dindaeng, Dindaeng,
Bangkok 10400

☎ 0 2009 9999

📠 0 2009 9991

Registrar of Debentures: - None -

Auditor:

EY Office Company Limited

Ms. Vissuta Jariyathanakorn Certified Public
Accountant ID 3853

📍 193/136-7 33rd floor, Lak Ratachada Building,
New Ratchadapisek Rd., Klongtoey, Bangkok 10110

☎ 0 2264 9090

📠 0 2264 0789-90

Legal Advisor:

Kudun and Partners Company Limited

📍 127 Gaysorn Tower, 23rd floor , Ratchadamri Road ,
Lumpini , Pathumwan Bangkok 10330

☎ 0 2838 1750

📠 0 2838 1795

Investor Relations:

IR Department

📍 337 Bond Street Rd., Bangpood, Pakkret,
Nonthaburi 11120

✉ ir@taokaenoi.co.th

☎ 0 2984 0666 #316

📠 0 2094 0118



Section 2

Management and Corporate Governance

06

2009

Brand recognition
by mass media

Securities and Shareholders

Securities

- Registered capital 345 Million Baht.
- Issued and paid-up capital 345 Million Baht as 1,380 million common shares at par value 0.25 Baht per share.
- The company does not issue any other form of securities apart from common share.

Shareholder

The first 10 shareholders as shown in the shareholders registration as of December 28, 2018

No.	Name	Number of shares held	Percentage
1	Peeradechapan Holding Company Limited	360,000,000	26.09
2	Itthipat Peeradechapan	342,306,370	24.80
3	Orrapat Peeradechapan	72,500,000	5.25
4	Nutchatpong Peeradechapan	70,900,000	5.14
5	Pongsak Thammathataree	42,855,620	3.11
6	Thai NVDR Company Limited ¹	37,376,625	2.71
7	K Master Pooled Fund (registered)	19,500,600	1.41
8	Provincial Electricity Authority employees (Registered)	11,192,400	0.81
9	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	10,819,034	0.78
10	Mongkol Prakitchaiwattana	10,650,000	0.77
11	Institutions and general investors	401,899,351	29.12
Total		1,380,000,000	100.00

¹ The 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. 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 website, www.set.or.th

Major shareholders as shown in the shareholders registration as of December 4, 2017

No.	Name	Number of shares held	Percentage
1	Peeradechapan Holding Company Limited	360,000,000	26.09
2	Itthipat Peeradechapan	342,306,370	24.80
3	Orrapat Peeradechapan	72,500,000	5.25
4	Nutchatpong Peeradechapan	70,900,000	5.14
Total		845,706,370	61.28

Foreign Limit for company shared is 49% of the registered capital

Dividend Policy

The company shall pay dividend at the rate of not less than 40% of its net profit as shown in separate financial statement after deduction of tax and reserve (if any). The dividend may subject to change depend on the business performance, financial status, liquidity, use of working capital, investment plan, future expansion plan, market conditions, appropriateness and other factors relate to operations and management of the company. In condition that the company must have sufficient cash flow for operation to provide the highest benefits to the shareholders as deemed appropriate by the board of director and/or shareholder of the company. Dividend approval must be presented to the shareholders meeting except for interim dividend which the board of director may approve and report to the shareholders at the net meeting of shareholders.

Dividend Payment in previous year

Year	Dividend (Baht/Share)			Paid Dividend (Baht)	Pay Rate (%) ¹
	Interim	Final	Total		
2016	0.19	0.30	0.49	676,200,000	90.00
2017	0.17	0.17	0.34	469,200,000	81.00
2018 ²	0.17	0.17	0.34	469,200,000	95.66

¹ Pay Rate(%) is calculated based on the dividend to net profit in separate financial statement.

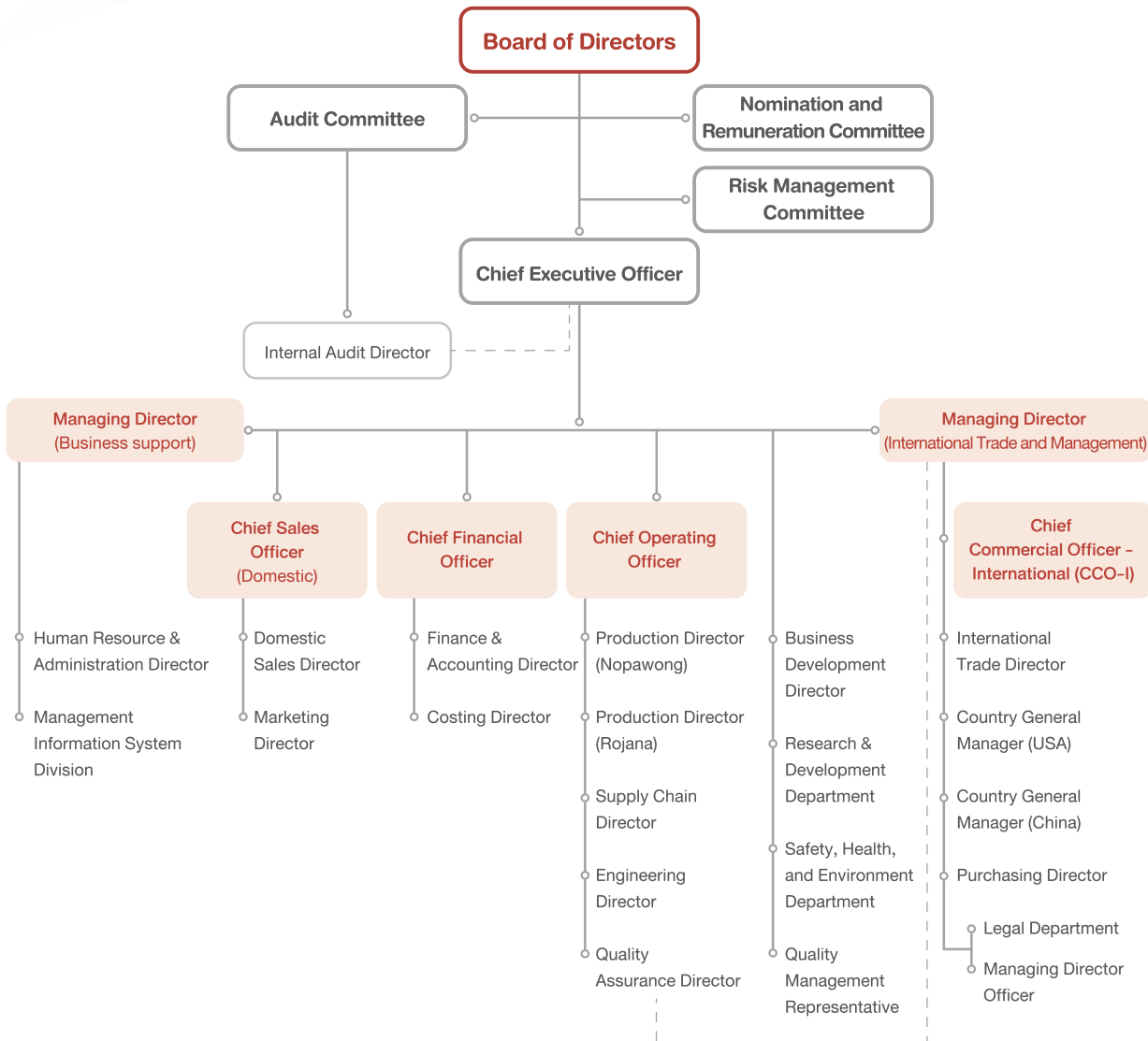
² The right to receive the dividend remain uncertain as it awaits the approval from the Annual General Meeting of 2019 (AGM2019)

07

2010

Opened 1st shop of
“Taokaenoi Land”

Management structure



Board of Directors

The Board of Directors consists of 8 members:



1 Mr. Yuth Worachattarn Chairman /
Independent Director

2 Ms. Wanee Thasanamontien Independent Director

3 Mr. Chaiyong Ratanacharoensiri Independent Director

4 Mr. Somboon Prasitjutrakul Director and Executive
Director / Board of Directors

5 Mr. Itthipat Peeradechapan Director /
Chief Executive Officer

6 Ms. Orrapat Peeradechapan Director /
Managing Director
(International trade
and management)

7 Mr. Jirapong Suntipiromkul Director /
Chief Financial Officer

8 Ms. Porntera Rongkasiriphan Director /
Director of Internal auditing

Mr. Yuth Worachattarn

Age 71

Current Position:

- Chairman of the Board of Director
- Independent Director
- Member of the Audit Committee
- Member of the Nomination and Remuneration Committee

Education

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



Certifications from the Thai Institute of Director (IOD) courses

- Batch 28, 2018 Advance Audit Committee Program (AACP)
- Batch 5, 2018 Strategic Board Master Class (SBM)
- Batch 2, 2015 Ethical Leadership Program (ELP)
- Batch 6, 2014 Corporate Governance for Capital Market Intermediaries (CGI)
- Batch 6, 2013 Financial Institutions Governance Program (FGP)
- Batch 12, 2010 Monitoring of the Quality of Financial Reporting (MFR)
- Batch 3, 2008 Chartered Director Class (R-CDC)
- Batch 8, 2003 Role of the Chairman Program (RCP)
- Batch 0, 2000 Directors Certification Program (DCP)

Positions held in other listed company

- 2016 – Present Chairman of the Board of Director / Member of the Audit Committee Sahathai Terminal PCL
- 2016 – Present Chairman of the Board of Director Grandprix International PCL
- 2003 – Present Chairman of the Board of Director / Member of the Audit Committee Maybank Kim Eng (Thailand) PCL

Positions held in non-listed company

- 2017 - Present Director / Chairman of the Audit Committee Nutrix PCL
- 2017 - Present Chairman of the Board of Directors SCB Protect Co., Ltd.
- 2015 - Present Director B.S.Y. Construction Co.,Ltd
- 2015 - Present Director / Chairman of the Audit Committee B.S.Y. Group PCL
- 2010 - Present Director / Chairman of the Audit Committee Saha Thai Steel Pipe PCL

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

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

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

Criminal record for the last 10 years

- None -

Mrs. Wanee Thasanamontien

Age 64

Current Position:

- Independent Director
- Chairman of the Audit Committee
- Member of the Nomination and Remuneration Committee

Education

- 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

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

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 Wasted Water Management Authority of Thailand |
| 2010- 2014 | Representative of the Ministry of Finance Thailand Institute of Scientific and Technological Research |

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

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

Criminal record for the last 10 years

- None -

Mr. Chaoyong Rattanacharoensiri

Age 63

Current Position:

- Independent Director
- Member of the Audit Committee
- Chairman of the Nomination and Remuneration Committee

Education

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



Certifications from the Thai Institute of Director (IOD) courses

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

Positions held in other listed company

- None -

Positions held in non-listed company

2015 - Present Independent Director /
Chairman of the Audit Committee
Quick Leasing Co., Ltd.

Working experience for the last 5 years

2018 - 2018 Executive Committee
P-Mart Superstore Co., Ltd.

1998- 2015 Vice President
Bangkok Bank PCL

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

Held by self - None -

Held by spouse and/or minor child - None -

Criminal record for the last 10 years

- None -

Mr. Somboon Prasitjutrakul

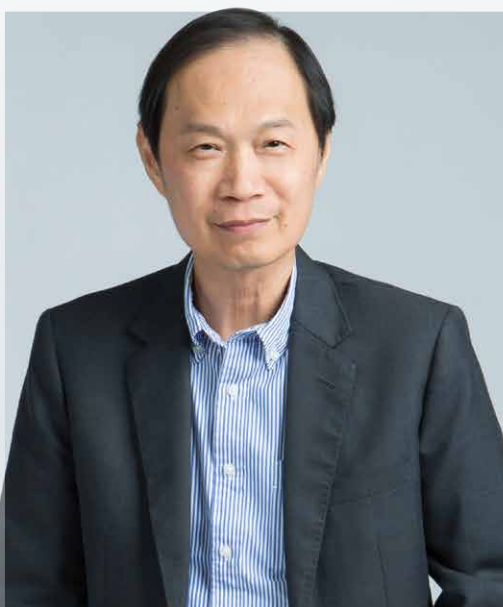
Age 60

Current Position

- Director and Executive Director
- Member of the Nomination and Remuneration Committee

Education

- 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

- Batch 54, 2005 Directors Certification Program (DCP)

Positions held in other listed company

2017 – Present Director
JWD Infologistics PCL

Positions held in non-listed company

2018 - Present Director
Davakam Apothecary Hall Co., Ltd.

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

2014 - Present Director
Thanatarn Paper Co., Ltd.

Working experience for the last 5 years

2017 - 2018 Director
V Food Group Co., Ltd.

2015 - 2017 Director
T.A.C. Consumer PCL

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

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

Held by self - None -

Held by spouse and/or minor child - None -

Criminal record for the last 10 years

- None -

Mr. Itthipat Peeradechapan

Age 35

Current Position

- Director
- Chief Executive Officer

Education

- Honorary Doctorate Entrepreneur Degree, the University of Thai Chamber of Commerce
- Bachelor of Entrepreneur, the University of Thai Chamber of Commerce

Certifications from the Thai Institute of Director (IOD) courses

- Batch 86, 2010 Directors Accreditation Program (DAP)



Positions held in other listed company

- None -

Positions held in non-listed company

2018 - Present	Director Henry Berger International Co., Ltd.
2018 - Present	Director Tob Capital 24 Co., Ltd.
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 Taokaenoi Care Co., Ltd.
2004 - Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

2017 - 2017	Director Taokaenoi Maruesu (Thailand) Co., Ltd.
2012 - 2015	Director Gen C Inspire Corporation Co., Ltd.

Family Relation among Director and Executives

Younger brother of Mr. Nutchatpong Peeradechapan

Younger brother of Ms. Orrapat Peeradechapan

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

Held by self	342,306,370 shares
Held by self (Indirectly through Holding Company)	252,000,000 shares
Held by spouse and/or minor child	- None -

Criminal record for the last 10 years

- None -

Miss Orrapat Peeradechapan

Age 38

Current Position

- Director
- Managing Director
(International trade and management)
- Chairman of the Risk Management Committee

Education

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



Certifications from the Thai Institute of Director (IOD) courses

- Batch 86, 2010 Directors Accreditation Program (DAP)

Positions held in other listed company

- None -

Positions held in non-listed company

2018 - Present	Director Jibvardee Co., Ltd.
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 Taokaenoi Care Co., Ltd.
2004 - Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

- None -

Family Relation among Director and Executives

Younger sister of Mr. Nutchatpong Peeradechapan

Older sister of Mr. Itthipat Peeradechapan

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

Held by self	72,500,000 shares
Held by self (Indirectly through Holding Company)	54,000,000 shares
Held by spouse and/or minor child	-None-

Criminal record for the last 10 years

- None -

Mr. Jirapong Suntipiromkul

Age 57

Current Position

- Director
- Chief Financial Officer
- Member of the Risk Management Committee

Education

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



Certifications from the Thai Institute of Director (IOD) courses

- Batch 8, 2017 Ethical Leadership Program (ELP)

Positions held in other listed company

- None -

Positions held in non-listed company

- | | |
|----------------|---|
| 2018 – Present | Director
Taokaenoi Restaurant and
Franchise Co., Ltd. |
| 2013 – Present | Director
JWK Engineering Co., Ltd. |

Working experience for the last 5 years

- | | |
|-------------|--|
| 2011 – 2013 | Senior GM Finance & HR
Thai Suzuki Motors Co., Ltd. |
|-------------|--|

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

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

Criminal record for the last 10 years

- None -

Miss Porntera Rongkasiripan

Age 50

Current Position

- Director
- Administrative Director
- Member of the Risk Management Committee

Education

- Master of Accounting,
Assumption University



Certifications from the Thai Institute of Director (IOD) courses

- Batch 89, 2011 Directors Accreditation Program (DAP)

Positions held in other listed company

- None -

Positions held in non-listed company

2018 - Present Director
Taokaenoi Care Co., Ltd.

Working experience for the last 5 years

- None -

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

Held by self - None -

Held by spouse and/or minor child - None -

Criminal record for the last 10 years

- None -

The Board of Director's meeting

The Directors must attend the Board of Directors' meeting on a regular basis in order to acknowledge and to jointly decide on the company's business and directions. The meetings are scheduled in advanced every year. Each director is informed at the start of the year to allocate time to attend the Board of Directors' meeting. Additional meetings may take place to analyze urgent important issues that may occur. The Chairman and Chief Executive Officer jointly set the agenda and will consider the agenda of the Board of Directors' meeting by allowing each Director to present different issues. These issues will be used for the consideration of the agenda.

At each meeting, the Chairman who is the acting President will allocate sufficient time for the duration of each meeting and will allow all Directors to freely express their ideas. The resolution of the Board of Directors' meeting shall be passed by the majority of votes, with one member having one vote. Directors who have conflict of interest will not attend the meeting and/ or not use the rights to vote on that matter. However, if the votes are equal, the Chairman of the meeting has to rights to cast a vote and as a result, will be a decisive vote.

At the Board of Directors Meeting, the Management team will attend the meeting to provide useful information and to acknowledge the policies in order to effectively implement them – except for certain agenda, which the meetings are only permitted for the Board of directors or Non-Executive Directors. This is due to the independence of the various considerations.

Nevertheless, the Board of Directors is concerned about the resolution of the conflict of interests of the related parties carefully, fairly and transparently. There is also disclosure of such information in case any director has a conflict interest in the subject matter of the consideration. Directors with vested interests must not participate in making decisions on the matter.

At the end of the meeting, the Company Secretary is responsible for preparing the meeting's report to be submitted to the Board of Directors for approval in the

first agenda of the next meeting and to be officially approved and signed by the Chairman. The Directors can express their opinions, resolve any flaws and report about the meeting in the most accurate manner possible. The meeting's reports will be systematically stored as documents and as electronic documents with the agendas for easy reference.

The Composition of the Board of Directors

The Board of Directors are all qualified expertise in various industries, including sales and marketing and accountancy and finance, which are related and supports the business and the operation of the company.

The Board of Directors consists of 8 members, which includes 3 Independent directors: Mr. Yuth Worachattarn Ms. Wanee Thasanamontien and Mr. Chaiyong Ratanacharoensiri . According to the criteria of the Securities and Exchange Commission, the listed companies must have at least one-third or more independent director of the total number of directors. Furthermore, the independent directors are qualified according to the qualifications of the independent directors.

Mr. Nutchatpong Peeradechapan is the Secretary to the Board of Directors as advisor to the Board of directors about the laws and various regulations, which are crucial information and directions in which the Board of directors must follow. Therefore, the Secretary to the Board of Directors must also coordinate with the Board of Directors. The Directors who are authorized to use the company's signature on behalf of the company are Mr. Itthipat Peeradechapan, Ms. Orrapat Peeradechapan and Mr. Nutchatpong Peeradechapan. Two of the three directors can jointly sign and use the company's seal of approval.

Attendance of the Board of Directors meeting 2018

Order	Name	BOD ¹	AC ²	NRC ³	RMC ⁴	AGM ⁵
1	Mr. Yuth Worachattarn	11/11	4 / 4	2 / 2		1 / 1
2	Ms. Wanee Thasanamontien	11/11	4 / 4	2 / 2		1 / 1
3	Mr. Chaibong Ratanacharoensiri	11/11	4 / 4	2 / 2		1 / 1
4	Mr. Somboon Prasitjutrakul	11/11		2 / 2		1 / 1
5	Mr. Itthipat Peeradechapan	11/11				1 / 1
6	Ms. Orrapat Peeradechapan	9/11			2/2	1 / 1
7	Mr. Nutchatpong Peeradechapan ^{a1}	7/11				1 / 1
8	Ms. Porntera Rongkasiripan	11/11			2/2	1 / 1
9	Mr. Jirapong Suntipiromkul ^{a2}	4/11			2/2	1 / 1
10	Mr. Boonchai Kowpanich ^{b3}				1/2	1 / 1
11	Mr. Natthaphark Saranyaphongkorn ^{b4}				1/2	
Number of attendance		8	3	4	4	9

^{a1} Mr. Nutchatpong Peeradechapan resigned from the director position on 1 September 2018.

^{a2} Mr. Jirapong Suntipiromkul becoming a director on 1 September 2018, continued the term of Mr. Nutchatpong Peeradechapan.

^{b3} Mr. Boonchai Kowpanich resigned from the position on 1 October 2018.

^{b4} Mr. Natthaphark Saranyaphongkorn joined the company on 10 September 2018 and was appointed as the Risk Management Committee on 5 November 2018 instead Mr.Boonchai Kowpanich.

¹ The Board of Director (BOD) consists of 8 members with Mr. Yuth Worachattarn as Chairman of the Board.

² The Auditing Committee (AC) consists of 3 members with Ms. Wanee Thasanamontien as Chairman of the auditing committee

³ The Nomination and Remuneration Committee (NRC) consists of 3 members with Mr. Chaibong Ratanacharoensiri as Chairman of the Nomination and Remuneration Committee.

⁴ The Risk Management Committee (RMC) consist of 4 members with Ms. Orrapat Peeradechapan as Chairman of the Risk Management Committee.

⁵ The Annual General Meeting 2018 (AGM) was held on the 23 April 2018 with Mr. Yuth Worachattarn as the Chairman.

Subcommittee

To ensure that the board performs its duties efficiently and effectively, the Board of Directors has set up subcommittees to help educate and scrutinize operations as needed. Therefore, as of the 31st December 2018, the company has set up three subcommittees:

The auditing committee (AC)

The auditing committee has authority to review quarterly and annual financial reports by coordinating with external auditors. They have the authority to review internal control system, internal auditing and the selection and appointment of auditors. Auditors are to consider the connecting matters or matters with conflict of interest to comply with the securities laws. The Audit Committee consists of 3 members:

1. Ms. Wanee Thasanamontien
Chairman of the auditing committee
2. Mr. Yuth Worachattarn
Auditing committee
3. Mr. Chaiyong Ratanacharoensiri
Auditing committee



The Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee has the power to select qualified personnel to be nominated as Directors and Chief Executive Officers to consider and approve the remuneration of Directors and the Chief Executive Officer. The Nomination and Remuneration Committee consists of 4 members:



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

Mr. Jirapong Suntipiromkul is the Secretary of the Nomination and Remuneration Committee.

The Risk Management Committee (RMC)

The Risk Management Committee has the authority to set policies, strategies and guidelines for risk management. Supervise the management to follow the policy and to continuously review and evaluate the results. The Risk Management Committee consists of 4 members:



1. Ms. Orrapat Peeradechapan
Chairman of the Risk Management Committee
2. Mr. Jirapong Suntipiromkul
Risk Management Committee
3. Mr. Natthaphark Saranyaphongkorn
Risk Management Committee
4. Ms. Porntera Rongkasiripan
Risk Management Committee

Mr. Wanchai Wongponsawiwat is the Secretary of Risk Management Committee

Executive Committee

The Executive committee consists of 6 members:



- 1 Mr. Itthipat Peeradechapan
Chief Executive Officer
- 2 Ms. Orrapat Peeradechapan
Managing Director
(International trade and Management)
- 3 Mr. Nutchatpong Peeradechapan
Managing Director (Business support)

- 4 Mr. Jirapong Suntipiromkul
Chief Financial Officer
- 5 Mr. Natthaphark Saranyaphongkorn
Chief Operational Officer
- 6 Mr. Prayut Apisitsareekul
Chief Commercial Officer-International

Mr. Itthipat Peeradechapan

Age 35

Current Position

- Director
- Chief Executive Officer

Education

- Honorary Doctorate Entrepreneur Degree, the University of Thai Chamber of Commerce
- Bachelor of Entrepreneur, the University of Thai Chamber of Commerce

Certifications from the Thai Institute of Director (IOD) courses

- Batch 86, 2010 Directors Accreditation Program (DAP)



Positions held in other listed company

- None -

Positions held in non-listed company

2018 - Present	Director Henry Berger International Co., Ltd.
2018 - Present	Director Tob Capital 24 Co., Ltd.
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 Taokaenoi Care Co., Ltd.
2004 - Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

2017 - 2017	Director Taokaenoi Maruesu (Thailand) Co., Ltd.
2012 - 2015	Director Gen C Inspire Corporation Co., Ltd.

Family Relation among Director and Executives

Younger brother of Mr. Nutchatpong Peeradechapan

Younger brother of Ms. Orrapat Peeradechapan

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

Held by self	342,306,370 shares
Held by self (Indirectly through Holding Company)	252,000,000 shares
Held by spouse and/or minor child	- None -

Criminal record for the last 10 years

- None -

Miss Orrapat Peeradechapan

Age 38

Current Position

- Director
- Managing Director
(International trade and management)
- Chairman of the Risk Management Committee

Education

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



Certifications from the Thai Institute of Director (IOD) courses

- Batch 86, 2010 Directors Accreditation Program (DAP)

Positions held in other listed company

- None -

Positions held in non-listed company

2018 - Present	Director Jibvardee Co., Ltd.
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 Taokaenoi Care Co., Ltd.
2004 - Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

- None -

Family Relation among Director and Executives

Older sister of Mr. Itthipat Peeradechapan

Younger sister of Mr. Nutchatpong Peeradechapan

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

Held by self	72,500,000 shares
Held by self (Indirectly through Holding Company)	54,000,000 shares
Held by spouse and/or minor child	-None-

Criminal record for the last 10 years

- None -

Mr. Nutchatpong Peeradechapan

Age 40

Current Position

- Managing Director (Business support)

Education

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



Certifications from the Thai Institute of Director (IOD) courses

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

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 Taokaenoi Care Co., Ltd.
2004 - Present	Director NCP Trading and Supply Co., Ltd.

Working experience for the last 5 years

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

Family Relation among Director and Executives

Older brother of Ms. Orrapat Peeradechapan

Older brother of Mr. Itthipat Peeradechapan

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

Held by self	70,900,000 shares
Held by self (Indirectly through Holding Company)	54,000,000 shares
Held by spouse and/or minor child	-None-

Criminal record for the last 10 years

- None -

Mr. Jirapong Suntipiromkul

Age 57

Current Position

- Director
- Chief Financial Officer
- Member of the Risk Management Committee

Education

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



Certifications from the Thai Institute of Director (IOD) courses

- Batch 8, 2017 Ethical Leadership Program (ELP)

Positions held in other listed company

- None -

Positions held in non-listed company

- | | |
|----------------|--|
| 2018 – Present | Director
Taokaenoi Restaurant and Franchise Co., Ltd. |
| 2013 – Present | Director
JWK Engineering Co., Ltd. |

Working experience for the last 5 years

- | | |
|-------------|--|
| 2011 – 2013 | Senior GM Finance & HR
Thai Suzuki Motors Co., Ltd. |
|-------------|--|

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

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

Criminal record for the last 10 years

- None -

Mr. Natthaphark Saranyaphongkorn

Age 56

Current Position

- Chief Operating Officer

Education

- Master of Business Administration Program in General Management
National Institute of Development Administration (NIDA)
- Bachelor of Industrial engineering
King Mongkut's University of Technology Thonburi



Certifications from the Thai Institute of Director (IOD) courses

- None -

Positions held in other listed company

- None -

Positions held in non-listed company

- None -

Working experience for the last 5 years

2016 - 2018	Executive Vice President – Operations INTEQC Feed Co., Ltd.
2011 - 2016	Supply Chain Director PZ Cussons (Thailand) Co., Ltd.

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

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

Criminal record for the last 10 years

- None -

Mr. Prayut Apisitsareekul

Age 41

Current Position

- Chief Commercial Officer-International

Education

- Master of Business Administration (MBA)
Institut Européen d'Administration des Affaires (INSEAD)
- Bachelor of Electrical engineering
King Mongkut's Institute of Technology Ladkrabang



Certifications from the Thai Institute of Director (IOD) courses

- None -

Positions held in other listed company

- None -

Positions held in non-listed company

- None -

Working experience for the last 5 years

2017 - 2018	Finance Director (New Business Investment Department To increase management efficiency Supply chain and logistics of oil drilling North America region) Schlumberger (North America – Vertical Integration)
2013 - 2017	Finance Director, North Asia Headquarters Schlumberger (North Asia-Oilfield Services)
2010 - 2013	Finance Director (Department of oil hole construction and increase productivity from drilling North America region) Schlumberger (North America – Well Services)

Family Relation among Director and Executives

- None -

Amount of shares held in the company (including that of spouse and/or minor child) as of December 28, 2018

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

Criminal record for the last 10 years

- None -

Remuneration for Directors and Executives

The Director's Remuneration

According to the Annual General Meeting of Shareholders 2018 on the 23rd April 2018, it has been proposed and approved that the remuneration for the Board of Directors does not exceed 2,400,000 baht/year. The remuneration for Audit Committee does not exceed 420,000 baht / year. Allowance for meetings of the Nomination and Remuneration Committee is paid on a regular basis. Furthermore, the total remuneration bonus on performance for 2017 is 250,000 baht. The details are as follows:

Position	Unit	2016	2017	2018
Board of Directors				
- Chairman	Baht / month	53,000	60,000	60,000
- Independent Director	Baht / month	26,500	30,000	30,000
- Director and Executive Director	Baht / month	-	80,000	80,000
Audit Committee				
- Chairman	Baht / month	10,000	10,000	15,000
- Committee	Baht / month	5,000	5,000	10,000
The Nomination and Remuneration Committee				
- Chairman	Baht / month	10,000	10,000	10,000
- Committee	Baht / month	8,000	8,000	8,000

In 2018, the Board of Directors received a total of 3,063,000 Baht. The details are as follows

Rank	Name List	Remuneration / Compensation			Bonus Yr 2018	Total
		BOD ¹	AC ²	NRC ³		
1	Mr. Yuth Worachattarn	720,000	105,000	16,000	65,000	906,000
2	Ms. Wanee Thasanamontien	360,000	165,000	16,000	40,000	581,000
3	Mr. Chaiyong Ratanacharoensir		105,000	20,000	35,000	520,000
4	Mr. Somboon Prasitjutrakul	960,000		16,000	80,000	1,056,000
5	Mr. Itthipat Peeradechapan ⁴					
6	Ms. Orrapat Peeradechapan ⁴					
7	Mr. Nutchatpong Peeradechapan ^{4,5}					
8	Ms. Porntera Rongkasiripan ⁴					
9	Mr. Jirapong Suntipiromkul ^{4,6}					
Total						

¹ Board of Director "BOD"

² Audit Committee "AC"

³ Nomination and Remuneration Committee "NRC"

⁴ The Group's directors are remunerated as management only (not as a director)

⁵ Mr. Nutchatpong Peeradechapan was not entitled to the Board of Directors on 1st September 2018

⁶ Mr. Jirapong Suntipiromkul was entitled to the Board of Directors on 1st September 2018 in replacement of Mr. Nutchatpong Peeradechapan

The Executive's Remuneration

According to the Notification of the Office of the Securities and Exchange Commission Tor Lor Jor 23/2551 states that “Executives” meaning the management or take on the role as the executive ranked in the top four. Those individuals hold the position equivalent to all four executives. This includes those who hold executive positions in accounting and finance of the company equivalent to the top 4 executives’ level or higher.

According to the company’s structure in 2018, the Securities and Exchange Commission has 6 executives in total. These are: Chief Executive Officer, Managing Director (International business relations and Management), Managing Director (Business support), Chief Financial Officer, Chief Operating Officer, and Chief Sales Officer (Domestic) received remunerations in the forms of salaries, bonuses and other benefits totaling 29,096,289 baht.

Other compensation

1. Other Remuneration of Directors
- none -
2. Other Executive Remuneration

The Company has set up a provident fund by registering more executives and employees to join the provident fund with Krungthai bank and Master Pool Fund. All employees and executives can register with Krung Thai Asset Management Plc. the fund manager. The members will deposit the money to the fund, which the employer will deduct from their wages and then transferred to the fund at a rate of 3 - 7 percent of the wages. The employers are obliged to pay contributions to the fund on the same day that the members deposit the agreed percentage of their wages into the funds.

Years of Work	Employer Contribution Rate (Percentage)
Less than 3 years	3
From 3 years to 7 years	5
More than 7 years	7

Personnel

As of December 31, 2018, there are 3,417 employees in the Company and its subsidiaries as detailed below;

Company List	Monthly Employee	Daily Employee	Total
Taokaenoi Food & Marketing PLC	743	2,456	3,199
Taokaenoi Restaurant & Franchise Co., Ltd.	145	-	145
NCP Trading & Supply Co., Ltd.	40	19	59
Taokaenoi Care Co., Ltd	-	-	0
Taokaenoi USA Inc.	6	8	14
Total	934	2,483	3,417

Human Resources Development Policy

The company considers personnel development within the organization through the 70:20:10 principle, which includes

70% On the Job Training – hands-on experience through execution of the actual job or project

20% Learning from others – learning from others including guidance, advice, and knowledge from supervisor, mentor, or discussion with the specialist or expert in certain areas to encourage idea generation and innovation

10% Self-learning - through company's provided tools i.e. books, computer-based or eLearning, internal training according to the training plan aligned with strategic direction and goals of the company. In addition, attending external seminar broaden knowledge in business, competition, and industry trends on the worldwide scale.

The company put great emphasis on developing personnel groups who are the main drivers of the organization classified into supervisory, middle management, and senior management. The development focused more on leadership skills to groom “Business Leader” instead of highlighting merely operational skills. This new approach on leadership development will generate a sustainable growth in human capital. Meanwhile, the development of essential knowledge for all career levels still continued accordingly.

Knowledge contents related to regulations had been revised this year. In addition, preparing sufficient manpower to accommodate business opportunity overseas i.e. development of quality system for exports to countries in America, Europe, and Asia Pacific where China is the major market. The company created training plan to ensure quality, safety, and operation throughout the year. The average training hours is 9.93 hours per person per year, which covered employees of all career levels.





08

2011

“The Billionaire”
movie based on true story

Corporate Governance

Corporate Government Policy

The Company adheres to the good governance principles under the Corporate Governance Code for Listed Companies of the Office of the Securities and Exchange Commission as set out by the Stock Exchange of Thailand.

The Board of Directors, management and all staff comply with the Corporate Governance Code and realize the significance of good governance, starting in 2015, with improvements from time to time to cover various topics, such as human rights, labor, health and safety, security, environment, conflicts of interest, use of inside information, corruption, internal control and information disclosure, etc. The Company has published its corporate governance policy on its website at www.taokaenoi.co.th for convenient access of directors, management and staff to such information.

In 2018, the Company was assessed in terms of its corporate governance with the following scores:

- A score of 98 percent from the quality assessment of the 2018 Annual General Meeting of Shareholders Assessment (AGM Checklist) by the Thai Investors Association.
- A Very Good score from the Corporate Governance Report of Thai Listed Companies – CGR 2018 from the Thai Institute of Directors Association.

In order to ensure the operational transparency and enhance the management efficiency, as well as to boost the

trust of the shareholders, general investors and all parties concerned in the long run, the Company implements its practices in 5 chapters as follows:

1 Rights of Shareholders

The Company realizes and focuses on basic rights of all groups of shareholders, including corporate shareholders, in order to enable them to exercise their rights as investors, e.g., voting right, the right to grant proxy, to buy, sell or transfer shares, the right to business profit sharing, access to adequate information about the Company, the right to attend and vote at shareholders' meetings, to propose meeting agenda items in advance, to nominate candidates for appointment as directors, appointment of auditor and fixing of audit fees, and the right to make decisions on significant matters, which may affect the Company, e.g., declaration of dividend, establishment or amendment of the articles of association and the memorandum of association, capital reduction or increase, and approval of special transactions, etc., other than those basic rights as mentioned above.

The Company provides its shareholders with essential and material information regarding its business operations in a clear and timely manner via the SET Portal of the Stock Exchange of Thailand and on its website at www.taokaenoi.co.th. In addition, the Company made other arrangements

to promote and facilitate the shareholders' exercise of rights at the 2017 Annual General Meeting of Shareholders ("AGM") as follows:

1. The Company allowed the shareholders to propose meeting agenda items, including nominations of candidates for election of directors, in advance, in order for the Company to consider including them in the meeting agenda and electing the directors. In this connection, the Company disseminated the details regarding rules and procedures for such arrangements via the SET Portal of the Stock Exchange of Thailand and on its website at www.taokaenoi.co.th. As a result, no shareholders submitted any questions relating to the meeting agenda, proposed any meeting agenda items or nominated any candidates for directorship at the 2018 AGM.

2. The Company disseminated information regarding date, time, place and agenda of the AGM on February 21, 2018, both Thai and English versions, in advance prior to the meeting date, in order to enable all shareholders to obtain clear and adequate information and have time to review such information before the AGM.

With regard to the invitation letters to the AGM, the Company provided information in detail on the respective agenda items, together with supporting explanations and opinions of the Board, which shall be identified as matters for information or for consideration. Proxy forms were also attached to the invitation letters, and the names of the independent directors were indicated in the proxy forms as alternatives for the shareholders to appoint any of the independent directors as their proxies.

The Company disseminated the invitation letters, together with related documents, e.g., registration form, documents and evidence to be presented before attending the meeting, procedures for proxy appointment, registration and proxy forms, on its website, both Thai and English versions, in advance prior to the meeting date. Such documents were delivered to the shareholders in advance through Thailand Securities Depository Co., Ltd., as the Company's registrar, to handle the delivery of the invitation letters and supporting documents to the shareholders.

3. The Company promoted and facilitated the shareholders' and institutional investors' participation in the AGM on Monday, April 23, 2018 at 10.00 hours at Rajpruek Ballroom 2nd floor, Sport club house building, Rajpruek

club (North Park Project), No.10 M.3 Vibhavadi Rangsit Rd., Thung Song Hong, Lak Si, Bangkok, where the commute to attend the meeting was convenient, and also prepared duty stamps available for the convenience of the shareholders who appointed proxies. In this connection, all directors were present at the 2018 AGM.

4. The Company allowed the shareholders to appoint any independent directors or persons to attend the meeting on their behalf by using any of the proxy forms attached to the invitation letters. The shareholders may use the proxy forms which the shareholders may cast their votes, as prescribed by the Department of Business Development, Ministry of Commerce, and such information of the independent directors nominated by the Company as their proxies for convenient and rapid registration on the meeting date.

5. The Company explained rules and procedures for voting to the shareholders before starting the AGM, whereby the matters would be considered in the order of the agenda as indicated in the invitation letters which were delivered to the shareholders in advance without changing such order and without considering any matters other than those indicated in the agenda. During the AGM, the chairman allowed the shareholders to share their opinions and ask questions regarding the Company and the meeting agenda. The Company also arranged for an independent legal advisor to act as the inspector of the AGM and vote counting to ensure compliance with the laws and the Company's articles of association. In this regard, the Company allowed the shareholders who attended the meeting after the chairman called the meeting to order, to vote on the matters which were pending consideration and voting, and as such, the number of votes cast on the respective agenda items may vary.

6. The Company held the AGM with transparency and mechanism for auditability, whereby all directors and management, including the auditor, were present at the meeting to answer questions and listen to opinions of the shareholders, including the shareholders' right protection volunteer(s) from the Thai Investors Association as observer(s).

7. The Company used a barcode system for registration and vote counting at the AGM in order to facilitate rapid registration and processing of vote counting. Votes were collected, counted and notified to the meeting after

concluding the voting of each respective agenda item. As the vote counting for some agenda items might take longer time than usual, the chairman of the meeting requested the meeting to proceed with other agenda items in order for the meeting to continue, and when the staff concluded the vote counting, the voting results were instantly reported to the meeting.

8. The Company disseminated resolutions of the AGM to the public and the voting results of the respective agenda items via the SET Portal of the Stock Exchange of Thailand and on its website at www.taokaenoi.co.th on April 23, 2018, and published the minutes of the meeting that fully recorded details, including questions, explanations and opinions of the shareholders as discussed at the meeting, on May 7, 2018.

2 Equitable Treatment of Shareholders

The Company recognizes its duty to protect the interests of all groups of shareholders, whether they be major shareholders, minor shareholders, individual shareholders, institutional investors, Thai or foreign shareholders, to truly enjoy their rights and fair and equitable treatment at the 2018 AGM to the best interests of the shareholders, as follows:

- Meeting agenda items could be proposed and candidates for election of directors in place of those due to retire by rotation could be nominated in advance. The Company disseminated such details via the SET Portal of the Stock Exchange of Thailand and on its website at www.taokaenoi.co.th. Such proposed items and nominations would be submitted to the Nomination and Remuneration Committee for consideration, and thereafter, the Board of Directors would consider including such proposed items in the agenda of the AGM and for election of directors for further consideration and approval by the AGM. As a result, no shareholders submitted any questions relating to the meeting agenda, proposed any meeting agenda items or nominated any candidates for directorship.

- The Company allowed the shareholders who were unable to attend the AGM in person to appoint the Company's independent directors or other persons as their proxies to attend and vote at the meeting on their behalf.

- The Company prepared proxy forms as prescribed by the Ministry of Commerce, in which the shareholders could

cast their votes, and delivered such forms to the shareholders along with the invitation letters of the AGM. In addition, the shareholders could download the proxy forms from the Company's website.

- The Company prepared voting cards for the shareholders to cast their votes on various items, whereby in the item of election of directors, the Company allowed the shareholders to exercise their rights to elect directors on an individual basis, and the vote counting on each agenda item was done openly and transparently.

- The chairman of the AGM conducted the meeting according to the order of the agenda as indicated in the invitation letters without adding any agenda items other than those indicated in the invitation letters.

- All shareholders shall be entitled to vote according to the number of shares held by them, and one share is equal to one vote.

3 Roles of Stakeholders

The Company recognizes the treatment and rights of stakeholders, both inside and outside the Company, whereby the stakeholders should be treated by the Company according to their rights under applicable laws. Collaboration between the Company and the stakeholders should be encouraged to ensure wealth, financial stability and business sustainability. There are several groups of the stakeholders in the corporate governance system, most notably are as follows:

The Company discloses material information fairly, transparently and timely for all groups of stakeholders to be treated equally. In addition, the Company arranges for whistleblowing channels to accept complaints or comments or suggestions to demonstrate that all groups of the stakeholders are affected or threatened to be affected by the Company's business operations or such actions by the Company's staff that violate the law or the code of ethics, including such behavior which may give the impression of corruption, unequal treatment or careless and imprudent actions. The Company shall conduct an investigation of such issue and keep the investigation records in writing without revealing the identity of the whistleblowers, as well as keep such information from the complaints confidential in order to prevent any potential impact on the whistleblowers.

Rights of Shareholders

The Company recognizes its shareholders as the Company's owners, therefore, the Board of Directors, as the shareholders' representatives, shall be authorized to carefully and prudently manage and operate its business in order to achieve the Company's objectives. The Company equally and fairly treats the shareholders and discloses complete and accurate information on a regular and equal basis, as well as monitors to prevent the Company's directors, management and staff from seeking undue benefits from misuse of undisclosed information. In this regard, the Board of Directors and management shall be prohibited from trading the Company's shares during the period of 1 month before disclosing the financial statements and for 48 hours after issuing the financial statements.

The Company respects the shareholders' rights and acknowledges its duty to equally treat the shareholders in light of their basic rights under the laws and the Company's articles of association, e.g., the right to attend shareholders' meetings, to propose meeting agenda items in advance, to elect directors, and to fairly receive dividends, etc.

The Company strives to take responsibility and ensure the shareholders' utmost satisfaction, taking into account the Company's sustainable growth and reasonable returns, whereby the Company shall operate its business to constantly achieve good results, and continue its business development with transparency in terms of reliable accounting, control and internal audit systems, as well as maintenance of the Company's assets. The Company is committed to generating profits and pursuing a sustainable growth to create values to the shareholders in the long run.

Rights of Staff

The Company strives to put in place fair human resource management and performance evaluation systems. The Company recruits and retains competent and experienced staff by focusing on capacity building and enhancement for staff on a regular basis, and promote career advancement and security for staff as well as fair treatment to all staff members. With regard to remuneration, the Company takes into account their respective knowledge, competencies, experiences, job positions, responsibilities and performance relative to the Company's operating results, social and economic circumstances, and provides appropriate welfare

and benefits to staff comparable to other companies in the same or similar industry, and as required by law, e.g., provident fund for staff, etc. As for staff capacity building, the Company encourages and promotes improvement of knowledge, competency and capacity which are beneficial to staff at all levels regularly and continuously for their career advancement through a wide variety of training courses, both inside and outside the organization.

The Company promotes a better quality of living for staff and encourages them to improve the well-being of their families towards sustainable happiness and self-reliance based on the self-sufficiency economy philosophy. The Company also encourages staff engagement and respects their freedom of assembly to suggest or set out work procedures and/or agreements for the benefits of all parties, maintains good collaborative relationships, and provides whistleblowing channels, fact-finding process and protection of whistleblowers.

Rights of Customers

The Company undertakes to improve the quality of its products regularly to ensure customers' utmost satisfaction, and cares for and acts responsibly towards customers to the best of its ability. The Company also makes other arrangements so that customers can rest assured and be satisfied with the quality of the Company's products at fair prices. In addition, customers may submit any complaints on their use of the Company's products or improper services via e-mail or to the Company's Call Center in order to enable the Company to prevent/resolve such issues for customers in a rapid and appropriate manner, and take such information into account for further improvement or development of its products and services accordingly.

Rights of Counterparts, Competitors and Creditors

The Company adheres to equality and integrity in its business operations and mutual benefits based on the code of ethics and strictly complies with the laws, rules and conditions with contractual parties, formulates business alliance and maintains good relationships with all parties. Moreover, the Company also implements its competition framework with integrity, transparency, compliance with commercial and contractual terms, and support for its counterparts/ business partners to ethically operate their businesses with social and environmental responsibility. The Company shall not engage in transactions with any persons or legal

entities that violate the laws or have any conduct that likely constitutes corruption, and shall consider appropriate and fair pricing and take into account the reasonableness in terms of prices, quality and services provided. The Company also clearly sets out regulations on procurement and various activities on the basis of fairness and mutual benefits. In order to prevent corruption on the part of counterparts and staff concerned, the Company shall consider immediately terminating relationships with any counterparts which are found to be involved in corruption, bribery or undue benefits to influence any parties concerned to enter into any contracts or transactions with the Company.

Rights of Community, Society and Environment

The Company regards itself as part of society and community, takes communal, social and environmental responsibility, promotes education and training for staff in order to raise their awareness of communal, social and environmental responsibility as a whole among staff at all levels, and encourages them to join various activities held by the Company to engage in social contributions and foster activities that maintain the customs, traditions and culture as well as act a good member of society by sponsoring religious activities on a regular basis.

In terms of community and society, the Company is aware that it is a member of society and as such, it needs to make social contributions as a gesture of gratitude to local communities by creating jobs and opportunities, granting scholarships, focusing on local healthcare promotion through activities to provide assistance and development of communities, health checkups and quality activities in various aspects of society, including charitable donations on a regular basis.

As for environment, the Company focuses on creating values and raising awareness of environmental preservation and optimization of resources through training, campaigns and a variety of optimal utilization of resources within the organization, e.g., campaign for minimization of office paper use, lights out during rest or idle periods, wastewater treatment system in factories, and environmentally-friendly manufacturing process for communities.

Furthermore, the Company focuses on basic human rights to endorse respect for rights and freedom without discrimination, equality without exclusion of gender and class, no use of

child labor, and suppression of every form of corruption, as part of the Company's corporate governance policy, which clearly demonstrates its intention and commitment not to support or engage in business dealings with any operators involved in violation of human rights. The Company also treats its staff equally and fairly and promotes equality by providing welfare benefits, safe and healthy workplace and appropriate remuneration without using any form of child labor.

4 Information Disclosure and Transparency

Information Disclosure

The Company realizes the significance of disclosure of its material information to be accurate, complete, up-to-date, transparent, straightforward, and auditable in due course of time and for the purpose of making decisions on investment, management and any other arrangements for all stakeholders. Therefore, it is essential to control and implement measures on accurate disclosure of both financial and non-financial information as required by law. The Company provides all parties concerned fairly with proper, accurate, reliable information in a timely manner, and all groups of stakeholders can equally access such information through various channels, such as the Stock Exchange of Thailand, the Company's website, and others, as follows:

- Material information shall be disclosed via the SET Portal of the Stock Exchange of Thailand and on the Company's website.
- The Investor Relations Unit is established to serve as the Company's point of contact with both local and foreign investors.
- The Company participated in the Opportunity Day event organized by the Stock Exchange of Thailand to present its operating results on a quarterly basis.
- Information is also provided to foreign investors through Roadshows abroad.
- The Analyst / Fund Manager Meeting is held to provide information to analysts and funds.
- News are released through various forms of media, e.g., news photos, advertisements and social media.

Use of Inside Information

The Company formulates measures and clearly advises its directors and management of the prohibition of directors, management and staff from department managers and higher, and those involved with inside information from trading the Company's securities within 1 month before disclosing the financial statements and for 48 hours after such information disclosure (Blackout Period), which shall be notified in writing by the Investor Relations Unit to the concerned persons in advance. In addition, the Company's regulations provide sanctions for violations by misusing the Company's inside information for personal gains and others, from verbal warning to dismissal.

Directors and management shall report their holding of the Company's securities upon their appointment for the first time as directors or high-ranking management of the Company (Form 59-1) to the SEC within 30 business days from their assumption of such positions, and shall report any change in their holding of the Company's securities due to purchase, sale, transfer or acceptance of transfer of the Company's securities (Form 59-2) within 3 business days from such change.

In 2018, there were no violations by directors, high-ranking management and staff relating to use of inside information.

Anti-Corruption

The Company operates its business with integrity, transparency and in compliance with the Corporate Governance Code. As a token of its commitment, the Company has decided to sign up for the Thai Private Sector Collective Action Coalition against Corruption or CAC initiated by the Thai Institute of Directors Association in 2017, in order to demonstrate its intention and commitment to anti-corruption and prevention of fraud of every form. The application for certification process is currently underway.

Whistleblowing

The Company also arranges for whistleblowing channels to accept complaints, comments or suggestions to demonstrate that all groups of the stakeholders are affected or threatened to be affected by the Company's business operations or such actions by the Company's staff that violate the law or the code of ethics, including such behavior which may give the impression of corruption, unequal treatment or careless and imprudent actions, as follows:

1. Via website at www.taokaenoi.co.th
2. Via e-mail at whistleblower@taokaenoi.co.th
3. By post to **any director**
Taokaenoi Food & Marketing
Public Company Limited
337 Bond Street, Bangpood,
Pakkred, Nonthaburi 11120

The Company shall conduct an investigation of such issue and keep the investigation records in writing without revealing the identity of the whistleblowers, as well as keep such information from the complaints confidential in order to prevent any potential impact on the whistleblowers.

5 Responsibilities of the Board of Directors

The Board of Directors shall be responsible to the shareholders for the Company's business operations, and compliance with the laws, objectives, the Company's articles of association and resolutions of the shareholders' meetings.

Board Structure

The Company's Board of Directors is composed of 8 directors, 3 of whom are independent directors. Members of the Board of Directors are qualified experts from various industrial sectors, namely, business, engineering and manufacturing, sales and marketing, accounting and finance, which are related to and supportive of the Company's business. Moreover, the Company has appointed its Company Secretary to provide suggestions

in terms of legal and regulatory compliance, of which the Board of Directors must be aware, perform his or her function of facilitating the Board's activities, and ensure the compliance with the Board's resolutions.

Scope of Power and Authority of the Board of Directors

1. The Board of Directors is authorized to oversee and manage the Company's affairs to ensure its compliance with the laws, objectives, its articles of association and the Board's resolutions and resolutions of the shareholders' meetings, with accountability, integrity, due care and caution to protect the Company's interests on the basis of good governance.

2. The Board of Directors is authorized to appoint any director(s) and/or management of the Company to perform any or several tasks in order to fulfill such assignments given by the Board. The Board of Directors is also authorized to appoint the Chief Executive Officer (CEO) and other subcommittees, such as the Audit Committee and the Nomination and Remuneration Committee, as appropriate and necessary, and approve the scope of power and authority of such subcommittees, including cancellation, revocation or amendment of their authority.

3. To encourage directors to contribute their time to efficiently perform their duties, each director's offices in other listed companies shall be limited to a maximum of 5 companies.

4. To designate or change names of directors authorized to sign and bind the Company.

5. To set goals, guidelines, policies, action plans and budgets of the Company, monitor the administration and supervision by the management or entrusted persons to ensure compliance with the policies and actions plans given by the Board of Directors.

6. To consider reviewing and approving material matters relating to the Company's operations, such as its vision, missions, policies, business strategies, goals and operation plans, financial targets, large-scale investment projects and budgets.

7. To supervise the management to proceed in compliance with the approved policies, action plans and

budgets.

8. To arrange for reliable accounting, financial reporting and audit systems, including efficient and effective internal control and internal audit systems.

9. To prepare the Company's Annual Report and/or the Board of Directors' reports in accordance with applicable laws or rules.

10. To establish and implement its corporate governance policy effectively.

11. To seek professional opinions from external organizations as necessary to support proper decision-making.

12. To review the risk management process and policy and to monitor its implementation.

13. To appoint the Company Secretary to assist the Board of Directors in its performance of various tasks in order to ensure that the Company's business operations comply with applicable laws and regulations.

14. To fairly oversee the interests of both major and minor shareholders according to their rights and fairly treat the shareholders and stakeholders.

15. To maintain counterbalancing between management and/or major shareholders at an appropriate level based on the ratio or number of independent directors on the Board.

16. To put in place a mechanism for provision of information in order to ensure that the Board of Directors obtains information sufficiently to enable it to fulfill its power, authority and responsibility.

17. To establish a mechanism to clearly and transparently manage connected transactions between the Company and its subsidiaries and connected persons in order to prevent any conflicts of interest, subject to disclosure of accurate and adequate information, as well as reporting to subsidiaries' board of directors.

18. To ensure disclosure of material information of the Company with accuracy, completeness, timeliness and transparency through such channel that is easily, equally and reliably accessible.

19. The Board of Directors should hold at least 7 meetings a year, with the directors' presence in at least three-fourths (75 percent) of all meetings held in each year.

20. The Board of Directors should hold at least 1 meeting without the presence of directors representing the management.

21. The Board of Directors is authorized to consider approving any matters necessary and relating to the Company or as it deems appropriate and for the benefits of the Company.

The following transactions may be carried out by the Board of Directors only after obtaining approval from the shareholders' meeting:

(a) any transactions required by law to obtain resolutions from the shareholders' meeting.

(b) any transactions in which directors are interested and subject to approval from the shareholders' meeting as required by law or notifications of the Stock Exchange of Thailand.

22. The Board of Directors shall evaluate its performance yearly in comparison with the requirements under the Charter of the Board of Directors, and take the evaluation results into consideration for further improvement. The Board of Directors shall also conduct the evaluation of performance of each subcommittee yearly and disclose the overview of such evaluation results in the Annual Report.

23. The Board of Directors shall have such power, authority and responsibility as provided by applicable laws and rules, its articles of association and resolutions of the shareholders' meetings.

The Board of Directors may authorize any one or several directors or any other persons to perform any particular tasks on its behalf, whereby such authorization may be cancelled, revoked, altered or amended by the Board of Directors, and shall preclude any further authorization or delegation which would enable another director or person so authorized or delegated by the directors to approve such transaction in which they may have any conflicts, interests or benefits with those of the Company or its subsidiaries. Furthermore, approval from the shareholders' meeting must be obtained in executing any connected transactions or acquisition or disposition of material assets of the Company, pursuant to the notifications of the Capital Market Supervisory Board, the notifications of the Office of the Securities and Exchange Commission, and the regulations of the Stock Exchange of

Thailand and/or any relevant authorities in charge.

Nomination of Directors

The Company has a nomination procedure whereby the Nomination and Remuneration Committee shall consider the qualifications and eligibility in terms of knowledge, competency and work experiences, and nominate a list of directors to the shareholders' meeting for further consideration and approval. The Company's appointment of directors shall proceed in accordance with its articles of association, which may be summarized as follows:

1. The Board of Directors is composed of at least 5 directors, not less than one half of whom must be resident in Thailand, and they must be qualified without any prohibited characteristics under the laws.

2. The election of directors at the shareholders' meeting shall require a majority vote, subject to the following rules and procedure:

(a) Each shareholder shall have one vote per each share held.

(b) Shareholders may vote on the election of directors on an individual basis.

Candidates with the highest votes in descending order shall be elected as directors to fill the number of directors to be appointed. In the case of a tie for candidates to be elected in descending order which would exceed the number of directors to be appointed, the chairman of the meeting shall have the casting vote.

Evaluation of Performance of Directors

The Company shall evaluate and review the performance of the Board of Directors and subcommittees once a year, which shall be divided into two types, namely, overall board performance evaluation (as a whole), and self-assessment. The outcomes of such evaluation and assessment shall be analyzed and concluded by the Board of Directors in order to come up with measures to improve its efficiency, and to further develop its operation plan, as follows:

Overall Board Performance Evaluation involves an assessment of 6 topics as follows:

- (1) Board structure and qualifications;
- (2) Roles, duties and responsibilities of the Board;
- (3) Board meetings;
- (4) Board performance of duties;

- (5) Relationships with management;
- (6) Self-improvement of directors and management.

In 2018, the results of the overall board performance evaluation concluded that the Board's performance under the Company's corporate governance code was rated at excellent level with an average score of 86.25 percent.

Overall Subcommittee Performance Evaluation involves an assessment of 4 topics as follows:

- (1) Committee structure and qualifications;
- (2) Committee meetings;
- (3) Roles, duties and responsibilities of committee;
- (4) Others.

In 2018, the results of the overall subcommittee performance evaluation concluded that the subcommittees' performance under the Company's corporate governance code was rated at excellent level with an average score of 86.64 percent.

Self-Assessment of Directors involves an assessment of 3 topics as follows:

- (1) Board structure and qualifications;
- (2) Board meetings;
- (3) Roles, duties and responsibilities of the Board.

The results of the self-assessment of directors concluded that the Company's directors were qualified and performed their duties and responsibilities at excellent level and appropriately in accordance with the best practices of directors, with an average score of 89.77 percent.

Roles and Duties of the Board Chairman

In order to segregate power and authority to set out the Company's policies and administration, the Board Chairman shall have the following roles and duties:

1. To call the Board meetings, preside over the Board meetings and shareholders' meetings, and formulate the meeting agenda;
2. To conduct meetings efficiently in accordance with the Company's articles of association, encourage and allow directors to independently share their opinions;
3. To support and promote the Board of Directors to perform duties to the best of its ability according to the scope of power, authority and responsibility and subject to the good governance principles.

4. To oversee and monitor the Board's administration to achieve the specified objectives.

Subcommittees

To facilitate the Board of Directors' efficient and effective performance of duties, the Board of Directors has appointed subcommittees to help review and screen various arrangements as necessary. As at December 31, 2018, the Company has a total of 3 subcommittees, namely: (1) Audit Committee; (2) Nomination and Remuneration Committee; and (3) Risk Management Committee, with their respective scopes of authority as described below.

Audit Committee

Scope of Power and Authority

1. To review and ensure the Company's accurate financial reporting and adequate information disclosure for the purpose of equitable treatment of shareholders, and to collaborate with external auditor and management in charge of the preparation of the quarterly and annual financial reports.
2. To review and ensure the Company's appropriate and efficient internal control and internal audit systems, and to review the independence of its internal audit office as well as to approve such appointment, transfer and removal of the head of the internal audit office or any other unit responsible for internal audit.
3. To review and ensure the Company's compliance with the securities and exchange laws, regulations of the Stock Exchange or other laws applicable to the Company's business operations.
4. To consider selecting and nominating an independent person for appointment as the Company's auditor and suggest his/her remuneration, and to discuss with the auditor without the presence of management at least once a year.
5. To consider executing connected transactions or transactions with potential conflicts of interest in compliance with the securities and exchange laws and regulations of the Stock Exchange, so as to ensure that such transactions are reasonable and in the best interests of the Company, and to accurately and fully disclose the Company's

information regarding connected transactions or transactions with potential conflicts of interest.

6. Should the Company's auditor identify any incident suspicious and concerned with directors, management or any other persons responsible for the operations of the Company and its subsidiaries, which violates the law, and the auditor has reported such incident to the Audit Committee, the Audit Committee shall, without delay, conduct further investigation and report the initial investigation results to the Office of the Securities and Exchange Commission and the auditor within 30 days from the date of receipt of such report from the auditor.

7. To prepare and disclose the Audit Committee's report in the Company's Annual Report. Such report must be signed by the Chairman of the Audit Committee and at least contain the following particulars:

(a) Its opinion on the accuracy, completeness and reliability of the financial reports of the Company and its subsidiary.

(b) Its opinion on the adequacy of the internal control systems of the Company and its subsidiaries.

(c) Its opinion on compliance with the securities and exchange laws, regulations of the Stock Exchange or other laws applicable to the business operations of the Company and its subsidiaries.

(d) Its opinion on the eligibility of the auditor.

(e) Its opinion on transactions with potential conflicts of interest.

(f) The number of meetings of the Audit Committee and attendance records of each member of the Audit Committee.

(g) Overall opinion or observations regarding its compliance with the Charter.

(h) Any other particulars that, in its opinion, should be disclosed to the shareholders and general investors, subject to the scope of its authority and responsibility as authorized by the Board of Directors.

8. In the course of the Audit Committee's performance of duties, should any of the following transactions or actions be identified or suspicious to materially affect the Company's financial position and operating results, the Audit Committee shall report such issue to the Board of Directors for rectification within the time as the Audit Committee deems appropriate:

(a) Transactions with conflicts of interest;

(b) Fraud or irregularity or flaws in material aspects in the internal control systems;

(c) Violation or breach of the securities and exchange laws, regulations of the Stock Exchange or other laws applicable to the Company's business operations.

Where the Board of Directors or management fails to rectify such issue within the specified time, any member of the Audit Committee may report such transaction or action to the Office of the Securities and Exchange Commission or the Stock Exchange.

9. The Audit Committee may seek an independent opinion from any other professional advisor when necessary at the expense of the Company.

10. To perform any other tasks assigned by the Board of Directors as appropriate.

Subject to the scope of authority and responsibility, the Audit Committee is authorized to invite management, executives or staff of the Company or related subsidiaries to report, provide comments, discuss or produce any documents as it deems relevant and necessary. The Board of Directors is authorized to revise the scope of power and authority of the Audit Committee as necessary or appropriate.

Term of Office

Each member of the Audit Committee shall hold office for a term of 3 years each, except retirement by rotation in accordance with the Company's articles of association, in which case, such member may be re-elected.

Nomination and Remuneration Committee

Scope of Power and Authority

1. To nominate persons eligible for appointment as directors and high-ranking management, provided that the nomination and selection rules or procedures must be reasonable and transparent and submitted to the Board of Directors' meeting and/or shareholders' meeting for consideration and approval.

2. To consider guidelines for determination of remuneration for directors and high-ranking management, provided that the forms, rules and procedures of such remuneration must be fair and reasonable and submitted

to the Board of Directors' meeting and/or shareholders' meeting for consideration and approval.

3. To perform any other tasks assigned by the Board of Directors.

Management and various units must report or provide information and relevant documents to the Nomination and Remuneration Committee in order to facilitate the performance of its assigned duties.

Term of Office

Each member of the Nomination and Remuneration Committee shall hold office for a term of 3 years each and may be re-elected as the Board of Directors deems appropriate.

Risk Management Committee

Scope of Power and Authority

1. To formulate the corporate risk management policy, strategies and guidelines for.

2. To set out risk management plan for the management, including overall corporate risk management procedure.

3. To supervise the management's compliance with such corporate risk management policy, strategies and guidelines for, monitor its performance in accordance with the corporate risk management framework, and keep the Board of Directors updated on a regular basis.

4. To review the system or evaluate the efficiency of such risk management policy, strategies and guidelines at least once a year and from time to time when risk levels have changed.

5. To perform any other tasks assigned by the Board of Directors.

Term of Office

Each member of the Risk Management Committee shall hold office for a term of 3 years each and may be re-elected as the Board of Directors deems appropriate.

Chief Executive Officer

The Chief Executive Officer shall be in charge of managing and controlling the Company to fulfill its initial objectives. The Chief Executive Officer shall perform his/her duties and take responsibilities for the Company's operations either in person or by assigning any manager at the next lower level to act on his/her behalf. The Chief Executive Officer's duties and responsibilities shall include, but not limited to:

1. To oversee and provide suggestions on the Company's day-to-day operations and administration;

2. To engage in any business activities in accordance with the objectives, policies, regulations, arrangements, orders and resolutions of the Board of Directors' meetings and/or resolutions of the shareholders' meetings;

3. To guide the Company's achievement in terms of its vision, missions, strategies, goals, objectives and annual business results;

4. To further authorize or assign any other persons as the Chief Executive Officer deems appropriate to act on his/her behalf in necessary and appropriate matters, mainly taking into account the Company's interests and subject to the legal requirements, rules and regulations, and the Company's articles of association;

5. To issue orders and instructions on implementation of projects and objectives within the Company's framework and directions in the best interests of the Company;

6. To monitor and evaluate the Company's operations on a daily basis in order to respond to potential risks from external and internal factors;

7. To handle communications with the public, shareholders, customers and staff in order to promote the Company's reputation and good image;

8. To consider approving various transactions, such as purchase and sale of goods, procurement of raw materials, marketing, personnel management, purchasing and general administration affairs, in order to execute the Company's routine transactions, subject to the conditions and restrictions under the Company's notifications on regulation of approval authority;

9. To appoint buying and selling agents in the ordinary course of the Company's business transactions;

10. To recruit and employ staff, and to handle staff transfer and rotation in the same field, between departments or divisions, or to terminate employment of staff, and to fix

wages, salaries, remuneration, bonus and benefits for staff;

11. To consider appointing external consultants for the Company's operations as he/she deems appropriate;

12. To issue, amend, add, revise orders, regulations, notifications and memoranda of understanding to ensure that the Company's operations follow its policies and in the interests of the Company, and to maintain discipline and order in the organization;

13. To perform any other tasks as assigned from time to time by the Board of Directors;

14. To engage in activities relating to the Company's general administration affairs;

15. To sign any documents relating to arrangements necessary for or in connection with the ordinary course of the Company's business transactions as listed in items 1 to 14 above.

However, the authority to execute any juristic acts which (a) may give rise to conflicts of interest with the Company or its subsidiaries; (b) may give rise to conflicts of interest between the Chief Executive Officer or person who may have a conflict of interest and interested person with the Company or its subsidiaries, as prescribed by law and notifications of the Securities and Exchange Commission or of the Capital Market Supervisory Board or of the Stock Exchange of Thailand, shall not be vested in the Chief Executive Officer's scope of power to exercise his/her discretion or assign another person to act on his/her behalf. In this respect, such juristic acts must be proposed to seek approval through the Audit Committee for further submission to the Board of Directors and/or shareholders' meeting (as the case may be) as required by the Company's articles of association and by law, except for approval in the ordinary course of business transactions of which the scope has been clearly specified.

Procedure for Selection of the Chief Executive Officer

For the purpose of selection of the Chief Executive Officer, the Nomination and Remuneration Committee shall screen and select candidates who are fully qualified, eligible, knowledgeable, capable, skillful and with experiences beneficial to the Company's operations, and are well-informed of the Company's business and capable of managing works to achieve the objectives and goals set by the Board of Directors. The appointment of the Chief Executive Officer shall be subject to approval by the Board of Directors.

The Company's criteria for selection and appointment of directors and top management are as follows:

1. Being a natural person and of legal age;

2. Not being bankrupt, incompetent or semi-incompetent;

3. Never having been sentenced to imprisonment by a final court judgment on any offense relating to property from dishonest undertaking;

4. Never having been dismissed or discharged from public service or organization or authority on the grounds of malfeasance;

5. Not having been named in any criminal complaint filed by the Office of the SEC or subject to any legal proceedings following the criminal complaint initiated by the Office of the SEC, or having been sentenced to imprisonment by a final court judgment, regardless of whether such sentence was suspended, and it has not yet surpassed a three-year period after the term of imprisonment was completed or the suspension period of the sentence was over, only in respect of such offenses under the securities and exchange laws or derivatives laws, as follows:

(1) Unfair trading practices in securities or derivatives;

(2) Dishonest undertaking or causing damage to assets, creditors or the public;

(3) Failure to perform duty with due care or integrity;

(4) Knowingly making false statements in material aspects or concealing material facts that should have been revealed;

(5) Operating securities business or derivatives business without permission and involving public fraud;

6. Not having been named in any criminal complaint filed by a local or foreign financial regulatory authority, or subject to any legal proceedings following the criminal complaint initiated by such financial regulatory authority, or barred from serving as director or executive of a financial institution, or never having been sentenced to imprisonment by a final court judgment, regardless of whether such sentence was suspended, and it has not yet surpassed a three-year period after the term of imprisonment was completed or the suspension period of the sentence was over, only on the grounds relating to deceitful, fraudulent or dishonest management of assets, which caused damage to either the financial institution in which such person is a director or executive or to its customers;

7. Never having been sentenced to imprisonment by a final court judgment, regardless of whether such sentence

was suspended, and it has not yet surpassed a three-year period after the term of imprisonment was completed or the suspension period of the sentence was over, in respect of public offenses regarding deceitful, fraudulent or dishonest management of assets;

8. Not having been subject to a court order of asset seizure under the anti-corruption laws, anti-money laundering laws, or any other similar laws, and it has not yet surpassed a three-year period after the date the court issued such order of asset seizure.

9. Not acting or omitting to act, in bad faith, or with gross negligence, in executing any transaction of the Company or its subsidiaries, which caused damage to the Company or its shareholders, or generated undue benefits for oneself or others;

10. Not disclosing or disseminating false information or statements relating to the Company or its subsidiaries, which may be misleading or conceal material facts that should have been revealed which may affect the decision-making of shareholders, investors or other persons concerned, either by ordering, taking responsibility for or involving in preparation, disclosure or dissemination of such information or statements, or by taking or omitting to take any other action, unless it can be proven that by virtue of such position, capacity or function, such person was not aware of the falsehood of such information or statements or the omission of such facts that should have been revealed.

The following transactions by the Company or its subsidiaries, whether by way of its order, approval, support, acceptance of benefits or any other active involvement, shall be regarded as an act in bad faith, unless proven otherwise:

(1) Transaction which is not executed in a manner as a person of ordinary prudence in the like business would do with a general counterparty under the same circumstances, and which is not significantly beneficial to the Company or its subsidiaries, or which is executed to the advantage of oneself or others;

(2) Transaction which fails to comply with the rules prescribed under the securities and exchange laws relating to connected transactions or material transactions involving acquisition or disposition of assets.

11. Not acting unfairly or taking advantage of investors in trading securities or derivatives, or being or having been involved in or supportive of such action.

Consideration of Remuneration of Directors and Top Management

The remuneration of directors, subcommittee members, and top management shall be considered and prescribed as follows:

1. The Nomination and Remuneration Committee shall consider determining remuneration of directors, subcommittee members and the Chief Executive Officer, as appropriate to duties, responsibilities, achievements, business types/sizes, and benefits expected of the respective persons, provided that such remuneration must be reasonable and sufficient to attract and retain competent personnel, as compared to other companies in similar business, including forms of remuneration, payment methods and amounts as appropriate.

2. Any revision to the rate of remuneration of the Chief Executive Officer shall be proposed to the Board of Directors for approval.

3. The consideration of remuneration of directors and subcommittee members shall be proposed to the shareholders' meeting for approval every year.

Governance of Subsidiaries and Associated Companies

For the purpose of governance of subsidiaries and associated companies, the Company shall send its directors or high-ranking staff to supervise such subsidiaries and associated companies in order to set out significant policies and oversee their business operations to the right direction and in the best interests of the Company as a whole. Furthermore, the Company should have a veto right on any significant matters to be undertaken by its subsidiaries. Investment in such subsidiaries must first be considered and approved by the Board of Directors and connected transactions must also be considered and approved by the Audit Committee. In addition, the subsidiaries must be required to establish and put in place proper regulations on execution of connected transactions, acquisition or disposition of assets or any other material transactions and subject to information disclosure

requirements. Any transactions which may materially affect the Company must first be approved by the Company's Board of Directors. The subsidiaries must be supervised to keep information and record its accounts and make them available for the Company's audit and consolidation in the preparation of the Company's financial statements in a timely manner.

Handling of Inside information

To ensure equal access to information and to prevent any misuse of inside information for personal benefits by directors, management, staff and employees, this policy shall also apply to spouses and underage children of directors, management, staff and employees accordingly. In the interest of good governance, the Board of Directors have considered and approved a policy on handling of inside information of the Company as follows:

1. Directors, management, staff and employees of the Company must keep secrets and/or inside information of the Company confidential.

2. Directors, management, staff and employees of the Company must not disclose or exploit the Company's secrets and/or inside information for personal gains or others, whether directly or indirectly, and whether with or without consideration.

3. Directors, management, staff and employees of the Company must not trade, transfer or accept transfer of the Company's securities by using the Company's secrets and/or inside information, and/or execute any other juristic acts by using the Company's secrets and/or inside information which may cause damage to the Company, whether directly or indirectly, and any violations of this requirement shall be regarded as severe misconduct.

4. The Company has established guidelines for storage and prevention of misuse of inside information (Insider Trading) by prohibiting directors, management, staff from department managers and higher, and persons involved with inside information from trading the Company's securities during the period of 1 month before disclosing the quarterly and annual financial statements and for 48 hours after such information disclosure.

5. Directors and management must report their purchase or sale of the Company's securities as well as any change in their holding of such securities to the Company

at all times, and also report any change in their securities holding to the Securities and Exchange Commission pursuant to Section 59 of the Securities and Exchange Act.

In this regard, the Company has set out disciplinary actions for those exploiting or disclosing the Company's inside information in such manner which may cause damage to the Company, as applicable to the circumstances, e.g., verbal warning, written warning, probation and termination of employment by way of dismissal, discharge or displacement, as the case may be, etc. The Company also provides education to its management to realize their obligations to report their securities holding, and the holding by their spouses and underage children of the Company's securities, including punishments under the Securities and Exchange Act B.E. 2535 (1992), and its amendments.

Auditor's Fees

For the accounting period ended on December 31, 2017, the Company and its subsidiaries paid the auditor's fees as follows:

Unit : Million Baht

Auditor's Fees	TKN	TKNRF	NCP	TKNC	TKNUS
Audit Fee	2.02	0.60	0.37	0.10	1.04
Non-Audit Fee*	0.61	0.01	0.01	-	-
Total	2.63	0.61	0.38	0.10	1.04

Remark *Non-audit fee refers to traveling and documentation costs.

Other Compliance with Good Governance Principles

Succession Plan

The Company establishes succession plan to ensure the continuity of administration among management at the level of department chiefs, and focus on executive staff, in order to enable the Human Resources Department to arrange for personnel to be well-prepared to perform work systematically, with competency and skills, and build up their experiences required for key positions in the Company.

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Global snack company by 2024

Internal control and Audit

Summary of Board of Directors' opinions regarding the internal control system of the company.

The Board of Directors highly valued the importance of the internal control system of the company and therefore provided that the internal control system should covers both finance, management, and the efficiency of the operations. In accordance with relevant laws and regulations, risk management must be efficient enough to manage risk at an acceptable level and suitable for the work environment or activities within each department. Criteria for evaluation of the internal control system used by the Board of Directors and Audit committee are based on the following 5 aspects, namely

1. Controlled Environment

The company has a good organizational structure, work environment which promotes the internal control system to proceed along with the business operations within the company policy. The Board of Directors adhere to the righteous and ethical, which taking into account of the corporate goals. Key performance indicators for each department are consistently communicate to the employee for operational alignment.

In addition, the company has a strong organizational structure which supports the efficiency of operation management, effective recruitment system which

attracts and motivates qualified human resources for the organization goals.

2. Risk Management

The company highly values the importance of risk management, and setups risk assessment process in accordance with the objectives and goals by identifying and analyzing all type of risks, both current and future possibilities. Assessment of all risk possibilities are measured, monitored in case the objectives are not achievable. There are guidelines to be used to control both the risk impact and lost in opportunities by considering the significant level of the impact on business operation, both from outside and within the organization to each department. In this regard, Risk Management Committee has been established to manage the overall risks, which is the responsibility of all departments to manage and control the risks at acceptable levels. Key Risk Indicator is the key mechanism to adjust the operational goals, in which is suitable according to the situation.

3. Controlling Activities

The company controls over all operations in accordance of rules, regulations and operating manual,

where there is a clear written authority and level of approval. The Audit Committee reviews the internal audit report quarterly, in order to acknowledge key issues and problems encountered, thereby report to the management to make adjustments.

Including the case that the company is interacting with persons who many have conflicts or related to the management. The matter will be presented to the Audit Committee and the Board of Directors for appropriate procedures and regulations of the company.

4. Information and Communication

The company has a good information keeping system, which document storage is organized in appropriate manner. The accounting documents, which are important for preparation of financial reports, are kept appropriately. Meeting invitation is prepared with the relevant meeting documents and handouts before the meeting within the appropriate time according to the law. Thereby the sufficient information can be used for the decision making by the concerned person. This provides the operational efficiency, and mutual understanding of the responsibilities. The internal communication process facilitates access to information necessary for the operation, or revision as needed by the external organization.

In this regard, the company provides communication channels for stakeholders such as the complaint receiving call center, in order to understand the problems that occur and allow the external agencies to receive the correct information from the company.

5. Monitoring and Evaluation

The company has a continuous monitoring process, where the Audit Committee reviews and approves the annual internal audit plan. Together with the internal audit committee, the Audit Committee also invited the external auditors to present the financial statements, in which the performance is consistently monitored and reported. The quarterly reports presented to the Audit Committee and Board of Directors, is the ensures the effectiveness of the operation and internal control.

By considering the audit report of the internal auditor, information received by the inquiries from the

management, and various documents and evidences prepared by the management, the company has an adequate and appropriate internal control system.

Auditor's view on internal control

In 2018, EY Office Company Limited ("EY"), which is the auditor of the company, suggested improvements on the internal control system of information.

Head of Internal Audit of the company

The Audit Committee has appointed P&L Internal Audit Company Limited to be the internal auditor of the company since 2011 until today. P&L Internal Audit Company Limited has assigned Miss Wanwimol Jongsuriyaphas, the Vice President, is the main responsible person to perform the duties of the internal auditor of the company.

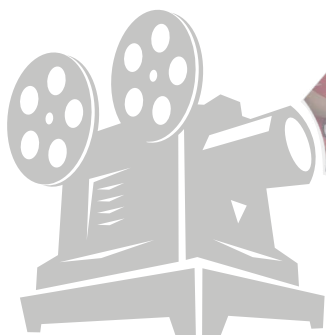
The Audit Committee has considered the qualification of P&L Internal Audit Company Limited and Miss Wanwimol Jongsuriyaphas, and viewed that as suitable to perform such duties. Independency of the company and the relevant experiences in internal audit work for similar business. Moreover Miss Wanwimol Jongsuriyaphas had attended in training courses related to internal audit practices, such as COSO 2014 and Fraud Audit and Caution for Auditor of the Institute of Internal Auditors of Thailand, Data Analytics for Internal Auditor class of 2/60 Chief Financial Officer Certification Program (FAP) and Prepared Course for Certified Internal Auditor: Pre – CIA) Chulalongkorn University. Yet the consideration and approval of the appointment or removal of internal auditors of the company must be approved by the Audit Committee.

10

2013

Focus on China market

Risk Management



Business Risk Includes

10.1 Business Risk

- Managing Risk of Reliance on Major Customers
- Managing Risk of Distribution in China
- Managing Risk of the Industry Competitiveness
- Managing Risk from Operational Disruptions due to Force Majeure

10.2 Production Risks

- Managing Risk of Volatility of Main Raw Material (Seaweed)
- Managing Product Quality and Production Risk
- Managing Labor Risk
- Managing Risk of Inventory Deterioration

10.3 Financial Risks and Rights of Securities

Holders

- Managing Risk from Exchange Rate Fluctuation
- Managing Risks Affected Investment Rights of Shareholders

Business Risk

Risk of Reliance on Major Customers

The company merchandises its product to 2 major domestic customers with more than 10% turnover of sales revenue of the company as follows:

1. One Convenience store
2. One Distributor

In regard to risk management, the company continuously done customer relationship management (CRM), by sending high-level executives to participate in various training programs, as well as participating in various activities and supports. Also, inviting high-level executives of our partners to educate in the Thailand Quality Award project (TQA). Nevertheless, the company also diversify risks by increasing the proportion of other partners such as hypermarket channel, creating a business promotion plan together with Joint Business Program (JBP).

Managing Risk of Distribution in China

Due to the proportion of sales to the Chinese market has been consistently increasing, in 2018 the proportion was approximately 39% of the total sales. There is a risk in case there are changes in the Chinese market, the company therefore has guideline for risk management

as follows:

1. Supervise and manage risks in order to reduce the impact on the business operations of the export market. The risk requires proactive measures to focus on management to reduce the chance of risk events. There will be a management plan to support various situations in case risk arises in such a way that will be affect the goals of the organization.

2. Expand new trade channels, which the company is closely supervised, such as online channels, sales channels.

3. Increase in sales agents to be in line with the expertise in various sales channels so that it can focus and support the growth continuously.

4. Manage the price appropriate for each channel.

5. Increase both online and offline marketing including social media, digital media to promote and various activities directly to consumer. By focusing on being the number one brand of products in the same category, the company has a commitment to make various risk factors for the year 2018 to be in at an acceptable level, which does not affect the overall image of the organization.

Managing Risk of the Industry Competitiveness

The company policy on the risk management can be divided into 2 parts

1. Product risk as follow

For the seaweed product group, the company focuses on developing new products, flavors and types on regular basis by researching and observing the behavior of each group of consumers and the changes.

For the non-seaweed product group, the company has been studying consumer behavior and the change of trends the company has established a business development department, to develop new products to the market in order to increase the opportunity to generate revenue both in terms of new products and new markets.

2. Risk of losing market share

Since the seaweed product of the company has been highly popular among consumer for a long time, resulting in the highest market share in the processed seaweed product market. In order to prevent loss of market share, the company has continuously conducted marketing activities to maintain the popularity and also expand to new customer base.

Managing Risk from Operational Disruptions due to Force Majeure

The business procedure may be interrupted due to the problem in the production process or the damage of the main asset used in business conduction, severely natural disasters affection, and other events: political unrest, serious accidents, terrorism, etc.

In regard to risk management, the company has set guidelines for preventing and decreasing to the impact of disruptions due to force majeure with the risk analysis in both production and control of occupational health and safety in the factory area appropriately. Quality Management Representative (QMR) has been established to act as a consultant team to guide and monitor the quality management process, and control the quality system effectively. Also, there are an annual factory and electrical inspection, and big cleaning to decrease the possibility of that kind of force majeure. In addition, the company currently has two production bases, Noppawong factory, Rojana Industrial Park to increase manufacturing capacity, and spread the risk from Noppawong factory with Rojana Industrial Park's natural disaster prevention systems especially flood. This ensures that the company can continue its operation.

Furthermore, the company has established a casualty insurance policies with a stable financial insurance institute and experienced in insurance for many businesses. The main type of company's insurance is a special property insurance covering the loss or damage to the insured property due to robbery, natural disaster or other force majeure, and legal liability to outsiders as a result of

an accident related to company operation. Including, the insurance covers the liability insurance in company management, which will be compensated for that situation.

Production Risk

Managing Risk of Volatility of Main Raw Material (Seaweed)

The company's main raw material is seaweed, which more than 90% is purchased from Korea. However, the type of seaweed is from South Korea, China, and Japan, cultivation season begins during cold weather between November to March of each year.

Since seaweed is an agricultural product, which can have a price fluctuations due to the amount of production effected by the climate factors and production capability. The company selected a reliable supplier and make a contract to buy the product in advance in the year-to-year manner. While the product will be sent to the factory gradually, there will be a quality check of the product each time. In order to prevent the risk of shortage of raw materials, the company therefore has to store enough seaweed for at least 60 days of production. Normally, if the seaweed is stored in an appropriate environment, the seaweed raw material can be stored for up to 2 years.

Moreover, the company has a team to track the seaweed global demand and the production to prevent the risk of volatility.

Managing Labor Risk

Since the company is a manufacturer of processed seaweed products, which some of the products requires skilled labor in production. In regard to risk management, the company hires outsourced companies to act as an agent is responsible for recruitment more labor and to ease the burden of daily labor due to the high turnover rate. The company has entered into a contract to hire specialists in the system management and human resources management to take responsibility for the evaluation and payment of compensation to individual laborers

with the direct head of the departments to ensure the proper management of human resources. Additionally, the company has set a reasonable wage rate with benefits and incentives to be able to recruit new workers to work with the company and to maintain skilled and experience workers. Also, looking for new technologies is applied in manufacturing such as packaging machinery, temperature control equipment, over fried, or the working environment adjustment in the production line.

Health and Safety Risk

The company has implemented a safety and health management system, an international standard system including ISF22000, health and safety management standards (OHSAS 18001). Moreover, the company also shares the safety health management concepts to our partners as well.

Managing Risk of Product Deterioration

In managing the risk of production deterioration, with most of the instant products that has an average stock aging of 12 months on average. In this regard, the company will assess the market demand and plan production in order to be able to set time and quantity of the product by coordinating with the marketing department, in order to control the production amount. Moreover, the production amount is adjusted weekly to support consumer requirement. In case there is a potential of inventory surplus, the warehouse department will coordinate the sales and marketing department to accelerate the sale of such products.

The warehouse operation performs under the First-In-First-Out system, controlled by the SAP system in order to reduce risk of product expiration and product deterioration. In addition to regularly inventory checks for accuracy.

Financial Risks and Rights of Securities Holders

The risk from Exchange Rate Fluctuation

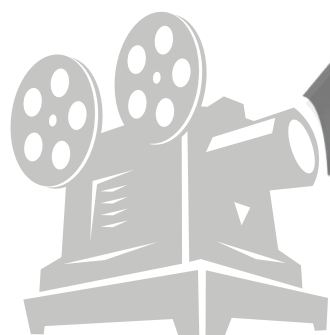
The company is exposed to the risk of exchange rate fluctuation because it orders seaweed raw materials from overseas and sells to overseas. Foreign currency contracts are denominated in US dollars and some export contracts are denominated in US dollars as well.

In regard to risk management, the company sets export prices of some overseas products in US dollar and other foreign currencies. Therefore, the strength of Baht value will affect a decrease in sales income, while the cost of seaweed used as raw material for production will be reduced. In the other hand, the baht value weakness will increase the sales income, and cost of seaweed a raw material in the same direction. These trends stably keep a gross profit margin rate from a business procedure. In addition, the company has used the financial instruments to prevent foreign exchange risk by entering into advanced foreign currency contracts with domestic financial institutions with a mostly one-year term of a contract. This method can reduce the volatility of the foreign exchange rate to a certain extent and thus the risk is acceptable, including contact information for currency movements with the bank continuous and close.

The Risk from the Company with Major Shareholders Holding More Than 50%

At 28th December 2018, Peeradechapan Group holds shares in the company of 845,706,370 shares, representing 61.28% of the total issued shares of the company. This shareholding will make the Peeradechapan Group of shareholders fully control the resolution of the shareholders' meeting whether the appointment of a committee or the resolution of other matters requiring the majority of the shareholders meeting. Except for the laws or regulations of the company, there must be 3 out of 4 shareholders attending the meeting. Therefore, other shareholders may not be able to collect votes to monitor and counterbalance the issues proposed by the major shareholders.

In regard to risk management, the company has appointed 3 independent committees from the Board of Directors, totaling 8 members. Currently, there 3 committee is responsible for monitoring the operation of the company to ensure the transparency of management and to ensure that the system can be monitored. In addition, the company has set up an appropriate independent internal audit department directly reporting to the Audi Committee. It is responsible for overseeing the internal control system and internal audit.



Corporate Social Responsibilities

Overview Policy

The company has a corporate social responsibility (CSR) policy leading to a sustainable development and it has always been one of the company's key policies. It administers with transparent and efficient Good Corporate Governance either an organizational or customer levels and business partnerships: maintaining quality standards and creating products of value to consumers. In addition, it is aware of and has a priority on supporting the implementation of social and community activities, as well as environment concerning ways.

Company's Policy and Procedure of Corporate Social Responsibility and Environment for Corporate Sustainability (CSR-In-Process)

The company applies environmental and Corporate Social Responsibility practices as part of its business process management (CSR-In-Process). It is defined as a policy and principles as a common practice.

Good Corporate Governance

Corporate governance system is very important in business operations. Policies and rules are set up to maintain the unity and integrity of the organization. Good corporate governance is directly



beneficial to the business of the company because it will push on the company with good financial management, law, and ethics. It also drives the organizational excellence.

Human Rights

The company continues to operate by respecting all human rights as a part of society, as well as the liberty and sustenance of humanity, equality without discrimination, respect equality, sex, class, and no child labor. There are clear concrete practices, also used as the main concept in driving the organization.

The company focuses on the organization management in a family form with a solidarity and a common goal. The company places the great importance of all employees at all levels.

Labor Practice

The company has supervised the payment of wages to suit Thai industry. Improvement of organizational structure and organization will be carried out responsibly within the framework of Thai law and strictly comply with the laws and regulations related to occupational health and safety, and provide safety for employees, contractors and visitors. The company's goal is to keep everyone safe from accidents and any potential harm. It also promotes opportunities and advances in working for employees by promoting learning and developing employees' potential to enhance their professionalism.

Environmental Management

The company intends to reduce the impact on the environment to the lowest level throughout the business line in order to preserve and maintain the ecological and environment of the community where it operates such as environmental impact control in accordance with the standard of Department of Industry and International Standards. It complies with all relevant laws and regulations. It has set up a policy to reduce the energy consumption of each production line, instilling the staff to utilize the available resources economically

and maximally, such as the use of paper on both sides, transmission of information electronically instead of paper, waste separation, and the economical use of electricity and water.

Fair Operation

The company conducts its business with fairness, sets clear guidelines and manuals for purchasing power to ensure a fair competition and selection, and monitors external entities in preventing bribery or fraud, to create a network to share benefits, experience, and the purpose on competency development. It also sets policies and guidelines for non-infringement of intellectual property and copyright, processes businesses based on the principles of good corporate governance and business ethics, with responsibility for all stakeholders. Including to comply with the law, contract and agreements are strictly adhered to, as well as the participation in the announcement of the intention of the Thai private sector to cooperate in anti-corruption.

Relationships with Customers and Suppliers

In regard to be transparent in business, the company has a policy of fair and equitable treatment of its partners which is important to have fair and equitable treatment for all partners, including those who are involved with the company throughout the cycle.

Participation and Community Development

The company will use the potential and knowledge of the organization to create community participation, to promote the personnel to be the guideline to manage and solve the problem of community self-reliance and contribute to improving the community's life quality to improve the life quality, social and community development.

Environmental Caring

The company is a leading in processed seaweed business and is committed to developing innovations to



create social responsibility, especially in the environment:

- To develop machinery and equipment to improve energy efficiency, both in terms of energy, fuel, and electricity, both in terms of energy, fuel, and electricity used to drive operations by trying to use the current source efficiently as much as possible.
- To sell production-processed oil to factories to produce biodiesel reducing the amount of used oil and encourages the use of recycled materials.

Operation and Reporting Preparation

Reporting Process

To oversee that the company and its subsidiaries comply with the Corporate Social Responsibility Policy (CSR) and the Anti-Corruption Policy. The company assigns the Human Resources Department to be responsibility (CSR) plan for the Board of Director annually, implementation of Corporate Social Responsibility Policy to operate according to the policy disclosed by the company.

Throughout the past years, the company has been operating on a socially responsible basis for its sustainability. In 2017, it continues to strive to develop in every process of its work to create a Corporate Social Responsibility (CSR-In-Process) in work and service, by improving and developing new things to add value and

meet the needs of customers in all categories, such as providing services to all needs providing with mind in needs of customers, providing a comprehensive, standards and accountability, reduce costs to clients with accuracy, speed within a schedule.

The Operation in Accordance with the Company's Disclosed Policy

The company focuses on cultivating employees to understand the goals of the organization and aware of the corporate social responsibility. It widely communicates its corporate social responsibility. It widely communicates its corporate social responsibility policy to all employees through the company's corporate governance policy to follow the same direction. Employees are encouraged to attend training to enhance their work skills and participate in various activities to benefit society and environment regularly.

The company has taken into consideration of the corporate social responsibility framework and policy actions. It prepares the annual report on the corporate social responsibility to the Board of Directors. It will be disclosed in the annual disclosure statement or publish a sustainability report for publication annually after listing on the stock exchange.

Business Operations Impact to Corporate Social Responsibility

Simultaneously, business operation, corporate social responsibility, community and environment are parts of the company's goal of sustainable development in awareness of the benefits to society and requirement to instill in everyone in the organization to focus on being part of society. Thus, the company has a social activity according to opportunity activity.

Corporate Social Responsibility Activities organized in 2018

CSR around the area of the company

Activity: Meet the community around the factory

Objective: To build relationships and receive feedbacks from the community, in order to improve the operations in such a way that the factory and the community can cohabit sustainably.



Activity: Planting 200 trees to prevent soil erosion in with government agencies and the communities around the factory.

Objective: To improve the environmental conditions within the surrounding communities.



Activities: Provide TKN's products to schools around the community.



CSR for domestic marketing

Taokaenoi has organized many marketing activities throughout the year, while keeping the consideration of being socially responsible, both internationally and domestically. The company's policy of being socially responsible is to support the sustainability growth of the company as well as the surrounding society. Activities such as money or product donation to organizations needed, and developing communities around the factory, aim for the unity of society. Moreover, the company believe that the younger generations will be the important workforce for the country in the future. Therefore, every year the company organizes football clinic project, in collaboration with Coach Zico Kiatiisak, former coach of Thai national football team, in order to create the love to exercise and enhance the experience for the youth, of our future. Whereas the previous year the company has taught basic football to 400 interested people in 4 different football field around the country.



CSR Internally

The company policy is not only to just trade and gain profit, but also to create relationships with partners and develop a sustainable business development. Therefore the company is pleased to be participate in various social activities internally including countries such as Chin, Indonesia, Myanmar, Vietnam.

Granting money to help victims of tsunami in Sulawesi Island Indonesia, 27 Oct 2018



Activity: TKN - SBFIVE at Yangon, Myanmar.

Give some income after deducting donate to school in remote area.





Section 3

Financial and
Operating performance

12

2015

Listed in the
Stock Exchange of Thailand (SET)

Report on the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the Financial Statements of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries. Being created in compliance with the accounting standards accepted nationwide and through appropriate accounting policy, the statements have experienced prudent discretion, been rationally computed, and sufficiently disclosed certain essential information in the notes to the statements, which have passed the audit and comment discussion without any condition.

The Board of Directors has appointed Audit Committee to oversee and responsibly ensure that the Company's Financial Statement is accurate and adequate, with appropriate internal audit, while reviewing potential conflict of interest transactions; the comment expressed

by the Audit Committee is in the Audit Committee Report which has also been specified in the Annual Report.

Moreover, the Board of Directors has appointed Risk Management Committee to oversee risk management and appropriate and effective internal controls in order to validate with confidence that the accounting data is accurate, complete, in time, and sufficient to retain the assets as well as prevent fraud or unusual activities.

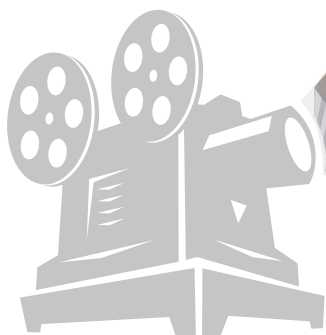
Conclusively, the Board of Directors believed that the internal audit and internal controls entrusted that the Financial Statements of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries ending on the 31st of December, 2018 were reliable with compliance to widely-accepted accounting standards and relevant rules and regulations.



Yuth Worrachattarn
Board Chairman



Itthipat Peeradechapan
Chief Executive Officer



The Audit Committee's Report

Dear Shareholders:

In 2018, the Audit Committee of Taokaenoi Food & Marketing Public Company Limited comprised of 3 independent directors whose qualifications were completely in accordance to the Audit Committee Charter created based on the guidelines and requirements by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Currently, the members of the Company's Audit Committee are as follows:

1. Mrs. Wanee Thasanamonthien
Chairman of the Audit Committee
2. Mr. Yuth Worachattarn
Audit Committee
3. Mr. Chaiyong Ratanacharoensiri
Audit Committee

The Audit Committee independently performed its roles as indicated in the Audit Committee Charter, which was approved by the Board of the Directors. With a minimum of 1 Audit Committee meeting per quarter at the minimum being required by the Charter, the Company held 4 Audit Committee meetings in 2018 with 100% attendance by each of the Committee member in the 4 meetings, with each of the meetings, in addition to the members, comprising of the executives, auditors, and internal auditors as appropriate and always reaching,

producing, and delivering a resolution report to the Board of Directors.

In 2018, the Audit Committee performed activities according to its duties and which could be summarized as follows:

1. Reviews of Financial Statements The Audit Committee reviewed key information on the 2018 quarterly and annually financial statements by inquiring and receiving explanation upon the accuracy, reliability, and sufficiency in disclosing information of the financial statements along with the awareness upon the changes on the accounting standard (revised version) from the executives and auditor. In addition, the Audit Committee held meetings with the auditor without the presence of the Board of Directors to discuss any points of concern arising from their reviews or audits. Both the Committee and the auditor agreed that the financial statements were accurate and the key information was reliable in accordance to financial statement standards.

2. Reviews and Commenting on Related Transactions or Potential Conflict of Interest Transactions The Audit Committee reviewed related transactions or potential conflict of interest transactions and disclosed the information upon those transactions in accordance to

the stipulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The auditor concluded that the relevant business transactions with related companies were disclosed and displayed in the financial statement and the notes to the financial statement. As the result, the Audit Committee agreed with the auditor that those transactions were appropriate, most beneficial to the Company's business, and were accurately and completely disclosed.

3. Reviews of Internal Audits The Audit Committee reviewed the scope of work, duties, responsibilities, and independency of P&L Internal Audit Company Limited, the Company's internal auditor, approved the organizational risk-based annual audit plan, and concluded that the Company's internal audit was adequate, appropriate, and effectively on par with international standards.

4. Reviews of Operational Data and Internal Controls The Audit Committee, together with the auditor and internal auditor, reviewed the evaluation on the internal controls to evaluate its sufficiency, suitability, effectiveness, and compliance to the guidance set by the Stock Exchange of Thailand (SET), which would contribute to successful operations as planned, and agreed that the Company's internal controls upon its own and its subsidiaries' operations were adequate, appropriate, and effective without any relevant weakness or drawback, assets protection was proper, and disclosing of information was accurate, complete, and reliable.

5. Reviews of Risk Management The Audit Committee reviewed the policies, risk factors, and risk-management processes and progress by appointing Risk Management Committee composed of the Chief Executive Office as the Chairman and senior executives as the member of the Risk Management Committee who validated that the objectives, situations, and risk factors were identified and the risks were evaluated and managed with their progress

being monitored while Key Risk Indicators (KRI) were suitably set based on situations along with acceptable and unacceptable risk levels.

6. Reviews of Fraud Investigation The Company developed complaint system which allowed for both internal complaints and complaints and information providing upon outsiders. The complaints could be made verbally, in writing, by sending an e-mail or a sealed letter directly to the complaint recipient, through www.taokaenoi.co.th, and by sending an e-mail to whistleblower@taokaenoi.co.th attentive to the Chief Executive Office. The complaint system received no complaint in 2018.

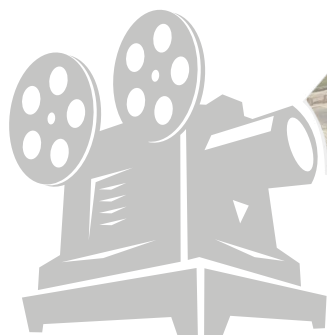
7. Reviews of Compliance to Securities and Exchange Act The Audit Committee reviewed the Company's operations relevant to the stipulations by the Stock Exchange of Thailand, laws relevant to its business, its rules, and its obligations to external parties and found no operations contradicting with the aforementioned laws, stipulations, rules, requirements, and obligations.

8. Reviews of Auditor Appointment and 2018's Audit Compensation To propose for approval upon auditor appointment and 2019 audit compensation, after reviewing performance, independency, and suitability of the compensation, the resolution was to appoint Mr. Chupong Surachutikan (Certified Public Accountant ID 4325) and/or Mr. Chavala Tienpasertkrit (Certified Public Accountant ID 4301) and/or Miss Phensri Thamwarodom (Certified Public Accountant ID 4923) and/or Mr. Wanlop Wilaiworawit (Certified Public Accountant ID 6797) of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited as auditor of Company and subsidiaries in 2019, approve the 2019 audit compensation and the quarterly review of the Company's financial statements and consolidated financial statements of THB 2 million, and acknowledge its subsidiaries' audit fee of THB 1 million.

14

2017

Start operation of 2nd factory
in Rojana, Ayutthaya



Related transactions

For the year ended December 31, 2018, the Company and its subsidiaries executed connected transactions with persons with potential conflict of interest, which may be summarized as follows:

Persons with Potential Conflict of Interest and Nature of Relationships

Persons with Potential Conflict of Interest	Nature of Relationships
Mr. Itthipat Peeradechapan	Director and Chief Executive Officer of the Company He holds 24.80 percent of shares in the Company, and also holds 70.00 percent of shares in Peeradechapan Holding Co., Ltd.
Miss Orrapat Peeradechapan	Director and Managing Director of the Company She holds 5.25 percent of shares in the Company, and also holds 15.00 percent of shares in Peeradechapan Holding Co., Ltd.
Mr. Nutchatpong Peeradechapan	Managing Director of the Company He holds 5.14 percent of shares in the Company, and also holds 15.00 percent of shares in Peeradechapan Holding Co., Ltd.
Chubcheeva Co., Ltd.	This company has one common director with the Company, namely, Mr. Itthipat Peeradechapan.
Dr. Tobi Co., Ltd. ("Dr. Tobi")	This company has three common directors with the Company, namely, Mr. Itthipat Peeradechapan, Miss Orrapat Peeradechapan and Mr. Nutchatpong Peeradechapan.
Taokaenoi USA Inc. ("TKN US")	Taokaenoi Food & Marketing Public Company Limited holds 90.91 percent of its shares.
Taokaenoi Maruesu (Thailand) Co., Ltd. ("TKM")	Taokaenoi Food & Marketing Public Company Limited holds 50 percent of its shares.

Details of Connected Transactions

• Purchase and Sale of Goods and Services

Seller / Service Provider	Buyer / Customer	Description/Key Conditions	Transaction Value (Million Baht)	Necessity and Justifications of the Transactions
TKN	TKN US	TKN sold goods to TKN US. - Sales of goods - Trade accounts receivable	37.80 27.25	Necessity of the Transaction TKN sold goods to TKN US for further distribution. Price Justification The price was based on such price generally applicable to other customers. Opinion of the Audit Committee This transaction was executed in the ordinary course of business, whereby the reasons and necessity, including price justification, complied with the policy on connected transactions, which was approved by the Board of Directors' Meeting No. 8/2016 on August 9, 2016.
Dr. Tob	TKN RF	TKN RF purchased goods from Dr. Tob for further distribution in the shops of TKN RF, subject to such price generally applied by Dr. Tob to other customers. - Purchase of goods - Trade accounts payable	0.94 0.45	Necessity of the Transaction TKN RF purchased Jub Lip from Dr. Tob for further distribution at the shops of TKN RF. Price Justification The price was based on such price generally applicable to other customers. Opinion of the Audit Committee The Audit Committee considered and approved the justification of such transaction, including the conditions thereof and price justification of the transaction, and instructed that any transactions in the future shall be subject to price and conditions as appropriate on an arm's length basis.
Chubcheeva	TKN RF	TKN RF purchased goods from Chubcheeva for further distribution in the shops of TKN RF, subject to such price generally applied by Chubcheeva to other customers. - Purchase of goods - Trade accounts payable	0.03 -	Necessity of the Transaction TKN RF purchased Hand Cream from Chubcheeva for further distribution in the shops of TKN RF Price Justification The price was based on such price generally applicable to other customers. Opinion of the Audit Committee The Audit Committee considered and approved the justification of such transaction, including the conditions thereof and price justification of the transaction, and instructed that any transactions in the future shall be subject to price and conditions as appropriate on an arm's length basis.

Seller / Service Provider	Buyer / Customer	Description/Key Conditions	Transaction Value (Million Baht)	Necessity and Justifications of the Transactions
TKN RF	Dr. Tobi	TKN RF charged upfront and promotional fees to Dr. Tobi in the ordinary course of business for snack food retail shops. - Promotional fees - Other accounts receivable	0.16 0.28	Necessity of the Transaction TKN RF charged upfront and promotional fees to Dr. Tobi for consignment of goods in the shops of TKN RF in the ordinary course of business for snack food retail shops. Price Justification The upfront and promotional fees were based on such rates generally agreed upon with other brands. Opinion of the Audit Committee The Audit Committee considered and approved the justification of such transaction, including the conditions thereof and price justification of the transaction, and instructed that any transactions in the future shall be subject to price and conditions as appropriate on an arm's length basis.
TKN RF	Dr. Tobi	TKN RF charged management fee for Star Girl cosmetic shops to Dr. Tobi in support of the ordinary course of business. Other income	0.26	Necessity of the Transaction Since the management of Star Girl shops is a trading business, in which TKNRF specializes, and as such, TKNRF was engaged to manage the operations and inventory of Star Girl shops of Dr. Tobi, and such fee was charged prior to the opening of the shops as a one-time charge, and in the future, the staff of TKNRF would be transferred to be permanent staff at Dr. Tobi. Price Justification The management fee was based on such costs of operations as actually incurred. Opinion of the Audit Committee Such transaction was executed in support of the ordinary course of business, whereby the reasons and necessity, including price justification, complied with the policy on connected transactions, which was approved by the Board of Directors' Meeting No. 8/2016 on August 9, 2016.
TKN RF	Chubcheeva	TKN RF charged upfront and promotional fees to Chubcheeva in the ordinary course of business for snack food retail shops. Promotional fees	0.02	Necessity of the Transaction TKN RF charged upfront and promotional fees to Chubcheeva for consignment of goods in the shops of TKN RF in the ordinary course of business for snack food retail shops. Price Justification The upfront and promotional fees were based on such rates generally agreed upon with other brands. Opinion of the Audit Committee The Audit Committee considered and approved the justification of such transaction, including the conditions thereof and price justification of the transaction, and instructed that any transactions in the future shall be subject to price and conditions as appropriate on an arm's length basis.

Seller / Service Provider	Buyer / Customer	Description/Key Conditions	Transaction Value (Million Baht)	Necessity and Justifications of the Transactions
TKN	TKM	TKN charged computer software service fee for account processing in the bookkeeping of Taokaenoi Maruesu (Thailand) Co., Ltd. • Bookkeeping service • Other accounts payable	0.04 0.04	Necessity of the Transaction TKN charged fee for account processing, whereby the service fee was paid on an arm's length basis and as a one-time charge, upon dissolution and liquidation of Taokaenoi Maruesu (Thailand) Co., Ltd. Price Justification The account processing fee was based on such rate as generally agreed upon with subsidiaries. Opinion of the Audit Committee Such transaction was executed in support of the ordinary course of business, whereby the reasons and necessity, including price justification, complied with the policy on connected transactions, which was approved by the Board of Directors' Meeting No. 8/2016 on August 9, 2016.

• Grant or Receipt of Financial Assistance

Lender	Borrower	Description / Key Conditions	Transaction Value (Million Baht)	Necessity and Justifications of the Transactions
TKN	TKN US	TKN US borrowed a long-term loan from TKN with the details as follows: Purpose of Borrowing: For use as its working capital Interest Rate: 2.5 percent per annum • Loan • Loan interest	11.34 0.20	Necessity of the Transaction The Company acquired the business of TKN US on November 24, 2017 and increased its capital in April 2018. During the course of such acquisition and impending capital increase, the Company lent a loan to TKN US for use as its working capital, with the transaction size less than Baht 100 Million of the Company's net tangible assets, and the Company proceeded within the scope of authority of the Chief Executive Officer. Price Justification The loan interest was higher than the bank's interest rate on fixed deposit as of the execution of the loan agreement. Please refer to the Company's long-term loan rate relative to the subsidiary's loan rate. Opinion of the Audit Committee Such transaction provided financial assistance, whereby the reasons and necessity, including price justification, complied with the policy on connected transactions, which was approved by the Board of Directors' Meeting No. 8/2016 on August 9, 2016.

• Building Lease

Seller / Service Provider	Buyer / Customer	Description/Key Conditions	Transaction Value (Million Baht)	Necessity and Justifications of the Transactions
Miss Orrapat	TKN	TKN took on lease of Building No. 93/6, Rattanathibet Road, Tambon Bangrak Noi, Amphoe Mueang Nonthaburi, Nonthaburi Province, from Miss Orrapat at the rent of Baht 10,000 per month, for storage of the Company's documents. • Rent payable	0.12	Necessity of the Transaction The Company took on lease of such building from Miss Orrapat for document storage. Price Justification The rent was comparable to such rent of nearby buildings. Opinion of the Audit Committee The Audit Committee considered the justification of the transaction, including the conditions thereof and price justification, and was of the opinion that such revised rent was justifiable and comparable to the rent of nearby buildings.
Mr. Itthipat	TKN	TKN took on lease of Building No. 93/7 Rattanathibet Road, Tambon Bangrak Noi, Amphoe Mueang Nonthaburi, Nonthaburi Province, from Mr. Itthipat at the rent of Baht 10,000 per month, for storage of the Company's documents. • Rent payable	0.12	Necessity of the Transaction The Company took on lease of such building from Mr. Itthipat for document storage. Price Justification The rent was comparable to such rent of nearby buildings. Opinion of the Audit Committee The Audit Committee considered the justification of the transaction, including the conditions thereof and price justification, and was of the opinion that such revised rent was justifiable and comparable to the rent of nearby buildings.
Mr. Nutchatpong	TKN	TKN TKN took on lease of Building No. 93/5 Rattanathibet Road, Tambon Bangrak Noi, Amphoe Mueang Nonthaburi, Nonthaburi Province, from Mr. Nutchatpong at the rent of Baht 10,000 per month, for storage of the Company's documents. • Rent payable	0.12	Necessity of the Transaction The Company took on lease of such building from Mr. Nutchatpong for document storage. Price Justification The rent was comparable to such rent of nearby buildings. Opinion of the Audit Committee The Audit Committee considered the justification of the transaction, including the conditions thereof and price justification, and was of the opinion that such revised rent was justifiable and comparable to the rent of nearby buildings.
Dr.Tobi	TKN RF	TKNRF took on lease of Building No. 77 on Bond Street from Dr. Tobi for use as its office, and paid rent and service fees in the total amount of Baht 130,000 per month to Dr. Tobi. • Rent payable	1.56	Necessity of the Transaction TKNRF took on lease of such building from Dr. Tobi for use as its office. Price Justification The rent and service fees were based on such building areas used by TKN RF. Opinion of the Audit Committee The Audit Committee considered and approved the justification of such transaction, including the conditions thereof and price justification of the transaction.

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2018

Launched “Nora” brand
in US market

Operating Result Analysis and Financial Status

Overall Operating Results of the Company

	Consolidated Financial Statements				Change
	2018		2017 (Reclassified)		
	Million Baht	percent	Million Baht	percent	percent
Revenue from sales	5,662.7	100.0	5,263.6	100.0	
Cost of sales	3,932.9	69.5	3,595.2	68.3	1.2
Selling expenses	907.3	16.0	646.6	12.3	3.7
Administrative expenses	311.4	5.5	215.1	4.1	1.4
Income tax expenses	66.8	1.2	183.4	3.5	(2.3)
Profit for the year	456.4	8.1	608.4	11.6	(3.5)

In 2018, Taokaenoi Food & Marketing Public Company Limited and its subsidiaries (the “Company”) has revenue from sales in the total amount of Baht 5,662.7 Million, representing an increase by 7.6 percent from that of 2017. In the first half of the year, the revenue from sales increased as planned, whereby the revenue from sales in the first six months amounted to a total of Baht 2,681.8 Million, representing an increase by 15.0 percent from that of the same period of the previous year. However, in the second half of the year, such increase slowed down due to 3 major factors, namely 1.) the declining number of Chinese tourists in Thailand during the third-fourth quarters, which started to rebound in December; 2.) the more fierce market competition in terms of promotional campaigns, e.g., buy one gets one free, during the fourth quarter, although the Company managed to maintain its largest market share for the entire year at 69 percent; and 3.) the replacement of one of the distributors in China, thereby causing sales under the former distributor’s responsibility to reduce, as the new distributor is still unable to fulfill the role during the early stage, and as a result of such event, the Company’s growth rate was lower than planned in 2017, with the estimated average growth rate at 12.0 percent.

However, the Company benefited from the declining costs of seaweed effective in the third quarter of 2018, although the cost of sales for the entire year continued to increase from that of 2017 by approximately 1.2 percent, due to the fact that the Company incurred one-time expenses for cancellation of a former distributor in China and appointment of a new distributor, e.g., costs of disposal goods and packages, whereas the fixed costs of the factory remained unchanged.

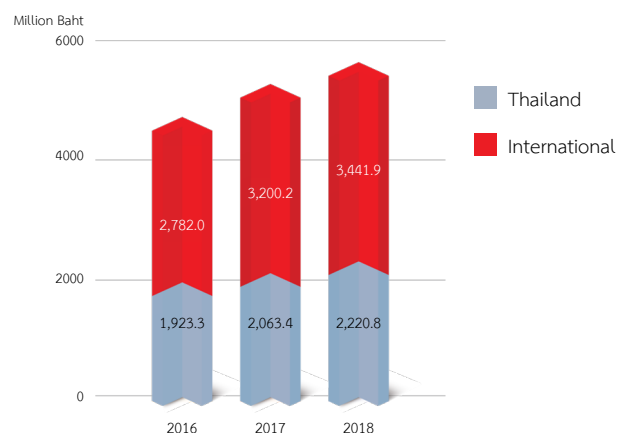
The selling and administrative expenses in 2018 increased by 5.2 percent of the revenue from sales, as compared to that of 2017, due to such one-time expenses as costs of handling goods for repackaging before delivery to the new distributor. Other costs which affected the administrative expenses included the penalty for waste disposal from the Company's engagement of contractor for factory waste disposal, which failed to comply with the legal requirements. In addition, the selling and marketing expenses abroad increased from the fact that it was the first year that the Company started to organize marketing activities to promote the recognition of Taokaenoi brand more in potential markets in addition to those activities organized by overseas distributors, particularly in China, Indonesia and CLMV countries (Cambodia, Laos, Myanmar and Vietnam), etc.

In 2018, the Company started to recognize the tax privilege from the Office of the Board of Investor (BOI) in respect of seaweed products manufactured in Rojana factory, which would enjoy corporate income tax exemption under the promotional certificate for no more than 7 years and not exceeding the investment of the business, thereby causing the ratio of tax expenses to profit before income tax to reduce.

The profit for the year 2018 amounted to Baht 456.4 Million or 8.1 percent of the revenue from sales, representing a decrease by 3.5 percent from that of 2017 due to the foregoing reasons, including the recognition of loss in the early stage of the subsidiary in USA, and extra expenses, and in the absence of such entries, the Company expected that the net profit rate would be similar to that of the previous year.

Revenues from Sales

	Unit : Million Baht		
	2016	2017	2018
Thailand	1,923.3	2,063.4	2,220.8
Other Countries	2,782.0	3,200.2	3,441.9
Total	4,705.3	5,263.6	5,662.7
Domestic Sales	41%	39%	39%
International Sales	59%	61%	61%



In 2018, the Company's revenue from sales amounted to a total of Baht 5,662.7 Million, representing an increase from Baht 5,263.6 Million in 2017 by 7.6 percent, whereby domestic sales accounted for 39 percent and international sales accounted for 61 percent, which are similar to those of the previous year, with the details as follows:

Domestic sales in 2018 amounted to Baht 2,220.8 Million, which accounted for 39 percent of the total revenue from sales, representing an increase by 7.6 percent from Baht 2,063.4 Million in 2017, due to the launch of new products both in the seaweed products, such as, Tempura Seaweed Salted Egg, Wasabi Seaweed and Non-Seaweed Products, such as, Tinten Seasoned Squid, Sweet Chili, Chili, Salted Egg and Tinten Rolls, and Whey Protein Strawberry Yogurt, including regular marketing activities, to increase its market share. As at the end of 2018, the Company's market share in Thailand was 69 percent of the seaweed snack market. In addition, the Company continued to expand its channels for sales to tourists by opening 9 more Taokaenoi Land shops during the year to become a total of 19 shops.

The growth of domestic sales was below than planned

due to the declining number of tourists during the second half of the year, and the promotional campaigns of the Company's competitors at the end of the year.

International sales in 2018 amounted to Baht 3,441.9 Million, representing an increase by 7.6 percent from that of 2017. China, which remains the major export market, accounted for 39 percent of the Company's total revenue from sales, representing an increase by 4.6 percent as compared to that of the previous year in China. This was due to the fact that the Company was in the course of replacing one of its distributors, which affected sales in the second half of the year, which is the seasonal period and caused the exports to be lower than planned, although there remained markets in several countries with continued growth rates, such as Indonesia, Malaysia and CLMV countries (Cambodia, Laos, Myanmar and Vietnam), etc.

Gross Margin: In 2018, the Company's gross profit amounted to Baht 1,729.9 Million, representing 30.6 percent of the revenue from sales, as compared to 31.7 percent of 2017. The gross profit margin decreased by 1.2 percent due to extra costs, such as, disposal of goods and packaging due to replacement of a distributor in China, higher unit costs in the production to accommodate the sales in the second half of the year, although the sales in China decreased. The Company started to recognize the declining price of seaweed in the second half of the year.

Net Profit: In 2018, the Company's net profit amounted to Baht 456.4 Million, representing 8.1 percent of the revenue from sales, as compared to 11.6 percent of 2017. The net profit rate decreased by 3.5 percent. Other than the effect from the costs of production, the Company also incurred increased selling and administrative expenses from its recognition of extra expenses for handling products during the course of replacement of a distributor in China and penalty from waste disposal, including recognition of loss during the early stage of the subsidiary in USA. In addition, the marketing budget was increased to be in line with such business goal of long-term brand building to expand its domestic market for sustainable growth.

Financial Position

Assets

The total assets in the Company's consolidated financial statements as at December 31, 2018 amounted to Baht 3,787.3 Million, representing an increase by 464.7 Million from that of the previously year or 14.0 percent, primarily due to such increase in inventories in respect of primary raw materials, trade receivables and other receivables, property, plant and equipment.

As at December 31, 2018, the significant items of assets in the Company's consolidated financial statements comprise property, plant and equipment in the amount of Baht 1,117.8 Million representing 29.5 percent of the total assets, inventories in the amount of Baht 1,427.1 Million representing 37.7 percent of the total assets, and trade receivables and other receivables in the amount of 695.8 Million representing 18.4 percent of the total assets.

Property, Plant and Equipment

As at December 31, 2018, the Company's consolidated financial statements showed the property, plant and equipment in the amount of Baht 1,117.8 Million, representing 29.5 percent of the total assets, which increased by Baht 34.4 Million from that of the previous year or by 3.2 percent, primarily due to the acceptance of such assets comprising factory and machinery in Rojana factory, Phra Nakhon Si Ayutthaya Province, and improvement of factory and addition of machinery at Nopawong factory, Pathumthani Province.

Inventories

Unit: Million Baht

Inventories	Consolidated Financial Statements		
	December 31, 2016	December 31, 2017 (Reclassified)	December 31, 2018
Finished goods	38.25	67.85	121.67
Goods in transit	12.1	22.36	13.64
Work in process	13.95	2.35	2.27
Raw materials	315.22	529.15	1,121.49
Containers and packages	46.55	66.26	112.91
Ingredients and seasonings	12.58	29.34	30.07
Spare parts and factory materials	4.79	11.44	14.59
Raw materials in transit	2.01	1.01	10.46
Total	445.45	729.76	1,427.11

As at December 31, 2018, the Company's consolidated financial statements showed inventories equal to Baht 1,427.1 Million, representing 37.7 percent of the total assets, which increased by Baht 697.3 Million from that of the previous year or by 95.6 percent, primarily due to the improvement of the inventory management by increasing the seaweed stock in Thailand, instead of gradually acquiring the seaweed from the original country to the warehouse in line with the utilization rate in order to prevent potential risk, and to bargain for optimum price during the period seaweed prices were significantly increasing in the previous year.

However, the Company has a policy to set an allowance for impairment of inventories at 100 percent on the following basis:

- **Seaweed and palm oil**
over 12 months or more
- **Seasoning powder**
over 6 months or more

- **Packages**
over 12 months or more
- **Finished goods for domestic sales**
over 6 months or more
- **Finished goods for international sales**
over 12 months or more

Other allowances may be set to accommodate such risk of deterioration or sales cancellation or change of packages, subject to approval by management from time to time. The Company's allowance for impairment of inventories as at December 31, 2018 complies with the above policy on impairment of inventories.

Other Current Assets

Other current assets as at the end of 2018 per the Company's consolidated financial statements amounted to Baht 157 Million, representing 4.1 percent of the total assets. Other current assets as at the end of 2018 increased by Baht 12 Million or by 8.2 percent from that as at the end of 2017, comprising costs of product presenters recognized under contracts in 2019, primarily due to prepaid selling expenses in the amount of Baht 39 Million, representing an increase by Baht 27 Million from that as at the end of 2017, deferred value added tax refund in the amount of Baht 57 Million, representing an increase by Baht 11 Million from that as at the end of 2017, and prepaid deposits for raw materials in the amount of Baht 59 Million, representing a decrease by Baht 28 Million from that as at the end of 2017, in line with the increase in raw material stock in Thailand. The significant items of other current assets as at the end of 2018 comprised prepaid deposits for seaweed raw materials in the amount of Baht 59 Million and deferred value added tax refund in the amount of Baht 57 Million.

Other Non-Current Assets

Other non-current assets as at the end of 2018 per the Company's consolidated financial statements amounted to Baht 41 Million, representing an increase by Baht 4 Million or 9.7 percent from that as at the end of 2017, primarily due to deposits and security money, and prepaid rental for Taokaenoi Land shops additionally launched in 2018. The significant items of other non-current assets as at the end of 2018 comprised deposits and security money in the amount of Baht 25 Million and advance payment for acquisition of assets in the amount of Baht 12 Million.

Trade Receivables

Unit: Million Baht

Ages of Trade Receivables	Consolidated Financial Statements		
	December 31, 2016	December 31, 2017 (Reclassified)	December 31, 2018
Undue	376.21	431.92	416.17
Overdue 1-90 days	102.26	194.66	267.44
Overdue 91-180 days	2.67	0.28	0.17
Overdue 181-270 days	-	0.11	13.33
Overdue 271 days or longer	3.94	6.06	3.68
Total	485.09	633.03	700.79
Less Allowance for doubtful accounts	(5.07)	(6.06)	(16.26)
Trade Receivables- Net	480.01	626.96	684.83

As at December 31, 2018, the Company's net trade receivables amounted to Baht 684.5 Million, representing an increase by Baht 57.6 Million from that of the previous year or by 9.2 percent. In the previous year, goods were sold to the former distributor in China before contract termination, and payments remained outstanding, and as such, this transaction was recorded as allowance for doubtful accounts in full in the amount of Baht 13 Million before contract termination. According to the table of ages of trade receivables, undue receivable accounted for 59.4 percent of the total trade receivables, and overdue receivables 1-90 days accounted for 38.1 percent.

The Company's policy on allowance of doubtful accounts is as follows

Age of Outstanding Debts	Allowance for Doubtful Accounts
Over 3 months, but not exceeding 6 months	40 percent of the outstanding debts
Over 6 months but not exceeding 9 months	80 percent of the outstanding debts
Over 9 months or longer	100 percent of the outstanding debts

Management exercises discretion on estimation of potential loss from the respective debtors by taking into account their historical debt collection records, ages of the outstanding debts and the then economic situations, to support its consideration of allowance for doubtful accounts.

The turnover rate of trade receivables in 2018 was 8.5 times, with an average debt collection period at 43 days, which increased from that of 2017, as a result of the fact that the revenue from sales to overseas customers with credit term in 2018 was higher than that of 2017, and due to the long holidays at the end of the year.

Investment Property

The investment property remained unchanged in 2018 in the amount of Baht 39.7 Million, which was equal to that as at the end of 2017.

Liabilities

The total liabilities as at December 31, 2018 per the Company's consolidated financial statements amounted to Baht 1,619.1 Million, representing an increase by Baht 472.4 Million or by 41.2 percent as compared to that of the previous year, mainly due to such increase in short-term loans from banks.

Short-Term Loans from Banks and Other Short-Term Loans

As at December 31, 2018, the Company's consolidated financial statements showed short-term loans from banks and other short-term loans in the total amount of Baht 881 Million, which accounted for 54.4 percent of the total liabilities, representing an increase by Baht 441 Million or 100.0 percent from that of the previous year, primarily due to such increase in short-term loans for advance payment for raw materials (seaweed) in line with such increase in primary raw materials.

Liquidity and Source of Funds of the Company

Unit: Million

Items	Consolidated Financial Statements		
	2016	2017 (Reclassified)	2018
Net cash from (used in) operating activity	622.83	211.93	(172.44)
Net cash from (used in) investing activity	(1,137.74)	178.17	84.71
Net cash from (used in) financing activity	(652.71)	(393.78)	(34.71)
Increase (decrease) from conversion of foreign-denominated items	-	(2.80)	0.05
Net increase (decrease) in cash and cash equivalents	(1,167.62)	(6.48)	(122.39)

In 2018, the Company and its subsidiaries had a net cash flow used in operating activity in the amount of Baht 172.4 Million. Major items included profit before corporate income tax in the amount of Baht 523.2 Million, and after adjusted by such items as depreciation, the operating profit before changes in operating assets and liabilities amounted to Baht 688.2 Million. Another major item included such increase in inventories by Baht 708.5 Million due to higher purchase of raw materials in 2018 than that in 2017, and income tax payment in the amount of Baht 140.3 Million.

In 2018, the Company and its subsidiaries had a net cash flow from investing activity in the amount of Baht 84.7 Million. Major items of the cash flow from investing activity included net cash receipt (less additional purchase) from disposal of investment in securities available for sale in the amount of Baht 259.9 Million.

In 2018, the Company and its subsidiaries had a net cash flow used in financing activity in the amount of Baht 34.7 Million. Major items included dividend payment in the amount of Baht 469.1 Million and short-term loans from banks for purchase of primary raw materials (seaweed) which increased by Baht 455.2 Million.

Key Financial Ratios

Liquidity Ratio

As at December 31, 2018, the liquidity ratio calculated from the Company's consolidated financial statements was 1.56 times. The quick ratio calculated from the Company's consolidated financial statements was 0.56 times. The decrease in the liquidity ratio and the quick ratio from those of the previous year was mainly due to such decrease in cash and cash equivalents by Baht 122 Million and such decrease in provisional investment by Baht 257 Million.

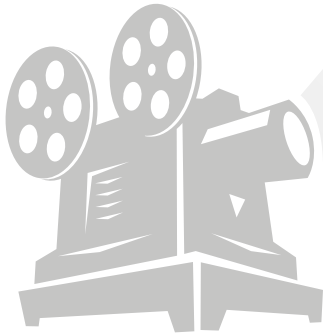
The liquidity ratio as at December 31, 2018 tended to decrease since the Company's business operations, by nature, require higher short-term loans. However, the Company has never encountered any liquidity problems, as evidenced by the fact that as at December 31, 2018, the Company's available short-term loan under the loan agreement in the amount of Baht 1,641 Million and the forward contract in the amount of Baht 144 Million and USD 32 Million, respectively.

Capital Structure

As at the end of 2018, the debt to equity ratio as calculated from the Company's consolidated financial statements was 0.75 times, which increased from that as at the end of 2017 due to more short-term loans for advance payment for raw materials.

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Financial statement



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 2018, 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 2018, 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 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 matters and how audit procedures respond to each matter 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.

Business combination

As discussed in Note 12 to the financial statements, in November 2017 the Company invested in TAOKAENOI USA, INC. (formerly known as "GIM Factory, Inc."), which was incorporated and domiciled in United States of America and is principally engaged in manufacture and distribution of seaweed snacks. As at the date of acquisition, the Company recognised and measured the assets acquired and liabilities assumed at their fair value using the purchase price allocation (PPA) method and recognised goodwill from the business combination. I have focused on this business acquisition since it is material to the financial statements as a whole, and management was required to exercise substantial judgement when appraising the fair value of the assets acquired and liabilities assumed.

I reviewed the terms and conditions of the agreement and inquired with management as to the nature and objectives of the acquisition in order to determine whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised 2017) Business Combinations. In addition, I checked the value of the acquisition to supporting documents and related payments to ensure that it corresponds to the fair value of the consideration transferred, and I tested the calculation of the fair value of assets acquired and liabilities assumed using the purchase price allocation method. I also reviewed the appropriateness of the significant methods and assumptions used by an independent valuation specialist in calculating fair value and checked the expertise, ability and integrity of the independent valuation specialist. Moreover, I tested the calculation and reviewed the supporting rationale of the goodwill recorded by the Company, and reviewed the disclosures related to the business combination in the notes to financial statements.

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.

I am responsible for the audit resulting in this independent auditor's report.



Vissuta Jariyathanakorn
Certified Public Accountant (Thailand) No. 3853

EY Office Limited
Bangkok: 20 February 2019

Statement of financial position

For the year ended 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(Restated)			
Assets					
Current assets					
Cash and cash equivalents	6	179,072,117	301,463,759	138,760,874	223,900,552
Current investments	7	4,337,765	261,229,436	1,314,865	261,229,436
Trade and other receivables	8, 9	695,822,184	633,654,991	745,147,803	644,566,456
Inventories	10	1,427,106,329	729,757,364	1,364,538,406	697,476,395
Other current assets	11	157,065,287	145,141,475	146,450,017	142,847,179
Total current assets		2,463,403,682	2,071,247,025	2,396,211,965	1,970,020,018
Non-current assets					
Long-term to a subsidiary	9	-	-	11,337,659	3,255,914
Investments in subsidiaries	12	-	-	121,119,946	108,690,058
Investment in joint venture	13	29,831,127	-	30,000,000	-
Investment property	14	39,745,095	39,745,095	39,745,095	39,745,095
Property, plant and equipment	15	1,117,809,944	1,083,425,785	1,022,164,003	1,005,180,507
Intangible assets	16	35,858,692	27,388,322	31,200,333	22,640,120
Goodwill	17	12,389,473	12,477,708	-	-
Deferred tax assets	27	47,459,241	51,112,289	19,342,434	12,056,090
Other non-current assets	18	40,850,277	37,246,862	10,931,560	20,853,381
Total non-current assets		1,323,943,849	1,251,396,061	1,285,841,030	1,212,421,165
Total assets		3,787,347,531	3,322,643,086	3,682,052,995	3,182,441,183

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

Statement of financial position (continued)

As at 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity			<i>(Restated)</i>		
Current liabilities					
Short-term loans from banks	19	881,226,569	426,000,000	881,226,569	426,000,000
Trade and other payables	9, 20	656,867,890	562,142,169	579,414,918	490,244,099
Short-term loans	21	-	14,252,143	-	-
Current portion of liabilities under finance lease agreements		219,717	203,260		
Income tax payable		29,047,334	104,495,782	28,355,859	99,613,836
Other current liabilities	22	15,206,899	10,723,980	11,468,112	9,917,562
Total current liabilities		1,582,568,409	1,117,817,334	1,500,465,458	1,025,775,497
Non-current liabilities					
Long-term loans	23	19,127,620	17,336,828	-	-
Liabilities under finance lease agreements		96,733	336,366	-	-
Provision for long-term employee benefits	24	17,319,597	11,204,725	17,017,252	10,809,394
Total non-current liabilities		36,543,950	28,877,919	17,017,252	10,809,394
Total liabilities		1,619,112,359	1,146,695,253	1,517,482,710	1,036,584,891
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		345,000,000	345,000,000	345,000,000	345,000,000
Premium on ordinary shares		1,315,440,000	1,315,440,000	1,315,440,000	1,315,440,000
Capital surplus from change in shareholding in a subsidiary		1,121,461	-	-	-
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		471,014,084	483,218,573	469,628,336	450,601,260
Other components of shareholders' equity		(2,758,649)	(2,492,989)	1,949	315,032
Equity attribute to owners of the Company		2,164,599,145	2,175,947,833	2,164,570,285	2,145,856,292
Non-controlling interests of a subsidiary		3,636,027	-	-	-
Total shareholders' equity		2,168,235,172	2,175,947,833	2,164,570,285	2,145,856,292
Total liabilities and shareholders' equity		3,787,347,531	3,322,643,086	3,682,052,995	3,182,441,183

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

Statement of comprehensive income

As at 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(Restated)			
Profit or loss:					
Revenues					
Sales		5,662,725,848	5,263,605,823	5,434,388,555	5,087,834,001
Other income		34,687,359	19,525,837	26,812,105	23,092,946
Total revenues		5,697,413,207	5,283,131,660	5,461,200,660	5,110,926,947
Expenses					
Cost of sales		3,932,865,099	3,595,247,958	3,793,772,798	3,506,422,542
Selling and distribution expenses		907,318,333	646,570,039	823,737,480	611,820,497
Administrative expenses		311,447,111	215,072,768	280,007,271	207,291,909
Loss on exchange rate		2,088,255	18,491,534	2,087,548	18,491,534
Total expenses		5,153,718,798	4,475,382,299	4,899,605,097	4,344,026,482
Profit before share of loss from investment in joint venture,					
finance cost and income tax		543,694,409	807,749,361	561,595,563	766,900,465
Share of loss from investment in joint venture		(168,873)	-	-	-
Profit before finance cost and income tax expenses		543,525,536	807,749,361	561,595,563	766,900,465
Finance cost		(20,372,297)	(15,919,309)	(18,128,981)	(13,699,091)
Profit before income tax expenses		523,153,239	791,830,052	543,466,582	753,201,374
Income tax expenses	27	(66,795,366)	(183,408,399)	(52,994,035)	(174,291,754)
Profit for the year		456,357,873	608,421,653	490,472,547	578,909,620
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Unrealised gains on revaluation of available-for-sale					
investments - net of income tax	7	(313,083)	(2,653,626)	(313,083)	(2,653,626)
Exchange differences on translation of financial statements in foreign currency		52,165	(2,808,021)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial losses - net of income tax	24	(2,185,029)	-	(2,245,471)	-
Other comprehensive income for the year		(2,445,947)	(5,461,647)	(2,558,554)	(2,653,626)
Total comprehensive income for the year		453,911,926	602,960,006	487,913,993	576,255,994

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

Statement of comprehensive income (continued)

As at 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
	(Restated)			
Profit attributable to:				
Equity holders of the Company	459,180,540	608,421,653	490,472,547	578,909,620
Non-controlling interests of a subsidiary	(2,822,667)	-		
	456,357,873	608,421,653		
Total comprehensive income attributable to:				
Equity holders of the Company	456,729,852	602,960,006	487,913,993	576,255,994
Non-controlling interests of a subsidiary	(2,817,926)	-		
	453,911,926	602,960,006		
Earnings per share				
29				
Basic earnings per share				
Profit attributable to equity holders of the Company (Baht)	0.33	0.44	0.36	0.42

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Statement of cash flows

As at 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
	(Restated)			
Cash flows from operating activities				
Profit before tax	523,153,239	791,830,052	543,466,582	753,201,374
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	123,032,517	91,719,081	106,515,722	87,472,549
Write-off equipment	761,110	1,347,601	685,955	387,494
Write-off intangible assets	132,661	-	132,661	-
Amortisation of premium (discount) from forward exchange contracts	(183,127)	19,376	(183,127)	19,376

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

Statement of cash flows (continued)

As at 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
		(Restated)		
Allowance for doubtful accounts (reversal)	10,193,211	989,029	9,980,948	(160,288)
Reduction of cost of inventories to net realisable value	11,182,877	5,044,875	10,303,062	4,978,471
Gain on sales of equipment	(860,352)	(1,087,909)	(860,352)	(1,023,641)
Allowance for impairment loss on equipment	214,094	-	-	-
Unrealised loss on exchange rate	4,515,330	113,332	4,583,330	113,332
Unrealised loss on investments in securities held for trading	851,953	-	-	-
Gain on sales of investments in securities held for trading and available-for-sale securities	(4,323,743)	(8,561,252)	(2,473,549)	(8,561,252)
Share of loss from investment in joint ventures	168,873	-	-	-
Provision for long-term employee benefits	3,483,147	2,589,951	3,401,019	2,482,965
Interest income	(618,943)	(1,254,917)	(591,350)	(995,534)
Interest expense	16,546,254	13,584,120	16,512,769	12,414,278
Profit from operating activities before changes in operating assets and liabilities	688,249,101	896,333,339	691,473,670	850,329,124
Operating assets (increase) decrease				
Trade and other receivables	(73,226,532)	(144,425,356)	(111,645,353)	(146,664,870)
Inventories	(708,531,842)	(278,645,107)	(677,365,073)	(268,974,086)
Other current assets	(10,096,263)	(35,308,025)	(4,189,300)	(37,965,531)
Other non-current assets	(14,020,773)	(3,497,983)	(1,396,679)	(11,299)
Operating liabilities increase (decrease)				
Trade and other payables	84,228,502	(47,404,600)	77,399,836	(33,163,140)
Other current liabilities	1,581,239	(2,008,656)	(926,178)	(16,545,722)
Other non-current liabilities	(175,374)	17,272,560	-	-
Cash flows from (used in) operating activities	(31,991,942)	402,316,172	(26,649,077)	347,004,476
Cash paid for provision for long-term employee benefits	(99,561)	-	-	-
Cash paid for income tax	(140,350,470)	(190,379,017)	(131,086,159)	(183,035,981)
Net cash from (used in) operating activities	(172,441,973)	211,937,155	(157,735,236)	163,968,495

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

Statement of cash flows (continued)

As at 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
		(Restated)		
Cash flows from investing activities				
Decrease in restricted bank deposits	-	358,818	-	358,818
Long-term loan to a subsidiary	-	-	(7,734,341)	(3,397,694)
Acquisition of investment in subsidiary	-	(68,655,985)	(12,429,888)	(68,655,985)
Acquisition of investment in joint venture	(30,000,000)	-	(30,000,000)	-
Increase in advance payments for purchases of assets	(61,447,060)	(61,837,459)	(49,934,195)	(53,573,184)
Acquisitions of property, plant and equipment	(72,191,910)	(181,845,916)	(49,354,973)	(167,340,369)
Acquisitions of intangible assets	(13,104,484)	(17,380,423)	(11,250,752)	(16,172,500)
Proceeds from sales of equipment	862,313	2,163,551	862,313	2,163,551
Acquisitions of investments in securities held for trading, available-for-sale and held-to-maturity securities	(533,897,144)	(1,462,365,330)	(520,003,233)	(1,462,365,330)
Proceeds from sales of investment in securities held for trading and available-for-sale securities	793,869,251	1,662,003,197	782,000,000	1,662,003,197
Proceeds from redemption of held-to-maturity investments	-	300,000,000	-	300,000,000
Interest received	618,943	5,727,072	390,766	5,463,235
Net cash used in investing activities	84,709,909	178,167,525	102,545,697	198,483,739
Cash flows from financing activities				
Increase in short-term loans from banks	455,226,569	313,799,339	455,226,569	313,799,339
Repayment of short-term loans	(12,080,356)	-	-	-
Repayment of long-term loans	-	(45,320,000)	-	(45,320,000)
Repayment of liabilities under finance lease agreements	(223,176)	(1,392,079)	-	-
Dividend paid	(469,148,402)	(648,263,090)	(469,148,402)	(648,263,090)
Interest paid	(16,061,791)	(12,602,876)	(16,028,306)	(12,602,876)
Cash received from non-controlling interest of a subsidiary	7,575,413	-	-	-
Net cash used in financing activities	(34,711,743)	(393,778,706)	(29,950,139)	(392,386,627)
Increase (decrease) in exchange differences on translation of financial statements in foreign currency	52,165	(2,808,021)	-	-
Net decrease in cash and cash equivalents	(122,391,642)	(6,482,047)	(85,139,678)	(29,934,393)
Cash and cash equivalents at beginning of year	301,463,759	307,945,806	223,900,552	253,834,945
Cash and cash equivalents at end of year	179,072,117	301,463,759	138,760,874	223,900,552

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

Statement of cash flows (continued)

As at 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
		(Restated)		
Supplemental cash flows information				
Non-cash transactions				
Increase (decrease) in other payables for purchases of assets	9,747,826	(4,443,301)	11,021,589	(8,170,715)
Transfer advance payments for purchases of assets to equipment	71,952,652	62,755,200	61,252,695	58,986,915
Transfer of equipment to intangible assets	1,926,500	-	1,926,500	-
Interest expense capitalised as cost of assets	-	192,835	-	192,835
Decrease in unrealised gain on revaluation of available-for-sale investments	(391,353)	(3,317,033)	(391,353)	(3,317,033)
Increase in dividend payables	51,598	336,910	51,598	336,910
Transfer of short-term loans to long-term loans	1,966,166	-	-	-

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

Statement of changes in shareholders' equity

As at 31 December 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

Consolidated financial statements									
	Issued and paid-up share capital	Premium on ordinary shares	Capital surplus from change in shareholding in a subsidiary	Retained earnings		Other components of shareholders' equity			
				Appropriated – statutory reserve		Exchange differences on translation of financial statements in foreign currency	Surplus on revaluation of available-for-sale investments	Total other components of shareholders' equity	Total equity components of shareholders' equity
				The Company	Subsidiary				
Balance as at 1 January 2017	345,000,000	1,315,440,000	-	34,500,000	282,249	-	2,968,658	2,968,658	2,221,587,827
Profit for the year (restated)	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	(2,808,021)	(2,653,626)	(5,461,647)	-
Total comprehensive income for the year	-	-	-	-	-	(2,808,021)	(2,653,626)	(5,461,647)	-
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	345,000,000	1,315,440,000	-	34,500,000	282,249	(2,808,021)	315,032	(2,492,989)	2,175,947,833
- as restated									
Balance as at 31 December 2017	345,000,000	1,315,440,000	-	34,500,000	282,249	(2,807,660)	315,032	(2,492,628)	2,175,963,717
- as previously reported									
Effect of adjustment of the provisional amounts recognised from the business acquisitions (Note 12)	-	-	-	-	-	(361)	-	(361)	-
Balance as at 31 December 2017	345,000,000	1,315,440,000	-	34,500,000	282,249	(2,808,021)	315,032	(2,492,989)	2,175,947,833
- as restated									
Profit for the year	-	-	-	-	-	47,423	-	-	-
Other comprehensive income for the year	-	-	-	-	-	47,423	(313,083)	(265,660)	4,742
Total comprehensive income for the year	-	-	-	-	-	47,423	(313,083)	(265,660)	4,742
Change in equity attributable to non-controlling interests of a subsidiary (Note 12)	-	-	1,121,461	-	-	-	-	-	-
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	345,000,000	1,315,440,000	1,121,461	34,500,000	282,249	(2,760,598)	1,949	(2,758,649)	2,168,235,172

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

Statement of changes in shareholders' equity (continued)

As at 31 December 2018

Taakaenoi Food & Marketing Public Company Limited and its subsidiaries

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of available-for-sale investments	
Balance as at 1 January 2017	345,000,000	1,315,440,000	34,500,000	520,291,640	2,968,658	2,218,200,298
Profit for the year	-	-	-	578,909,620	-	578,909,620
Other comprehensive income for the year	-	-	-	-	(2,653,626)	(2,653,626)
Total comprehensive income for the year	-	-	-	578,909,620	(2,653,626)	576,255,994
Dividend paid (Note 32)	-	-	-	(648,600,000)	-	(648,600,000)
Balance as at 31 December 2017	345,000,000	1,315,440,000	34,500,000	450,601,260	315,032	2,145,856,292
Balance as at 1 January 2018	345,000,000	1,315,440,000	34,500,000	450,601,260	315,032	2,145,856,292
Profit for the year	-	-	-	490,472,547	-	490,472,547
Other comprehensive income for the year	-	-	-	(2,245,471)	(313,083)	(2,558,554)
Total comprehensive income for the year	-	-	-	488,227,076	(313,083)	487,913,993
Dividend paid (Note 32)	-	-	-	(469,200,000)	-	(469,200,000)
Balance as at 31 December 2018	345,000,000	1,315,440,000	34,500,000	469,628,336	1,949	2,164,570,285

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

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

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, and baked seaweed and seaweed snacks. 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 2018, the Group has 30 branches (2017: 19 branches) (the Company only: 6 branches (2017: 5 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 11 October 2016, 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 (hereinafter called as “the Group”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			PERCENT	PERCENT
Taokaenoi Restaurant & Franchise Company Limited	Distribution of snacks and souvenirs	Thailand	100	100
Taokaenoi Care Company Limited	Distribution of snacks	Thailand	100	100
NCP Trading & Supply Company Limited	Manufacture and distribution of seasoning powder	Thailand	100	100
TAOKAENOI USA, INC. (Formerly known as “GIM Factory, Inc.”)	Manufacture and distribution of seaweed snack	United States of America	91	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.

- 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) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Group expects the adoption of this accounting standard to result in the following adjustments

Consideration payable to a customer

At present, the Group has several considerations payable to customer which occurs in according to business practice such as slotting fee and promotional campaign support. The Group recorded these payables as selling and distribution expenses when incur. Under TFRS 15, considerations payable by a company to a customer is accounted for as a reduction of the revenue recognised from contract with customer unless the payment is for a distinct good or service that the customer transfers to the company.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policie

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 securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) 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.
- c) 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.
- d) Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value. The fair value of debt securities is

determined based on yield rates quoted by the Thai Bond Market Association.

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 is charged to profit or loss.

The amortisation expense of intangible assets with finite useful lives is calculated on a straight-line basis over the following estimated useful lives.

Computer software	5 years and 10 years
Franchise	10 years
License	2 years
Favorable operating lease contract from business combination	Based on remaining period of operating lease contract

No amortisation is provided on computer software under implementation.

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 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses and tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 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.

4.12 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.

4.13 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.

4.14 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. The Company also carries out annual impairment reviews in respect of goodwill. 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.

4.15 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 defined benefit plans are recognised immediately in other comprehensive income.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

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.

Goodwill

The initial recognition and measurement of goodwill as at the acquisition date, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	2,456	796	216	45
Current and savings accounts	176,616	300,668	138,545	223,856
Total	179,072	301,464	138,761	223,901

As at 31 December 2018 and 2017, bank deposits in savings accounts of the Group carry interests at rates between 0.1% and 0.375% per annum, the Company only: between 0.1% and 0.375% per annum.

7. Current investments

As at 31 December 2018 and 2017, the balances of current investments are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Investments in securities held for trading				
Equity securities - cost	3,875	-	-	-
Change in fair value	(852)	-	-	-
Total investment in securities held for trading - fair value	3,023	-	-	-
Investments in available-for-sale securities				
Unit trusts (open-end fixed income fund) - cost	947	260,473	947	260,473
Change in fair value	3	394	3	394
Total investments in available-for-sale securities - fair value	950	260,867	950	260,867
Held-to-maturity investments				
6-month fixed deposits	365	362	365	362
Total held-to-maturity investments	365	362	365	362
Total	4,338	261,229	1,315	261,229

During the year 2018, the Company sold available-for-sale securities with book values totaling Baht 779.5 million (2017: Baht 1,653.4 million) and recognised gains (after tax) on the sales in profit or loss, amounting to Baht 2.0 million (2017: Baht 6.8 million). This amount included gains transferred from gain (after tax) on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 0.3 million (2017: Baht 2.7 million).

For the year ended 31 December 2017, the Company has unrealised gain on revaluation of available-for-sale securities net of tax that recognise in other comprehensive income, amounting to Baht 0.3 million (2018: none).

As at 31 December 2018 and 2017, fixed deposits of the Company carry interest at a rate of 0.9% per annum.

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	-	-	36,918	13,113
Past due				
1 - 90 days	-	-	29,391	8,887
91 - 180 days	-	-	206	-
Total trade receivables - related parties	-	-	66,515	22,000
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	416,173	431,917	406,703	424,778
Past due				
1 - 90 days	267,441	194,658	261,630	191,181
91 - 180 days	166	282	151	17
181 - 270 days	13,333	111	13,179	-
Over 270 days	3,675	6,058	335	3,708
Total trade receivables - unrelated parties	700,788	633,026	681,998	619,684
Total trade receivables	700,788	633,026	748,513	641,684
Less: Allowance for doubtful accounts	(16,256)	(6,063)	(13,695)	(3,714)
Trade receivables - net	684,532	626,963	734,818	637,970
Other receivables				
Accrued income - unrelated parties	2,000	3,013	2,000	3,013
Other receivables - related parties	328	-	204	873
Other receivables - unrelated parties	8,962	3,679	8,126	2,710
Total other receivables - net	11,290	6,692	10,330	6,596
Trade and other receivables - net	695,822	633,655	745,148	644,566

9. Related party transactions

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

Name	Relationship
Taokaenoi Restaurant & Franchise Company Limited	Subsidiary
Taokaenoi Care Company Limited	Subsidiary
NCP Trading & Supply Company Limited	Subsidiary
TAOKAENOI USA, INC. (Formerly known as “GIM Factory, Inc.”)	Subsidiary
Peeradechapan Holding Company Limited	Major shareholders
Dr. Tobi Company Limited	Common shareholder / directors
Chubcheeva Company Limited	Common shareholder / directors

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 financial statements		Separate financial statements		Transfer pricing policy
	2018	2017	2018	2017	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Sales	-	-	128.1	65.0	Cost plus margin at 15% - 45% depending on purchase volume and product types
Accounting and financing service income	-	-	2.8	3.3	Actual cost plus margin
Service and utilities charge income	-	-	-	1.5	Rate stipulated in agreement
Purchases of goods	-	-	224.0	197.3	Cost plus margin at 5% - 15% depending on product types
Sale promotion expenses	-	-	3.0	0.2	Rate stipulated in agreement
Transactions with related parties					
Purchases of goods	1.0	0.4	-	-	Cost plus margin at 35% - 70% depending on product types
Rental expense	1.9	1.9	0.4	0.4	Rate stipulated in agreement

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other receivables - related parties (Note 8)				
Trade receivables - related parties				
Subsidiaries	-	-	66,515	22,000
Total	-	-	66,515	22,000
Other receivables - related parties				
Subsidiaries	-	-	159	873
Related company	328	-	45	-
Total	328	-	204	873
Trade and other payables - related parties (Note 20)				
Trade payables - related parties				
Subsidiaries	-	-	18,960	14,051
Related company	446	44	-	-
Total	446	44	18,960	14,051
Accrued expenses - related parties				
Subsidiaries	-	-	594	160
Total	-	-	594	160

Long-term loan to a subsidiary

The balances of long-term loan between the Company and its subsidiary as at 31 December 2018 and 2017 and the movement are as follows.

(Unit: Thousand Baht)	
TAOKAENOI USA, INC. (Formerly known as "GIM Factory, Inc.")	Separate financial statements
Balance as at 31 December 2017	3,256
Increase during the year	7,935
Unrealised gains on exchange rate	147
Balance as at 31 December 2018	11,338

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Group had employee benefit expenses payable

to its directors and management as follows.

(Unit: Million Baht)

	Consolidated / Separate financial statements	
	2018	2017
Short-term employee benefits	30.4	29.7
Post-employment benefits	1.8	2.2
Total	32.2	31.9

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	147,626	97,297	(4,513)	(2,715)	143,113	94,582
Work in process	3,528	2,058	(1,255)	(741)	2,273	1,317
Raw materials and ingredient	1,154,599	560,840	(2,107)	(1,154)	1,152,492	559,686
Packing material	127,621	80,128	(18,419)	(10,501)	109,202	69,627
Spare parts and supplies	9,564	3,532	-	-	9,564	3,532
Raw materials in transit	10,462	1,013	-	-	10,462	1,013
Total	1,453,400	744,868	(26,294)	(15,111)	1,427,106	729,757

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	217	2018	2017	2018	2017
Finished goods	99,228	82,031	(3,934)	(2,644)	95,294	79,387
Work in process	3,528	2,058	(1,255)	(741)	2,273	1,317
Raw materials and ingredient	1,146,386	551,127	(1,974)	(1,061)	1,144,412	550,066
Packing material	124,572	73,851	(18,087)	(10,501)	106,485	63,350
Spare parts and supplies	5,612	2,839	-	-	5,612	2,839
Raw materials in transit	10,462	517	-	-	10,462	517
Total	1,389,788	712,423	(25,250)	(14,947)	1,364,538	697,476

Movements in the allowance to reduce cost of inventories to net realisable value account for the years ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance at beginning of year	15,111	10,066	14,947	9,969
Add: Reduction of cost of inventories				
to net realisable value	17,251	12,088	15,963	11,803
Less: Reversal due to destruction				
during the year	(6,068)	(7,043)	(5,660)	(6,825)
Balance at the end of year	26,294	15,111	25,250	14,947

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 financial statements		Separate financial statements	
	2018	2017	2018	2017
Value added tax refundable	56,511	45,908	54,415	44,792
Advances for purchases of raw materials	58,912	87,344	58,870	87,344
Prepaid expenses	38,844	11,495	32,619	10,317
Others	2,798	394	546	394
Total	157,065	145,141	146,450	142,847

12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2018	2017	2018	2017	2018	2017
			(%)	(%)	(Thousand Baht)	(Thousand Baht)
Taokaenoi Restaurant & Franchise Company Limited	Baht 35.0 million	Baht 35.0 million	100	100	35,000	35,000
Taokaenoi Care Company Limited	Baht 5.0 million	Baht 5.0 million	100	100	4,543	4,543
NCP Trading & Supply Company Limited	Baht 1.0 million	Baht 1.0 million	100	100	491	491
TAOKAENOI USA, INC. (Formerly known as "GIM Factory, Inc.")	USD 4.1 million	USD 3.1 million	91	100	81,086	68,656
Total					121,120	108,690

On 13 November 2017, the Company entered into share purchase agreement of TAOKAENOI USA, INC. which was incorporated and domiciled in United States of America. TAOKAENOI USA, INC. is principally engaged in manufacture and distribution of seaweed snacks. The investment represents 100 percent of the registered capital. Subsequently on 24 November 2017, the Company acquired 31,000 ordinary shares of TAOKAENOI USA, INC. from the existing shareholders for a total consideration of USD 2.0 million (for approximately Baht 68.7 million) which was totally paid.

In April 2018, TAOKAENOI USA, INC. issued 9,700 additional ordinary shares from the registered capital of 31,000 shares to 40,700 shares. The Company purchased 6,000 new ordinary shares at a price of USD 65 per share for a consideration of USD 390,000 (or approximately Baht 12.4 million) and as a result its shareholding decreased from 100% to 91%. The additional shares were totally paid. The Company recognised the differences of Baht 1.1 million between the cost and book value of its interest in this subsidiary under the caption of “Capital surplus from the change in shareholding in a subsidiary” in the shareholders’ equity.

The financial statements of TAOKAENOI USA, INC. has been included in the consolidated financial statements since the Company obtained control on 24 November 2017, (“acquisition date”). The detail of the acquisition is as follows.

(Unit: Thousand Baht)	
Acquisition cost of investment in subsidiary	68,656
Less: Fair value of net assets	(24,848)
Goodwill	43,808
Acquisition cost of investment in subsidiary	68,656
Less: Cash and cash equivalents of subsidiary	(2)
Net cash paid for acquisition of investment in subsidiary	68,654

The Company assessed the fair values of the identifiable assets acquired and liabilities assumed as at the acquisition date of TAOKAENOI USA, INC. The assessment was completed in the current year and within the measurement period of 12 months from the acquisition date allowed by Thai Financial Reporting Standard No. 3 (revised 2017). During the measurement period, the Company obtained additional information on the fair values of certain assets and liabilities and retrospectively adjusted the provisional amount recognised as at the acquisition date. As a result of the adjustments, fair values of the identifiable assets acquired and liabilities assumed as at the acquisition date were as follows.

(Unit: Thousand Baht)

Cash and cash equivalents	2
Trade and other receivables	3,925
Inventories	11,168
Leasehold improvement and equipment	54,012
Intangible assets	3,635
Deferred tax assets	40,600
Other non-current assets	1,363
Trade and other payables	(56,902)
Liabilities under finance lease	(563)
Deferred tax liabilities	(1,593)
Fair value of net assets	55,647
Goodwill	13,009
Cost of acquisition of investment in subsidiary	68,656

As a result of the above adjustments, the Company restated the prior period's financial statements, presented as comparative information, whereby the amounts of adjustments affecting the consolidated statements of financial position and income are summarised below.

(Unit: Thousand Baht)

As at

31 December 2017

Consolidated statement of financial position

Decrease in property, plant and equipment	(10,714)
Increase in intangible assets	3,352
Decrease in goodwill	(29,541)
Increase in deferred tax assets	37,426
Increase in liabilities under finance lease	(540)
Decrease in unappropriated retained earnings	16
Decrease in other components of shareholders' equity	1

(Unit: Thousand Baht)

For the year ended
31 December 2017

Consolidated income statement

Decrease in cost of sales	(106)
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Increase in administrative expenses	134
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Decrease in income tax expenses	(12)
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Profit attributable to

Decrease in profit attributable to equity holders of the Company	(16)
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Earnings per share (Baht)

Increase in basic earnings per share	-
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For the years ended 31 December 2018 and 2017, no dividend income was received from the above 4 subsidiaries.

13. Investment in joint venture

13.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of the investment are as follows.

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2018	2017	2018	2017	2018	2017
		(%)	(%)				
Joint venture in Thailand							
Taokaenoi Maruesu (Thailand) Co., Ltd.	Manufacture and distribution of snacks	50	-	30,000	-	29,831	-
Total				30,000	-	29,831	-

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	2018	2017	2018	2017
	(%)	(%)		
Joint venture in Thailand				
Taokaenoi Maruesu (Thailand) Co., Ltd.	50	-	30,000	-
Total			30,000	-

In March 2018, the Company purchased a 50% interest in Taokaenoi Maruesu (Thailand) Co., Ltd., a newly established company in Thailand, totaling Baht 30 million. This company has a registered share capital of Baht 60 million, which is 100% called-up.

On 9 November 2018, a meeting of the Company's Board of Directors passed a resolution approving the termination of the joint venture in Taokaenoi Maruesu (Thailand) Co., Ltd. On 25 December 2018, Taokaenoi Maruesu (Thailand) Co., Ltd. has registered the dissolution of the company with the Ministry of Commerce.

13.2 Share of profit (loss) and dividend received

During the years, the Company recognised its share of loss from investment in joint venture as follows.

(Unit: Thousand Baht)

Consolidated financial statements		
Joint venture	2018	2017
Taokaenoi Maruesu (Thailand) Co., Ltd	(169)	-
Total	(169)	-

During the year ended 31 December 2018, the Company had no dividend received from the joint venture.

14. Investment property

As at 31 December 2018 and 2017, the fair value of the investment property, which consisted of land, was Baht 42.2 million. The assessment was made by an independent valuer on the basis of market approach.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost							
1 January 2017	94,314	200,775	336,055	90,856	32,114	504,095	1,258,209
Additions	-	63	3,501	16,515	18,392	202,582	241,053
Additions from acquisition of subsidiary	-	58,917	22,185	248	475	-	81,825
Disposals/write-off	-	(24)	(14,059)	(5,430)	(5,295)	-	(24,808)
Capitalised interest	-	-	-	-	-	193	193
Transfer in (out)	-	434,276	65,194	3,672	-	(503,142)	-
Translation adjustment	-	(2,406)	(906)	(10)	(19)	-	(3,341)
31 December 2017 - as previously reported	94,314	691,601	411,970	105,851	45,667	203,728	1,553,131
Fair value adjustment of assets from business combination	-	(23,601)	(3,512)	79	359	-	(26,675)
31 December 2017 - as restated	94,314	668,000	408,458	105,930	46,026	203,728	1,526,456
Additions	-	2,610	13,326	32,500	4,626	101,220	154,282
Disposals/write-off	-	-	(49,478)	(12,786)	(3,519)	-	(65,783)
Transfer in (out)	-	57,962	109,994	12,837	-	(182,720)	(1,927)
Translation adjustment	-	(233)	(126)	(2)	(6)	-	(367)
31 December 2018	94,314	728,339	482,174	138,479	47,127	122,228	1,612,661

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
Accumulated depreciation							
1 January 2017	1,208	39,489	241,818	57,926	16,415	-	356,856
Depreciation for the year	223	36,569	30,952	14,554	6,996	-	89,294
Increase from acquisition of subsidiary	-	11,703	4,480	129	220	-	16,532
Depreciation on disposals/write-off	-	(8)	(13,946)	(4,210)	(4,155)	-	(22,319)
Transfer in (out)	-	-	2,797	(2,797)	-	-	-
Translation adjustment	-	(478)	(183)	(5)	(9)	-	(675)
31 December 2017 - as previously reported	1,431	87,275	265,918	65,597	19,467	-	439,688
Decrease in depreciation from fair value adjustment of assets from business combination	-	(11,314)	(4,334)	(120)	(193)	-	(15,961)
31 December 2017 - as restated	1,431	75,961	261,584	65,477	19,274	-	423,727
Depreciation for the year	223	48,784	42,569	16,589	8,439	-	116,604
Depreciation on disposals/write-off	-	-	(49,235)	(12,266)	(3,518)	-	(65,019)
Transfer in (out)	-	-	2,797	(2,797)	-	-	-
Translation adjustment	-	15	6	-	1	-	22
31 December 2018	1,654	124,760	257,721	67,003	24,196	-	475,334
Allowance for impairment loss							
1 January 2017	-	-	19,142	161	-	-	19,303
Increase during the year	-	-	-	-	-	-	-
31 December 2017	-	-	19,142	161	-	-	19,303
Increase during the year	-	-	-	214	-	-	214
31 December 2018	-	-	19,142	375	-	-	19,517
Net book value							
31 December 2017 - as restated	92,883	592,039	127,732	40,292	26,752	203,728	1,083,426
31 December 2018	92,660	603,579	205,311	71,101	22,931	122,228	1,117,810

Depreciation for the years

2017 - restated (Baht 68.0 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)	89,189
2018 (Baht 93.7 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)	116,604

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost							
1 January 2017	94,314	199,661	324,824	72,951	31,766	504,095	1,227,611
Additions	-	63	742	11,089	18,392	188,870	219,156
Disposals/write-off	-	(24)	(14,053)	(4,304)	(5,295)	-	(23,676)
Capitalised interest	-	-	-	-	-	193	193
Transfer in (out)	-	434,276	61,267	7,599	-	(503,142)	-
31 December 2017	94,314	633,976	372,780	87,335	44,863	190,016	1,423,284
Additions	-	2,610	4,981	15,394	4,167	94,478	121,630
Disposals/write-off	-	-	(49,447)	(12,598)	(3,519)	-	(65,564)
Transfer in (out)	-	39,262	110,272	12,559	-	(164,020)	(1,927)
31 December 2018	94,314	675,848	438,586	102,690	45,511	120,474	1,477,423
Accumulated depreciation							
1 January 2017	1,208	39,063	236,881	47,675	16,221	-	341,048
Depreciation for the year	223	35,922	29,693	12,385	6,918	-	85,141
Depreciation on disposals/write-off	-	(8)	(13,941)	(4,045)	(4,155)	-	(22,149)
31 December 2017	1,431	74,977	252,633	56,015	18,984	-	404,040
Depreciation for the year	223	42,364	38,831	12,531	8,082	-	102,031
Depreciation on disposals/write-off	-	-	(49,206)	(12,150)	(3,519)	-	(64,875)
31 December 2018	1,654	117,341	242,258	56,396	23,547	-	441,196
Allowance for impairment loss							
1 January 2017	-	-	14,063	-	-	-	14,063
31 December 2017	-	-	14,063	-	-	-	14,063
31 December 2018	-	-	14,063	-	-	-	14,063
Net book value							
31 December 2017	92,883	558,999	106,084	31,320	25,879	190,016	1,005,181
31 December 2018	92,660	558,507	182,265	46,294	21,964	120,474	1,022,164

Depreciation for the years

2017 (Baht 66.8 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)	85,141
2018 (Baht 84.3 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)	102,031

During the year ended 31 December 2017, borrowing costs amounting to Baht 0.2 million were capitalised as cost of assets. The weighted average rate of 3.85% has been used to determine the amount of

borrowing costs eligible for capitalisation. (2018: None)

As at 31 December 2018, the Group had vehicles with net book value of Baht 0.3 million (2017: Baht 0.5 million) which were acquired under finance lease agreements, the Company only: none.

As at 31 December 2018, the Group had certain equipment items which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 205.7 million (2017: Baht 195.1 million) the Company only: Baht 196.2 million (2017: Baht 187.0 million).

As at 31 December 2018, the Company had buildings and structures located on leased land with net book values amounting to Baht 71.6 million (2017: Baht 82.6 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.

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Computer software under implementation	Others	Total
Cost				
1 January 2017	18,683	-	1,000	19,683
Additions	9,392	7,122	-	16,514
31 December 2017 - as previously reported	28,075	7,122	1,000	36,197
Increase from business combination	-	-	3,486	3,486
31 December 2017 - as restated	28,075	7,122	4,486	39,683
Additions	506	2,992	9,636	13,134
Write-off	(275)	-	-	(275)
Transfer in	1,927	-	-	1,927
Translation adjustment	-	-	(25)	(25)
31 December 2018	30,233	10,114	14,097	54,444
Accumulated amortisation				
1 January 2017	9,736	-	-	9,736
Amortisation for the year	2,425	-	-	2,425
31 December 2017 - as previously reported	12,161	-	-	12,161
Increase from business combination	-	-	134	134
31 December 2017 - as restated	12,161	-	134	12,295
Amortisation for the year	2,736	-	3,692	6,428
Write-off	(142)	-	-	(142)
Translation adjustment	-	-	4	4
31 December 2018	1,4755	-	3,830	18,585
Net book value				
31 December 2017 - as restated	15,914	7,122	4,352	27,388
31 December 2018	15,478	10,114	10,267	35,859

(Unit: Thousand Baht)

	Separate financial statements			
	Computer software	Computer software under implementation	Others	Total
Cost				
1 January 2017	16,521	-	1,000	17,521
Transfer in (out)	8,050	7,122	-	15,172
31 December 2017	24,571	7,122	1,000	32,693
Additions	7	2,992	8,251	11,250
Write-off	(275)	-	-	(275)
Transfer in (out)	1,927	-	-	1,927
31 December 2018	26,230	10,114	9,251	45,595
Accumulated amortisation				
1 January 2017	7,722	-	-	7,722
Amortisation for the year	2,331	-	-	2,331
31 December 2017	10,053	-	-	10,053
Amortisation for the year	2,404	-	2,080	4,484
Write-off	(142)	-	-	(142)
31 December 2018	12,315	-	2,080	14,395
Net book value				
31 December 2017	14,518	7,122	1,000	22,640
31 December 2018	13,915	10,114	7,171	31,200

17. Goodwill

Movements in the goodwill account from the acquisition of a subsidiary are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Book value as at 1 January 2017	-
Add: Increase from business combination	43,808
Less: Translation adjustment	(1,789)
Book value as at 31 December 2017 - as previously reported	42,019
Effect from adjustment of fair value of net assets	(29,541)
Book value as at 31 December 2017 - as restated	12,478
Less: Translation adjustment	(89)
Book value as at 31 December 2018	12,389

Goodwill from the business acquisition, as described in Note 12 to the financial statements mainly consists of the business opportunities arising from acquisition of a seaweed factory ready to operate immediately from the acquisition date. The acquisition will help to expand production capacity and increase revenue from sales of natural seaweed products, as well as enabling the Group to add marketing channels and expand its customer base in North America.

The recoverable amount of the cash generating unit was determined based on value in use, calculated using cash flow projections for the next 5 years. Key assumptions applied to the calculation of value in use of assets are summarised below.

	<u>Percent per annum</u>
Long-term growth rate	2.30
Pre-tax discount rate	9.76

The management determined the growth rate based on historical operating results, the expected market growth rate, the gross domestic product growth rate and the discount rate, which is a pre-tax rate that reflects the specific risk of the business unit.

The management determined that there was no impairment of goodwill from the business acquisition.

18. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deposits and guarantees	24,882	12,691	4,647	2,254
Advances for purchases of assets	11,845	22,351	6,009	17,327
Others	4,123	2,205	276	1,272
Total	40,850	37,247	10,932	20,853

19. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (% per annum)		financial statements	
	2018	2017	2018	2017
Promissory notes	1.85 - 2.13	2.00 - 2.20	840,000	426,000
Trust receipts	1.85 - 1.90	-	41,227	-
Total			881,227	426,000

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties	446	44	18,960	14,051
Trade payables - unrelated parties	317,069	303,513	239,767	229,479
Accrued expenses - related parties	-	-	594	160
Accrued expenses - unrelated parties	316,438	245,418	300,290	237,771
Other payables for purchases of assets - unrelated parties	22,915	13,167	19,804	8,783
Total	656,868	562,142	579,415	490,244

21. Short-term loans

As at 31 December 2017, the Group has short-term loan from an unrelated company amounting to USD 0.4 million, carrying interest at the rate of 4.6% per annum (2018: None).

22. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements	
			2018	2017
Unsecured loan of USD 0.1 million	2.5	Repayment on demand	3,279	3,302
Unsecured loan of USD 0.4 million	4.6	Grace period for repayment of loan principle and interests for 5 years from 13 November 2017	15,849	14,035
Total			19,128	17,337

23. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Payables to the Revenue Department	4,925	5,144	4,442	4,492
Advances received from customers	6,015	1,985	3,102	1,985
Retention payable	763	2,906	763	2,752
Others	3,504	689	3,161	689
Total	15,207	10,724	11,468	9,918

24. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2018 and 2017, which represents compensation payable to employees after they retire, were as follows.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	11,205	8,615	10,809	8,326
Included in profit or loss:				
Current service cost	3,153	2,309	3,079	2,212
Interest cost	330	281	322	271
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	411	-	401	-
Financial assumptions changes	1,362	-	1,325	-
Experience adjustments	958	-	1,081	-
Benefits paid during the year	(99)	-	-	-
Provision for long-term employee benefits at end of year	17,320	11,205	17,017	10,809

As at 31 December 2018, the Group expects to pay Baht 0.1 million of long-term employee benefits during the next year (2017: Baht 0.2 million), the Company only: Baht 0.1 million (2017: Baht 0.2 million). As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 14.5 years (2017: 27.2 years), the Company only: 14.5 years (2017: 26.9 years). Significant actuarial assumptions are summarised below.

	Consolidated/Separate financial statements	
	2018	2017
	(% per annum)	(% per annum)
Discount rate	1.4 - 3.9	3.3
Salary increase rate	3.5 and 6.0 - 7.0	3.5 and 6.0
Staff turnover rate		
Daily employee	0 to 50.0	0 to 40.0
Monthly employee	0 to 30.0	0 to 30.0

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 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate				
Increase by 1%	(1,475)	(893)	(1,429)	(853)
Decrease by 1%	1,707		1,651	979
Salary increase rate				
Increase by 1%	1,806	1,325	1,749	1,268
Decrease by 1%	(1,589)	(1,158)	(1,541)	(1,110)
Staff turnover rate				
Increase by 20% of base in each age	(2,846)	(2,222)	(2,736)	(2,133)
Decrease by 20% of base in each age	4,426	3,373	4,240	3,213

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 1.6 million (The Company only: Baht 1.5 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

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 classified by nature are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(Restated)			
Salary, wages and other employee benefits	1,005,400	816,345	934,613	783,956
Depreciation and amortisation	123,032	91,719	106,515	87,473
Rental expenses from operating lease agreements	100,350	51,336	57,307	30,541
Transportation expenses	97,176	81,810	96,011	81,082
Utilities and energy expenses	75,232	64,106	70,958	62,913
Sale promotion and marketing expenses	550,117	453,262	541,202	453,117
Raw materials and consumables used	2,902,290	2,702,468	2,897,517	2,697,734
Purchases of merchandise goods	66,883	98,910	-	-
Changes in inventories of finished goods and work in process	(51,799)	(32,504)	(18,667)	(24,721)

27. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(Restated)			
Current income tax				
Current income tax charge for the year	79,495	186,160	76,311	176,974
Adjustment in respect of income tax of previous year	(16,670)	-	(16,670)	-
Deferred tax				
Relating to origination and reversal of temporary differences	3,970	(2,752)	(6,647)	(2,682)
Income tax expenses reported in the statements of comprehensive income	66,795	183,408	52,994	174,292

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to unrealised gain on revaluation of available-for-sale investments	(78)	(663)	(78)	(663)
Deferred tax relating to actuarial losses	(546)	-	(561)	-
	(624)	(663)	(639)	(663)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(Restated)</i>				
Accounting profit before tax	523,153	791,858	543,467	753,201
Applicable tax rate	20% and 28%	20% and 43%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	111,661	158,366	108,693	150,640
Adjustment in respect of income tax of previous year	(16,670)	-	(16,670)	-
Effects of:				
Promotion privileges (Note 28)	(42,849)	-	(42,849)	-
Non-deductible expenses	6,654	2,368	6,579	2,173
Additional expense deductions allowed	(2,519)	(2,607)	(2,517)	(2,526)
Others	10,518	25,281	(242)	24,005
Total	(28,196)	25,042	(39,029)	23,652
Income tax expenses reported in the statements of comprehensive income	66,795	183,408	52,994	174,292

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(Restated)			
Deferred tax assets				
Unrealised loss on revaluation of investments in trading securities	170	-	-	-
Allowance for doubtful accounts	3,268	1,230	2,756	760
Allowance for diminution in value of inventories	5,259	3,022	5,050	2,989
Allowance for loss on impairment of assets	3,904	3,861	2,813	2,813
Temporary differences of finance lease agreements	-	553	-	553
Temporary differences of depreciation of assets located on leased land	4,182	2,358	4,182	2,358
Fair value adjustment of assets from business combination	2,599	4,930	-	-
Provision for long-term employee benefits	3,464	2,241	3,403	2,162
Unused tax loss	23,963	33,966	-	-
Others	1,401	500	1,235	500
Total	48,210	52,661	19,439	12,135
Deferred tax liability				
Unrealised gain on revaluation of available-for-sale investments	170	79	-	79
Favorable operating lease contract from business combination	484	1,470	-	-
Temporary differences of finance lease agreements	97	-	97	-
Total	751	1,549	97	79
Deferred tax asset - net	47,459	51,112	19,342	12,056

As at 31 December 2018, a subsidiary has unused tax losses totaling Baht 0.7 million (2017: Baht 2.0 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. (2017: year 2021).

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 (Expired and 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 from 1 October 2017	7 years (Not yet exercised)
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	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 (Not yet exercised)	Granted (Not yet exercised)	Granted (Not yet exercised)	Granted (Not yet exercised)

The Company's operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales						
Domestic sales	293,996	75,137	1,756,087	1,813,090	2,050,083	1,888,227
Export sales	830,542	245,018	2,553,763	2,954,589	3,384,305	3,199,607
Total sales	1,124,538	320,155	4,309,850	4,767,679	5,434,388	5,087,834

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.

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 fried, grilled, and baked seaweed and seaweed snacks in both domestic and overseas markets.
- 2) Retailer segment represents as a retailer of snacks, food and beverage and franchises.
- 3) Others.

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)

	2018					
	Snack segment	Retailer segment	Others	Total segments	Eliminations	Con- solidated
For the year ended 31 December 2018						
Revenues from external customers	5,363	283	17	5,663	-	5,663
Inter-segment revenues	128	4	220	352	(352)	-
Interest income	1	-	-	1	-	1
Interest expense	(18)	-	-	(18)	-	(18)
Depreciation and amortisation	(115)	(5)	(3)	(123)	-	(123)
Share of loss for investment in joint venture accounted for by the equity method	-	-	-	-	-	-
Income tax expenses	(64)	(1)	(2)	(67)	-	(67)
Segment profit	447	4	8	459	(3)	456
As at 31 December 2018 Segment total assets	3,763	135	71	3,969	(182)	3,787
Investment in joint venture accounted for by the equity method	30	-	-	30	-	30
Increase of non-current assets other than financial instruments and deferred tax assets	54	33	3	90	(21)	69
Segment total liabilities	1,604	81	33	1,718	(98)	1,620

(Unit: Million Baht)

2017 (Restated)						
	Snack segment	Retailer segment	Others	Total segments	Eliminations	Con- solidated
For the year ended 31 December 2017 - as restated						
Revenues from external customers	5,026	236	2	5,264	-	5,264
Inter-segment revenues	65	3	194	262	(262)	-
Interest income	1	-	-	1	-	1
Interest expense	(14)	-	-	(14)	-	(14)
Depreciation and amortisation	(88)	(3)	(1)	(92)	-	(92)
Income tax expenses	(174)	(7)	(2)	(183)	-	(183)
Segment profit	574	27	9	610	(1)	609
As at 31 December 2017 - as restated Segment total assets	3,263	104	66	3,433	(110)	3,323
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	272	6	20	298	(70)	228
Segment total liabilities	1,099	52	36	1,187	(40)	1,147

For the years ended 31 December 2018 and 2017, revenues from external customers based on locations of the customers are as follows.

(Unit: Million Baht)		
Country	2018	2017
Thailand	2,050	2,063
China	2,199	2,104
Malaysia	191	169
Indonesia	208	151
Hong Kong	118	135
United States of America	88	92
Others	580	550
Total	5,434	5,264

For the year 2018, the Company had revenues from 6 major customers in amount of Baht 3,256 million (2017: Baht 3,200 million derived from 4 major customers), arising from sales by the snack segment.

31. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group 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 Group recognised the contributions for the year 2018 amounting to Baht 9.8 million as expenses (2017: Baht 8.4 million) (the Company only: Baht 9.2 million (2017: Baht 8.1 million)).

32. Dividends

Dividends	Approved by	Shares (Thousand shares)	Dividend per share (Baht)	Total dividends (Thousand Baht)
Final dividend for the year 2017	Annual General Meeting of the Shareholders on 23 April 2018	1,380,000	0.17	234,600
Interim dividend for the year 2018	Board of Directors' meeting on 9 August 2018	1,380,000	0.17	234,600
Total for 2018				469,200
Final dividend for the year 2016	Annual General Meeting of the Shareholders on 26 April 2017	1,380,000	0.30	414,000
Interim dividend for the year 2017	Board of Directors' meeting on 15 August 2017	1,380,000	0.17	234,600
Total for 2017				648,600

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2018, the Group had capital commitments of Baht 56.8 million, relating to purchases of machinery and equipment (2017: Baht 38.3 million and EUR 0.5 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 2018 and 2017, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
Payable	2018	2017	2018	2017
In up to 1 year	91.8	48.1	45.1	24.0
In over 1 and up to 5 years	78.2	47.3	17.0	15.5
In over 5 years	14.3	22.1	8.7	11.3

33.3 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of Baht 3.8 million (2017: Baht 2.5 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.

33.4 Litigations

On 9 February 2016, a Japanese company filed a civil lawsuit against the Company with the Central Intellectual Property and International Trade Court for a 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 5.7 million). Subsequently, on 2 May 2016, the Court disposed of the case since the plaintiff and the Company were bound by the rules of the arbitration clause stipulated in the agreement to settle the dispute through an arbitration process at the Singapore International Arbitration Centre. However, on 15 September 2016, the plaintiff filed an appeal against the Court's order to dispose of the case. The Court received and forwarded the appeal to the Supreme Court. Subsequently, on 19 July 2018, the Supreme Court dismissed the judgement of the Central Intellectual Property and International Trade Court since additional issues raised by the plaintiff had not been considered by the Court. On 12 November 2018, the Supreme Court scheduled dates for witness examination to be held in August 2019. The Company's management has assessed the circumstances and believes that the Company will not incur material losses as a result of the case. The Company therefore did not record any provision for the compensation claims in the financial statements for the current year.

34. Fair value hierarchy

As at 31 December 2018 and 2017, the Company had the assets that were measured or disclosed at fair value using different levels of inputs as follows.

(Unit: Thousand Baht)

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets measured at fair value								
Investments in securities held for trading Equity securities	3,023	-	-	-	-	-	3,023	-
Investments in available-for-sale securities								
Unit trusts - fixed income fund	-	-	950	260,867	-	-	950	260,867
Asset for which fair value is disclosed								
Investment property	-	-	42,162	42,162	-	-	42,162	42,162
Assets measured at fair value								
Investments in available-for-sale securities								
Unit trusts - fixed income fund	-	-	950	260,867	-	-	950	260,867
Asset for which fair value is disclosed								
Investment property	-	-	42,162	42,162	-	-	42,162	42,162

Level 1 - The fair value is measured using quoted market prices in an observable active market for such assets or liabilities.

Level 2 - The fair value is measured using other observable inputs for such asset, whether directly or indirectly. 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 payable and loan. 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 2018 and 2017, 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					
	2018					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	More than 1 - 5 years				
	(% per annum)					
Financial assets						
Cash and cash equivalents	-	-	101.6	77.5	179.1	0.10 - 0.375
Current investments	0.4	-	-	3.9	4.3	0.90
Trade and other receivables	-	-	-	695.8	695.8	-
	0.4	-	101.6	777.2	879.2	
Financial liabilities						
Short-term loans from banks	881.2	-	-	-	881.2	1.85 - 2.13
Trade and other payables	-	-	-	656.9	656.9	-
Long-term loans	-	19.1	-	-	19.1	2.50 - 4.60
Liabilities under finance lease	0.3	-	-	-	0.3	7.86
	881.5	19.1	-	656.9	1,557.5	

(Unit: Million Baht)

Consolidated financial statements						
2017 (Restated)						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	More than 1 - 5 years				
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	283.1	18.4	301.5	0.10 - 0.375
Current investments	0.4	-	-	260.8	261.2	0.90
Trade and other receivables	-	-	-	633.7	633.7	-
	0.4	-	283.1	912.9	1,196.4	
Financial liabilities						
Short-term loans from banks	426.0	-	-	-	426.0	2.00 - 2.20
Trade and other payables	-	-	-	562.1	562.1	-
Short-term loans	14.2	-	-	-	14.2	4.60
Long-term loans	-	17.3	-	-	17.3	2.50 - 4.60
Liabilities under finance lease agreements	0.5	-	-	-	0.5	7.86
	440.7	17.3	-	562.1	1,020.1	

(Unit: Million Baht)

Separate financial statements						
2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	More than 1 - 5 years				
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	70.2	68.6	138.8	0.10 - 0.375
Current investments	0.4	-	-	0.9	1.3	0.90
Trade and other receivables	-	-	-	745.1	745.1	-
Long-term loan to a subsidiary	-	11.3	-	-	11.3	2.50
	0.4	11.3	70.2	814.6	896.5	
Financial liabilities						
Short-term loans from banks	881.2	-	-	-	881.2	1.85 - 2.13
Trade and other payables	-	-	-	579.4	579.4	-
	881.2	-	-	579.4	1,460.6	

(Unit: Million Baht)

Separate financial statements**2017**

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	More than 1 - 5 years				
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	208.3	15.6	223.9	0.10 - 0.375
Current investments	0.4	-	-	260.8	261.2	0.90
Trade and other receivables	-	-	-	644.6	644.6	-
Long-term loan to subsidiary	-	3.2	-	-	3.2	2.50
	0.4	3.2	208.3	921.0	1,132.9	
Financial liabilities						
Short-term loans from banks	426.0	-	-	-	426.0	2.00 - 2.20
Trade and other payables	-	-	-	490.2	490.2	-
	426.0	-	-	490.2	916.2	

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 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.1	4.1	1.4	0.3	32.45	32.68
Singapore dollar	0.9	0.8	0.1	0.2	23.69	24.45
Yen	-	-	-	0.1	-	0.29
Yuan	-	-	0.1	0.2	4.78	5.08

Separate financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	3.3	4.2	1.4	0.3	32.45	32.68
Singapore dollar	0.9	0.8	0.1	0.2	23.69	24.45
Yen	-	-	-	0.1	-	0.29
Yuan	-	-	0.1	0.2	4.78	5.08

As at 31 December 2018 and 2017, the Company has forward exchange contracts outstanding are summarised below.

2018			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.0	32.24 - 32.71	April - July 2019
Singapore dollar	0.3	23.63 - 23.69	March 2019

2018			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	5.0	32.31 - 33.14	February - July 2019

2017			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.7	32.41 - 33.34	March - June 2018
Singapore dollar	0.1	24.08	February 2018

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 2018, the Group's debt-to-equity ratio was 0.7:1 (2017: 0.5:1) (the Company only: 0.7:1 (2017: 0.5:1)).

37. Events after the reporting period

On 20 February 2019, 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 2019 as follows.

- To approve the dividend payment to the shareholders in respect of the 2018 profit totaling Baht 469.2 million. The final dividend payment after deducting the interim dividend payment of Baht 234.6 million paid during 2018 is in the amount of Baht 234.6 million, or at the rate of Baht 0.17 per share. 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 20 February 2019.

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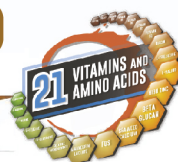
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